



April 3, 2017

**PUBLIC DOCUMENT  
TRADE SECRET INFORMATION  
HAS BEEN EXCISED**

Mr. Daniel Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, Minnesota 55101-2147

**Via eFiling**

Re: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas  
(CenterPoint Energy)  
Annual Environmental Update Compliance Filing  
Docket Nos. G008/M-95-292 & G008/GR-08-1075

Dear Mr. Wolf:

In compliance with the Minnesota Public Utilities Commission (MPUC) Order, dated May 3, 1993, In the Matter of the Application of Minnegasco, a Division of NorAm Energy Corp. for Authority to Increase its Rates for Natural Gas Service in Minnesota, Docket No. G008/GR-92-400, enclosed is CenterPoint Energy's Update of Environmental Clean-Up Activities During 2016. As shown in the enclosed report, certain changes in the reporting of environmental activity occurred effective in 2009 as a result of the 2008 general rate case (Docket No. G008/GR-08-1075) therefore, CenterPoint Energy is filing this compliance filing that addresses both Docket Nos. G008/M-95-292 and G008/GR-08-1075 but will be filed under Docket No. G008/GR-08-1075.

This compliance filing includes information marked "**Trade Secret**". The identified trade secret information meets the definition of trade secret information in Minn. Stat. §13.37 subd. 1(b) as follows: (1) the information was supplied by CenterPoint Energy, the affected organization; (2) CenterPoint Energy has taken all reasonable efforts to maintain the secrecy of the information, including protecting it from disclosure in this proceeding; and (3) the protected information contains environmental insurance settlement information, including the settlement amounts, and specific project information which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. In other words, CenterPoint Energy (and thus its customers since environmental insurance recoveries are passed through to them) obtains economic value in the form of better, more competitive environmental settlements by protecting this information from disclosure to others. Additionally, all of CenterPoint Energy's settlements with insurance carriers contain an agreement that requires the terms of the settlement be kept confidential.

Please contact me at [steven.lyons@centerpointenergy.com](mailto:steven.lyons@centerpointenergy.com) or (612) 321-4677 if you have any questions about this filing.

Sincerely,

/s/

Steven Lyons  
Regulatory Analyst

Enclosures

cc: Attached Service List

**CENTERPOINT ENERGY RESOURCES CORP.,  
d/b/a CENTERPOINT ENERGY MINNESOTA GAS**

**PUBLIC DOCUMENT**

**TRADE SECRET DATA  
HAS BEEN EXCISED**

**UPDATE OF  
ENVIRONMENTAL  
CLEAN-UP ACTIVITIES  
DURING 2016**

**Docket Nos. G008/M-95-292 & GR-008/GR-08-1075**

**Dated: April 3, 2017**



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## **A. CLEAN-UP COSTS INCURRED**

### **1. Background**

This report contains CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas's (CenterPoint Energy's) expenditures for the preceding calendar year and its cumulative expenditures to date for manufactured gas plants (MGPs) and other environmental investigation and remediation. This report is being submitted in accordance with the following Minnesota Public Utilities Commission (MPUC or Commission) orders.

- Findings of Fact, Conclusions of Law, and Order, dated May 3, 1993 (May 3, 1993 Commission Order), in Docket No. G008/GR-92-400;
- Order Accepting Compliance Filings and Requiring Additional Filings, dated November 24, 1993 (November 24, 1993 Commission Order), in Docket No. G008/GR-92-400;
- Order Accepting Manufactured Gas Plant Clean-up Cost Report with Modification, dated September 22, 1995 (September 22, 1995 Commission Order), in Docket No. G008/M-95-292;
- Findings of Fact, Conclusions of Law, and Order, dated June 10, 1996 (June 10, 1996 Commission Order), in Docket No. G008/GR-95-700; and
- Findings of Fact, Conclusions of Law, and Order, dated January 11, 2010 (January 11, 2010 Commission Order), in Docket No. G008/GR-08-1075.
- Order agreeing with and adopting the recommendations of the Department of Commerce regarding CenterPoint Energy's Annual Environmental Update Compliance Filing, dated July 10, 2015 (July 10, 2015 Commission Order), in Docket Nos. G-008/M-95-292 and G008/GR-08-1075.

The May 3, 1993 Commission Order stated, at ordering paragraph 14:

Minnegasco shall file on an annual basis the amount of its expenditures for the year and its cumulative expenditures to date for MGP costs. The annual reporting of these costs shall explain and show the types of costs that were incurred and what monies were recovered from insurance companies and other parties. This information shall be filed by April 1st of each year.

The November 24, 1993 Commission Order provides:

[W]ith its first annual report due April 1, 1994, Minnegasco shall prepare a schedule detailing planned future activities for insurance and third party recovery of costs extending in time to when Minnegasco expects all remediation to be completed, suits resolved, and all cost recovery efforts completed...

The September 22, 1995 Commission Order states at ordering paragraphs 2 and 3:

Minnegasco may modify its existing reporting formula in future MGP reports by combining the categories for 'external consulting' and 'external contracting' and by eliminating the 'regulatory costs' category.

Minnegasco shall submit future annual MGP clean-up reports on an accrual basis.

The June 10, 1996 Commission Order states at ordering paragraph 16:

On April 1, 1997, and annually thereafter, Minnegasco shall file with the Commission and the Department its status report of the environmental tracker account. The report shall include a detailed summary of all entries and assumptions in arriving at the then current tracker balance. The report shall also include the Company's forecast of expected results for the future year.

The January 11, 2010 Commission Order states at ordering paragraph 8:

The Company shall terminate its environmental tracker account and refund the balance to ratepayers as part of the interim rate refund. The Company shall retain the insurance recovery tracker account as a deferred asset for the annual amortization and shall compound interest annually. The Company shall add \$285,000 in test year expense for annual environmental monitoring costs.

The July 10, 2015 Commission Order states:

The above entitled matter has been considered by the Commission and the following disposition made:

- Required CenterPoint to terminate CenterPoint Energy's Insurance Recovery Account tracker.
- Required CenterPoint to apply all of the insurance proceeds for environmental remediation to offset a recent payment to a specific

customer from the tracker account, as identified in the non-public record.

- Required CenterPoint to file Direct Testimony on this issue in its then upcoming rate case.

This report complies with the Commission Orders described above, and includes a description of the types of costs incurred and a schedule of recoveries from insurance companies. This report is titled: Update of Environmental Clean-Up Activities During 2016 (2016 Environmental Compliance Filing).

## **2. Previous Costs**

CenterPoint Energy has previously submitted detailed information regarding costs incurred in the investigation, mitigation, monitoring and remediation of environmental sites. For environmental costs incurred from 1982 through June 1992, please see "Report on Minnegasco's Minnesota Manufactured Gas Plants Filed in Compliance with MPUC Order dated August 11, 1992," Docket No. G008/M-91-1015, dated September 10, 1992 ("1992 MGP Report"). For environmental costs incurred in the 1992 rate case test year of July 1992 to June 1993, please see CenterPoint Energy's report to the Commission, dated August 11, 1993. For environmental costs incurred from 1993-2015, please see the applicable annual compliance filing.

Chart 1, page 4, provides a summary of total costs. Expenses are reported in both a cash method (as required for the 1993 MGP Compliance Filing and the 1994 MGP Compliance Filing) and an accrual basis (as required for the 1995 MGP Compliance Filing). In accordance with the Commission's Order dated January 11, 2010 in Docket No. G008/GR-08-1075, expenses are no longer included in the environmental tracker account.

**CHART 1  
ENVIRONMENTAL EXPENSE COSTS INCURRED<sup>1</sup>  
1982-2016**

| Year         | Cash Expenses<br>(a) | Current Year<br>Accrual<br>(b) | Prior Year<br>Reversal<br>(c) | Total Dollars Spent<br>(d)=(a)+(b)-(c) |
|--------------|----------------------|--------------------------------|-------------------------------|--|
| 1982         | \$50,000             | \$0                            | \$0                           | \$50,000                               |
| 1983         | 30,000               | 0                              | 0                             | \$30,000                               |
| 1984         | 0                    | 0                              | 0                             | \$0                                    |
| 1985         | 0                    | 0                              | 0                             | \$0                                    |
| 1986         | 250,000              | 0                              | 0                             | \$250,000                              |
| 1987         | 230,000              | 110,000                        | 0                             | \$340,000                              |
| 1988         | 250,000              | 20,000                         | 110,000                       | \$160,000                              |
| 1989         | 110,000              | 20,000                         | 20,000                        | \$110,000                              |
| 1990         | 80,000               | 30,000                         | 20,000                        | \$90,000                               |
| 1991         | 960,000              | 110,000                        | 30,000                        | \$1,040,000                            |
| 1992         | 1,730,000            | 800,000                        | 110,000                       | \$2,420,000                            |
| 1993         | 2,990,000            | 320,000                        | 800,000                       | \$2,510,000                            |
| 1994         | 3,010,000            | 530,000                        | 320,000                       | \$3,220,000                            |
| 1995         | 3,370,000            | 360,000                        | 530,000                       | \$3,200,000                            |
| 1996         | 8,930,000            | 780,000                        | 360,000                       | \$9,350,000                            |
| 1997         | 11,370,000           | 530,000                        | 780,000                       | \$11,120,000                           |
| 1998         | 1,500,000            | 80,000                         | 530,000                       | \$1,050,000                            |
| 1999         | 740,000              | 60,000                         | 80,000                        | \$720,000                              |
| 2000         | 1,590,000            | 150,000                        | 60,000                        | \$1,680,000                            |
| 2001         | 900,000              | 230,000                        | 150,000                       | \$980,000                              |
| 2002         | 680,000              | 40,000                         | 230,000                       | \$490,000                              |
| 2003         | 360,000              | 20,000                         | 40,000                        | \$340,000                              |
| 2004         | 330,000              | 10,000                         | 20,000                        | \$320,000                              |
| 2005         | 270,000              | 0                              | 10,000                        | \$260,000                              |
| 2006         | 230,000              | 20,000                         | 0                             | \$250,000                              |
| 2007         | 180,000              | 50,000                         | 20,000                        | \$210,000                              |
| 2008         | 400,000              | 50,000                         | 50,000                        | \$400,000                              |
| 2009         | 250,000              | 30,000                         | 50,000                        | \$230,000                              |
| 2010         | 190,000              | 10,000                         | 30,000                        | \$170,000                              |
| 2011         | 220,000              | 0                              | 10,000                        | \$210,000                              |
| 2012         | 220,000              | 20,000                         | 0                             | \$240,000                              |
| 2013         | 320,000              | 30,000                         | 20,000                        | \$330,000                              |
| 2014         | 9,420,000            | 40,000                         | 30,000                        | \$9,430,000                            |
| 2015         | 380,000              | 10,000                         | 40,000                        | \$350,000                              |
| 2016         | 340,000              | 20,000                         | 10,000                        | \$350,000                              |
| <b>Total</b> | <b>51,880,000</b>    | <b>\$4,480,000</b>             | <b>\$4,460,000</b>            | <b>\$51,900,000</b>                    |

<sup>1</sup>Rounded to the nearest \$10,000.



**3. 2016 Costs**

Chart 2 shows expenses incurred in 2016, totaling approximately \$.4 million, broken down into the following categories: external consulting/contracting, other and legal costs.

**CHART 2**

**ENVIRONMENTAL EXPENSE COSTS INCURRED IN 2016<sup>1</sup>**

|                                 |         |
|---------------------------------|---------|
| External Consulting/Contracting | 240,000 |
| External Other                  | 110,000 |
| External Legal                  |         |
| TOTAL 2016                      | 350,000 |

<sup>1</sup>Rounded to the nearest \$10,000.

Chart 3 shows both expenses and capital costs incurred in 2016 by project. The projects include the Former Minneapolis Gas Works, West River Road, Other Minnesota Sites<sup>1</sup>, and Insurance Cost Recovery efforts.

**CHART 3  
ENVIRONMENTAL COSTS INCURRED IN 2016<sup>2</sup>**

|                             | Consulting/<br>Contracting | Other             | Legal       | Subtotal          | Capital     | Total             |
|-----------------------------|----------------------------|-------------------|-------------|-------------------|-------------|-------------------|
| Former<br>Mpls Gas<br>Works | \$ 210,000                 | \$ 70,000         | \$ -        | \$ 280,000        | \$ -        | \$ 280,000        |
| West River<br>Road          | -                          | -                 | -           |                   |             |                   |
| Other<br>Minnesota<br>Sites | \$ 30,000                  | \$ 40,000         | \$ -        | \$ 70,000         | \$ -        | \$ 70,000         |
| Insurance                   | -                          | -                 | -           |                   |             |                   |
| <b>Total</b>                | <b>\$ 240,000</b>          | <b>\$ 110,000</b> | <b>\$ -</b> | <b>\$ 350,000</b> | <b>\$ -</b> | <b>\$ 350,000</b> |

<sup>2</sup>Total Rounded to the nearest \$10,000.

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<sup>1</sup>[TRADE SECRET DATA BEGINS

**B. INSURANCE ACTIVITIES**

CenterPoint Energy's efforts to recover investigation, mitigation, monitoring, remediation and litigation costs from CenterPoint Energy's insurance companies for Minnesota Environmental Sites have been completed.

**1. *Insurance Payments***

[TRADE SECRET DATA BEGINS

TRADE SECRET DATA ENDS]

In 2014, approximately \$2.7 million of insurance proceeds was applied to a payment to the University of Minnesota for alleged environmental claims. In 2015, per Commission Order dated July 10, 2015 the remaining balance in the insurance proceeds account and the environmental contra account, approximately \$4.6 million, was applied to the University of Minnesota payment. As described in the 2015 report, no settlements collected from insurance companies remains to be used for future environmental remediation.

**2. *Amortization of Insurance Recoveries***

As described previously, as a result of the 2008 rate case, the Company continued to amortize the insurance recovery balance until April 30, 2015 when the remaining insurance proceeds were applied to the University of Minnesota expenditure. Additionally carrying charges through April 30, 2015 were added to the insurance recovery balance.

As described in the 2015 report, the amortization of insurance recovery ended in 2015. As such, detailed information on insurance recovery that was included in previous reports is not included. Pages 8 – 9e not included.

### **C. SUMMARY OF ENVIRONMENTAL TRACKER ACCOUNT**

As discussed previously, in accordance with the Commission's January 11, 2010 Order, the Company has zeroed out the environmental tracker account and refunded the balance to rate payers as part of the interim rate refund as shown in the Compliance Filing, dated April 19, 2010 in Docket No. G008/GR-08-1075. Additionally, the Commission stated on page 40 of the January 11, 2010 Order, "The Commission assures the Company that any reasonable and prudent environmental cleanup costs it incurs in the future will be rate-recoverable under normal regulatory principles and procedures."

In accordance with the Commission's Order dated July 10, 2015 (July 10, 2015 Commission Order), in Docket Nos. G-008/M-95-292 and G008/GR-08-1075. CenterPoint Energy has terminated the Company's Insurance Recovery Account tracker effective April 30, 2015. Additional discussion of the company's environmental activities also occurred in most recent rate case Docket Number G-008/GR-15-424.

**AFFIDAVIT OF SERVICE**

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF HENNEPIN   )

Steven Lyons, being first duly sworn on oath, deposes and says he served the attached Annual Environmental Update Compliance Filing by CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing or by placing in the U.S. Mail at the City of Minneapolis, Minnesota:

See attached list on the following page.

/s/ \_\_\_\_\_  
Steven Lyons  
CenterPoint Energy

Subscribed and sworn to before me  
this 3<sup>rd</sup> day of April, 2017

/s/ Mary Jo Schuh \_\_\_\_\_  
Notary Public  
My Commission Expires on January 31, 2020.

| First Name | Last Name | Email                                   | Company Name                       | Address   | Delivery Method    | View Trade Secret | Service List Name |
|------------|-----------|---|------------------------------------|---|--------------------|-------------------|-------------------|
| David      | Aafedt    | daafedt@winthrop.com                    | Winthrop & Weinstine, P.A.         | Suite 3500, 225 South Sixth Street<br><br>Minneapolis, MN 554024629                               | Electronic Service | No                | OFF_SL_8-1075_1   |
| Julia      | Anderson  | Julia.Anderson@ag.state.mn.us           | Office of the Attorney General-DOC | 1800 BRM Tower<br>445 Minnesota St<br>St. Paul, MN 551012134                                      | Electronic Service | Yes               | OFF_SL_8-1075_1   |
| James J.   | Bertrand  | james.bertrand@stinson.com              | Stinson Leonard Street LLP         | 150 South Fifth Street, Suite 2300<br><br>Minneapolis, MN 55402                                   | Electronic Service | No                | OFF_SL_8-1075_1   |
| Brenda A.  | Bjorklund | brenda.bjorklund@centerpointenergy.com  | CenterPoint Energy                 | 800 LaSalle Ave FL 14<br><br>Minneapolis, MN 55402  | Electronic Service | No                | OFF_SL_8-1075_1   |
| Jeffrey A. | Daugherty | jeffrey.daugherty@centerpointenergy.com | CenterPoint Energy                 | 800 LaSalle Ave<br><br>Minneapolis, MN 55402  | Electronic Service | No                | OFF_SL_8-1075_1   |
| Ian        | Dobson    | ian.dobson@ag.state.mn.us               | Office of the Attorney General-RUD | Antitrust and Utilities Division<br>445 Minnesota Street, 1400<br>BRM Tower<br>St. Paul, MN 55101 | Electronic Service | No                | OFF_SL_8-1075_1   |
| Sharon     | Ferguson  | sharon.ferguson@state.mn.us             | Department of Commerce             | 85 7th Place E Ste 280<br><br>Saint Paul, MN 551012198  | Electronic Service | Yes               | OFF_SL_8-1075_1   |
| Edward     | Garvey    | garveyed@aol.com                        | Residence                          | 32 Lawton St<br><br>Saint Paul, MN 55102  | Electronic Service | No                | OFF_SL_8-1075_1   |
| Robert     | Harding   | robert.harding@state.mn.us              | Public Utilities Commission        | Suite 350 121 7th Place East<br><br>St. Paul, MN 55101  | Electronic Service | Yes               | OFF_SL_8-1075_1   |
| John       | Lindell   | john.lindell@ag.state.mn.us             | Office of the Attorney General-RUD | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul, MN 551012130                                      | Electronic Service | Yes               | OFF_SL_8-1075_1   |

| First Name | Last Name      | Email                             | Company Name                   | Address  | Delivery Method    | View Trade Secret | Service List Name |
|------------|----------------|-----------------------------------|--------------------------------|--|--------------------|-------------------|-------------------|
| Pam        | Marshall       | pam@energycents.org               | Energy CENTS Coalition         | 823 7th St E<br>St. Paul,<br>MN<br>55106                                     | Electronic Service | No                | OFF_SL_8-1075_1   |
| David      | Moeller        | dmoeller@allete.com               | Minnesota Power                | 30 W Superior St<br>Duluth,<br>MN<br>558022093                               | Electronic Service | No                | OFF_SL_8-1075_1   |
| Andrew     | Moratzka       | andrew.moratzka@stoel.com         | Stoel Rives LLP                | 33 South Sixth St Ste 4200<br>Minneapolis,<br>MN<br>55402                    | Electronic Service | No                | OFF_SL_8-1075_1   |
| Janet      | Shaddix Elling | jshaddix@janetshaddix.com         | Shaddix And Associates         | Ste 122<br>9100 W Bloomington Frwy<br>Bloomington,<br>MN<br>55431            | Electronic Service | No                | OFF_SL_8-1075_1   |
| Peggy      | Sorum          | peggy.sorum@centerpointenergy.com | CenterPoint Energy             | 800 LaSalle Avenue<br>PO Box 59038<br>Minneapolis,<br>MN<br>554590038        | Electronic Service | No                | OFF_SL_8-1075_1   |
| James M.   | Strommen       | jstrommen@kennedy-graven.com      | Kennedy & Graven,<br>Chartered | 470 U.S. Bank Plaza<br>200 South Sixth Street<br>Minneapolis,<br>MN<br>55402 | Electronic Service | No                | OFF_SL_8-1075_1   |
| Eric       | Swanson        | eswanson@winthrop.com             | Winthrop Weinstine             | 225 S 6th St Ste 3500<br>Capella Tower<br>Minneapolis,<br>MN<br>554024629    | Electronic Service | No                | OFF_SL_8-1075_1   |
| Daniel P   | Wolf           | dan.wolf@state.mn.us              | Public Utilities Commission    | 121 7th Place East<br>Suite 350<br>St. Paul,<br>MN<br>551012147              | Electronic Service | Yes               | OFF_SL_8-1075_1   |

| First Name | Last Name | Email                                   | Company Name                       | Address  | Delivery Method    | View Trade Secret | Service List Name |
|------------|-----------|---|------------------------------------|--|--------------------|-------------------|-------------------|
| Julia      | Anderson  | Julia.Anderson@ag.state.mn.us           | Office of the Attorney General-DOC | 1800 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012134 | Electronic Service | No                | OFF_SL_95-292_1   |
| Jeffrey A. | Daugherty | jeffrey.daugherty@centerpointenergy.com | CenterPoint Energy                 | 800 LaSalle Ave<br><br>Minneapolis,<br>MN<br>55402                 | Electronic Service | No                | OFF_SL_95-292_1   |
| Sharon     | Ferguson  | sharon.ferguson@state.mn.us             | Department of Commerce             | 85 7th Place E Ste 280<br><br>Saint Paul,<br>MN<br>551012198       | Electronic Service | Yes               | OFF_SL_95-292_1   |
| John       | Lindell   | john.lindell@ag.state.mn.us             | Office of the Attorney General-RUD | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012130 | Electronic Service | No                | OFF_SL_95-292_1   |
| Pam        | Marshall  | pam@energycents.org                     | Energy CENTS Coalition             | 823 7th St E<br><br>St. Paul,<br>MN<br>55106                       | Electronic Service | No                | OFF_SL_95-292_1   |
| Daniel P   | Wolf      | dan.wolf@state.mn.us                    | Public Utilities Commission        | 121 7th Place East<br>Suite 350<br>St. Paul,<br>MN<br>551012147    | Electronic Service | Yes               | OFF_SL_95-292_1   |