

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.*

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

(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
If other, Please describe	

<i>Comments (further details)</i>	
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2. (a) Has your company developed performance metrics to evaluate the effectiveness of your TIMP and DIMP investments?

	Yes
	No

(b) If yes, please describe your company's cost performance metrics.

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

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

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

	Yes
	No
<i>Comments:</i>	

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

	Yes
	No

(b) If yes, please describe how:

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

<input type="checkbox"/>	Yes, incentives
<input type="checkbox"/>	Yes, forfeitures
<input type="checkbox"/>	No

(b) If yes, please describe:

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

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

(b) Are you required to account for any cost savings in your recovery mechanism?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No
<i>Comments:</i>	

8. (a) Have you gained any insights/learning from employing your performance metrics?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No

(b) If yes, please share what you have learned:

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

This information 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 [marnaout@aga.org](mailto:marnaout@aga.org) by close of business, **Thursday, May 4<sup>th</sup>**. 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.

**Note:** Respondents should review the AGA Antitrust Guidelines (<http://www.aga.org/antitrust>) prior to any response or discussions and no information shall be disseminated or discussed that violates those guidelines. To steer clear of trouble, do not exchange company-specific, competitively sensitive information (e.g., prices, costs, terms and conditions of sale, capacity, business strategies or future plans). Survey participants should not make disparaging comments and generally not make recommendations for or against any of the products or services of particular manufacturers or service providers. If any questions arise, contact your company's lawyer or AGA's General Counsel's Office at: 202-824-7072 or [GCO@aga.org](mailto:GCO@aga.org).

Thank you in advance, and best regards.

Mariam

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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.



**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
<b>TOTAL RESPONSES</b>	<b>21</b>

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

Cost Tracker	1
Rider or Surcharge	4
Rate Stabilization	1
Other	0
<b>Total Responses</b>	<b>5</b>

**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
<b>TOTAL RESPONSES</b>	<b>4</b>

**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
<b>Total Responses</b>	<b>2</b>

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

Yes	0
No	2
<b>TOTAL RESPONSES</b>	<b>2</b>

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

Yes	1
No	1
<b>TOTAL RESPONSES</b>	<b>2</b>

**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
<b>Total Responses</b>	<b>9</b>

**ASSOCIATED SAVINGS**

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

Yes	0
No	4
<b>Total Responses</b>	<b>4</b>