Date: April 13, 2017

FROM: Mariam Arnaout

TO: AGA State Affairs Committee

CC: Kyle Rogers, Vice President, Government Relations and Staff Executive, State Affairs Committee

RE: SOS Query on Performance Metrics for Integrity Management Project Investments — Please Send Response Mariam Arnaout by Thursday, May 4th, 2017

An AGA member company—Northern States Power Company (NSPM), a Minnesota corporation (NSPM) d/b/a Xcel Energy—has a Gas Utility Infrastructure Cost (GUIC) Rider to recover Transmission and Distribution Integrity Management Program (TIMP/DIMP) costs. Xcel Energy is involved in a stakeholder process for developing metrics that measure the appropriateness of expenditures. It would like to identify possible opportunities for leveraging best practices in developing performance metrics related to program expenditures. Through this SOS process, Excel Energy seeks information from other AGA members regarding their performance metrics implemented to track the efficiency or appropriateness of TIMP and DIMP expenditures. To this end, we would appreciate your assistance

Note: All responses will be kept anonymous. AGA will redact all company-identifying information from the results spreadsheet and will not share any company-identifying information with the requesting company. If you agree to be contacted by Excel Energy to discuss the survey responses, please indicate so in Question 10 (b). Any resulting aggregation of the collected data may be shared by the AGA member with a stakeholder group convened to develop metrics that evaluate the appropriateness of expenditures. This stakeholder group consists of members from the Minnesota Public Utilities Commission (PUC) Staff, Minnesota Department of Commerce, Minnesota Office of Attorney General-Residential Utilities Division, and Minnesota Office of Pipeline Safety. A summary of the information may also be included in a regulatory filing submitted to the Minnesota PUC.

The collected data will be aggregated and distributed through the Members Only SOS section of the AGA website. AGA will distribute the web link once it has aggregated and posted the collected data.

1. (a) Does your company have a regulator-approved mechanism to recovery TIMP and/or DIMP costs outside of base rates? Select all that apply.

Comments:	
	No (If no, please skip to Question #9)
	Yes, for DIMP costs
	Yes, for TIMP costs

(b) If yes, please describe your company's cost recovery mechanism. Select all that apply.

	COST RECOVERY MECHANISM
	Cost tracker
	Rider or surcharge
	Rate stabilization
	Other
lf other, Please describe	

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las your company	, davidanad narfarmanaa matrice ta avaluata the	
	r developed performance metrics to evaluate the	e effectiveness of your TIMP and DIMP investments?
Yes	S	
No		
f yes, please desc	ribe your company's cost performance metrics.	

SELECT ALL THAT APPLY (X)	PERFORMANCE METRICS DEVELOPMENT PROCESS					
Stakeholder process						
	Result of regulatory order					
	Company developed					
	Other					
If other, Please describe						
Comments (further details)						

Do the metrics change over time based on the type of investments being made?

	Yes
	No
Comments:	

Are the performance metric evaluations incorporated into TIMP/DIMP investment decisions made by your company? 5. (a)

Yes
No

If yes, please describe how:

Are there a	ny incentives or forfeitures that are triggered by the performance metric results? Select all that apply.
	Yes, incentives
	Yes, forfeitures
	No
If yes, plea	e describe:
Ī	
Have you	sperienced any savings, such as O&M cost savings, associated with DIMP and/or TIMP investments?
Have you	sperienced any savings, such as O&M cost savings, associated with DIMP and/or TIMP investments? Yes
Have you e	
Have you e	Yes
	Yes
	Yes No
	No uired to account for any cost savings in your recovery mechanism?
	Yes No uired to account for any cost savings in your recovery mechanism? Yes
Are you re	Yes No uired to account for any cost savings in your recovery mechanism? Yes No
Are you re Comments	Yes No uired to account for any cost savings in your recovery mechanism? Yes
Are you re	Yes No uired to account for any cost savings in your recovery mechanism? Yes No

9. (a) Please provide your contact information. AGA will not publish this information.

	n will be redacted from the data spreadsheet
Email	
Phone	
Company	
State	

(b) May the requesting company representative contact you or your colleague to discuss your survey responses further? If you answer "Yes," AGA will serve as the gatekeeper and will share your contact information with the requesting company upon request; however, AGA will not publish your contact information, company or state in the summary of results.

	Yes, they may contact me (contact info included in 9a)
	Yes, please contact the subject matter expert listed below
	No

This information will be redacted from the data spreadsheet									
Name									
Phone									
Email									

Please respond to me at <u>marnaout@aga.org</u> by close of business, <u>Thursday, May 4th</u>. The responses will be compiled into one spreadsheet and will be shared with all participants via AGA's Members Only SOS web page.

If you experience difficulties with this email format, please let me know, and I will send you a Word document. Also please let me know if you'd like a list of your company's recipients, so you may coordinate your response.

Thank you in advance, and best regards.

Mariam

Mariam Arnaout | Director, Energy Efficiency Analytics

Energy Analysis and Standards

American Gas Association

400 North Capitol St., NW | Washington, DC 20001

P: 202.824.7127 | F: 202-824-9137 | marnaout@aga.org

Northern States Power Company Gas Utility - State of Minnesota Docket No. G002/M-16-891 Reply to Department of Commerce - June 2, 2017 Attachment E - Tab: Questions

The American Gas Association represents more than 200 local energy companies committed to the safe and reliable delivery of clean natural gas to more than 68 million customers throughout the nation.

Northern State Power Company
Gas Utility - State of Milmes of the Company
Reply to Department of Commerce - Jame 2, 20

SOS Query on Performance Metrics for Integrity Management Project Investment

ete : The survey responses are based on an informal survey and are for general information only. They are not intended to bind any company or state a company's official position. The information presents an unaudited compilation of information and could contain coding or processing errors. Anyone using this document should rely on his or her own independent judgment or, as appropriate,

he advice of a competent professional. References to work practices, products or vendors do not imply an opinion or endorsement by AGA or a responsing company. This publication is confidential and

Company Name		Status of Transmission/Distribution regulator-approved mechanism to recover TIMP and/or DIMP costs outside of base rates? elect of that apply. If no, please skip to Question #9)			use describe your company's cost recover Select oil that apply.	ry mechanism.	(a) Has your compar developed performan metrics to evaluate to				Performance Metrics Development Process hat process did you use to develop the metrics? Select of that apply.		Do the metrics change over time based on the type of investments being made?	evaluations incorporated into TIMP/DIMP investment decisions made by your company?	(a) Are there any incentives or forfeitures that are triggered by the performance metric	6. Incentives or Forfeitures	7. Associa (a) Have you experienced any savings, such as O&M cost savings, associated with DIMP and/or TIMP investments? (a) (b) (b) (b) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c	(b) Are you required to account for any cost savings in your recovery	8. Insights (a) Nave you gained any insights/learning		(a) Contact John for C	9. Contact Information is SOS Query, all componies shall re-	main anonymous	b) Subject
in anonymous	VES, for YES, for TIMP DIMP NO Costs Costs (0 1)	Comments	Cost Sur Tracker	e n	Other (0 1) If other, please describe	Comments	effectiveness of your 1 and DIMP investmen Yes/No?	MP (b) If yes, please describe your company's cost performance metrics.	Stakeholder process (0 1)	tesuit of egulatory order (0 1) Company-	Other If other, describe	Comments (Further Detail)	Yes/No? Comments	Yes/No? (b) If yes, please describe how	YES, YES, incentive forfeiture NO s s (0 1)	(b) If yes, please describe	Yes/No? (b) If yes, please describe how	mechanism? (a) Yes/No? Comments	from employing your (b) If yes, please share what you have learned. (Y N)	May Requesting Company Contact You?	Name Email	Phone	Name	P
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	1					1														Y				П
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		In our state, our company used to have a mechanism, but it has expired. We																			+-	+		H
		In our state, our company used to have a mechanism, but it has expired. We recently completed a docket that sets out guidelines for when a tracker mechanism for safety-eather disnostments is appropriate. That docket, including a stipulation that was adopted, will be forwarded under senarate cover.		1 1																Y			1	L
	1	We have a gas Capital tracker that covers the cost of our DIMP work, but it is not regulator approved.																		Y			Ì	
	1 1	The company has a Pipeline Safety Integrity Adjustment (PSIA) rider for cost recovery.	0	1 0	0		N	n/a			n/a		m/a	n/a		n/a	N	The company has experienced N OSM cost savings but results are not specifically reported.	n/a	Y				
	1 1	The company has a Cas SSTRy Infrastructive Carls (EUC) rider for cost recovery that was excluded read in 2013.	a	1 0	0		Ä	The company meaning submitted to the same make Uniform Commission the programal matrices being year of other SETS of submitted sections (2005) of the Particum, Marker Counted Start Land Marker Workshop Marker Counted Start Land Marker Workshop Marker Counted Start Land Marker Workshop Marker Land Marker Workshop Marker Land Counted Start Land Marker Marker Marker Marker Marker Marker Land Counted Start Marker Marker Marker Marker Marker Marker Land Counted Start Marker Marker Land Counted Start Marker Marker Land Marker Land Marker Marker Land Marker Land Marker Marker Land Marker Mark	. 1	1 1	۰		N	Lank rates and transmission V associated results impact future investment decisions	1		N	The company has experienced N GMM cost sweeps but results are not specifically reported.		٧				
		One of our rate jurisdictions has a regulator approved recovey mechanism for 1950 cells, however, other annihilations in other states to see. The control of the control o	0	1 0	0	Only applicable to one state.		securation over true. Marker: Assults of Entitleded Cost Varieties Explanations for Cogilal Projects Marker: Assults of Entitleded Cost Varieties Explanations for Cogilal Projects Bed Rt. Months cost sections in order to remove sections, see serioristical and reasonable.			N/A		366	N/A		N/o.	N	N.	The Company believes these effects and provided a sunfail to all the edition the Company's CEUC pergonn of work. N/A	Y				
	1																			N				
	1 1		0	1 1	0		*	We are currently in the process of finalizing the performance metrics.	٥	0 1	0	İ	N	N	1		N	N	Not at this time since we are still in the process of finalizing our performance metrics. We articipate gaining insights a the cropriant divelops.	Y			ļ	
		Some of the risks addressed in Company's CMMP plan are addressed in regulatory exchanisms. Company's Inflammature Regulatores IF Har (1977) and/tomes a risker—updated enrope. The record for the confidence of regulating aging and regulatory has decided instantances. Other items in the Company's DRMP plan are addressed in Company's DRMP plan Pages and plan (2014) and plan are addressed in Company's DRMP plan's Program, which ownth Company's to create a regulatory asset for the costs of addressing the identified.													1	Some of the risks addressed in Company's DRMP plan are addressed in regulatory mechanisms. Company's Ministratura Replacement Plan (1979) subtonies a nider – updated amoust - to recover the costs of replacing aging and/or hazardoss infrastructure. Other intens in the Company DRMP plan are addressed in Company's Pipeline Safety Program, which perm Company to create a regulatory asset for the costs of address the identification.	its		The oriested developes.	Y				
	1	State Codes say: "a natural gas utility shall be permitted for recover eligible saving activity open the secured on said after allowing at 2015, in factor section." and examine 1, 2015, in factor section." and examine 2 pointed and section activation code of the section activation code of the section activation activates and activate activates activated activates and activates activated activates activated activates activated activates activate activates acti													1					Y				
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36 responses

TRANSMISSION/DISTRIBUTION INTEGRITY MANAGEMENT PROGRAM

1 (a) Does your company have a regulator-approved mechanism to recovery TIMP and/or DIMP costs outside of base rates?

Answers	Number of Companies
Yes, TIMP	4
Yes, DIMP	4
No	17
TOTAL RESPONSES	21

(b) If yes, please describe your company's cost recovery mechanism.

Cost Tracker	1
Rider or Surcharge	4
Rate Stabilization	1
Other	0
Total Responses	5

COST PERFORMANCE METRICS STATUS

2 (a) Has your company developed performance metrics to evaluate the effectiveness of your TIMP and DIMP investments?

Yes	2
No	2
TOTAL RESPONSES	4

PERFORMANCE METRICS DEVELOPMENT PROCESS

3. What process did you use to develop the metrics? Select all that apply.

Stakeholder Process	1
Result of Regulatory Order	1

Company-Developed	2
Other	0
Total Responses	2

4. Do the metrics change over time based on the type of investments being made?

Yes	0
No	2
TOTAL RESPONSES	2

5. Are the performance metric evaluations incorporated into TIMP/DIMP investment decisions made by your company?

Yes	1
No	1
TOTAL RESPONSES	2

INCENTIVES OR FORFEITURES

6. (a) Are there any incentives or forfeitures that are triggered by the performance metric results? Select all that apply.

Yes, incentives	0
Yes, forfeitures	0
No	9
Total Responses	9

ASSOCIATED SAVINGS

7 (a) Have you experienced any savings, such as O&M cost savings, associated with DIMP and/or TIMP investments?

Total Responses	4
No	4
Yes	0