

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Dan Lipschultz	Vice Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
John Tuma	Commissioner

In the Matter of Great Plains Natural Gas Co.’s 2018 Annual Service Quality Report	DOCKET NO. G-004/M-19-280
In the Matter of CenterPoint Energy Resources Corp.’s 2018 Annual Service Quality Report	DOCKET NO. G-008/M-19-300
In the Matter of Minnesota Energy Resources Corporation’s 2018 Annual Service Quality Report	DOCKET NO. G-011/M-19-303
In the Matter of Greater Minnesota Gas, Inc.’s 2018 Annual Service Quality Report	DOCKET NO. G-022/M-19-304
In the Matter of Xcel Energy’s 2018 Annual Gas Service Quality Report	DOCKET NO. G-002/M-19-305

**COMMENTS OF THE OFFICE
OF THE ATTORNEY GENERAL**

INTRODUCTION

The Office of the Attorney General—Residential Utilities and Antitrust Division (“OAG”) submits the following Comments in response to the Commission’s May 28, 2019 *Notice of Extended Comment Period* on the above-captioned natural gas utilities’ annual service-quality reports for calendar year 2018.

These Comments demonstrate that the public interest would be served by requiring the utilities to include, in future reports, data about their efforts to ensure the integrity of their transmission and distribution systems, including system risks, number of leaks discovered, and the cost of investments made to improve the safety and reliability of the system. Further, to better

enable stakeholders to evaluate service-quality performance, the Commission should require the utilities to provide a three-year historical average to benchmark each reporting category.

BACKGROUND

I. NATURAL GAS SERVICE-QUALITY REPORTING

Since 2010, the Commission has required gas utilities to report on a standardized set of service-quality data.¹ Initially, utilities were required to report data in the following categories: (1) call-center response times, (2) meter-reading performance, (3) involuntary service disconnections, (4) service-extension-request response times, (5) customer deposits, (6) customer complaints, (7) emergency-call answer time, (8) mislocates, (9) damaged gas lines, (10) service interruptions, (11) notification of reportable incidents, (12) emergency response times, and (13) customer-service-related operations and maintenance expenses.

The Commission has occasionally added to the list of reporting requirements. For example, in its March 6, 2012 *Order Accepting Reports and Setting Further Requirements*, the Commission directed gas utilities to provide greater detail in certain categories, including service-extension requests, customer deposits, and emergency response times.² And in its April 12, 2019 orders approving the utilities' 2017 service-quality reports, the Commission required each utility to include in its 2018 report (1) distribution-system integrity data kept to comply with federal pipeline-safety regulations,³ (2) information about Minnesota Office of Pipeline

¹ See *In the Matter of a Commission Investigation Into Gas Utility Service Quality Standards*, Docket No. G-999/CI-09-409, ORDER SETTING REPORTING REQUIREMENTS 5 (Aug. 26, 2010) (requiring first set of reports, for calendar year 2010, to be filed May 1, 2011).

² Docket Nos. G-007,011/M-10-374 (MERC), G-008/M-10-378 (CenterPoint), G-022/M-11-356 (Greater Minnesota Gas), G-002/M-11-360 (Xcel), and G-004/M-11-363 (Great Plains).

³ See 49 C.F.R. § 192.1007(e) (requiring a gas distribution pipeline owner to “[d]evelop and monitor performance measures from an established baseline” to evaluate the effectiveness of pipeline-integrity management efforts).

Safety citations, and (3) a discussion about deployment of excess-flow valves and manual service-line shutoff valves.⁴

II. SYSTEM-INTEGRITY METRICS

As noted above, the Commission required each gas utility to provide distribution-system integrity information in its 2018 service-quality report. By way of background, the federal Pipeline Safety Improvement Act of 2002 and implementing regulations require operators of natural-gas transmission and distribution pipelines to implement programs to assess and improve the safety, reliability, and integrity of their natural-gas infrastructure.⁵ These programs are known as transmission- and distribution-integrity management programs (“TIMP” and “DIMP”).

The utilities’ 2018 service-quality reports provide, in differing degrees, the distribution-system integrity information requested by the Commission.⁶ CenterPoint’s report, however, goes much further than the others, providing data under nine metrics, and 25 submetrics, which together paint a detailed picture of its TIMP and DIMP investments and results.⁷ Table 1 summarizes the system-integrity metrics that CenterPoint used in its 2018 report:

Table 1: CenterPoint’s TIMP and DIMP Metrics for 2018

Metric	Variants
1 Leak Count by Facility Type and Threat	a. Total Count by Cause—Above Ground b. Total Count by Cause—Mains c. Total Count by Cause—Services
2 Leak Count on Main by Material	N/A

⁴ Docket Nos. G-004/M-18-286 (Great Plains), G-008/M-18-312 (CenterPoint), G-022/M-18-314 (Greater Minnesota Gas), G-002/M-18-316 (Xcel), and G-011/M-18-317 (MERC).

⁵ See generally 49 C.F.R. pt. 192, subps. O (transmission-integrity management requirements), and P (distribution-integrity management requirements).

⁶ The reports vary greatly in the amount of detail they provide, and Greater Minnesota Gas’s report does not appear to contain any responsive system-integrity data. The OAG takes no position on whether the utilities’ reports comply with the Commission’s April 12 orders in this regard.

⁷ See Docket No. G-008/AI-19-300, SERVICE QUALITY REPORT, Schedules 18(a)-(j) (May 1, 2019) and SUPPLEMENTAL FILING, Schedules 18(k)-(m) (May 10, 2019)

Table 1: CenterPoint’s TIMP and DIMP Metrics for 2018

Metric	Variants
3 Leak Count on Service by Material	N/A
4 Risk by Facility Type and Threat	<ul style="list-style-type: none"> a. Total Risk by Cause—Above Ground b. Total Risk by Cause—Mains c. Total Risk by Cause—Services
5 Risk on Main by Material	N/A
6 Risk on Service by Material	N/A
7 Unit Cost Installed by Project (\$ per foot replaced unless otherwise noted)	<ul style="list-style-type: none"> a. TIMP Transmission Pipeline Integrity b. TIMP Transmission Pipeline Replacement c. TIMP Remote Control Valves (per 12-inch valve installed) d. DIMP Bare Steel Mains e. DIMP Cast Iron Mains f. DIMP Copper Service Lines (per service line replaced) g. DIMP Inside Meters (per meter moved) h. DIMP Legacy Plastic Pipe (per service line replaced)
8 Comparison of Budgeted Costs to Actual Installed Costs	<ul style="list-style-type: none"> a. TIMP Transmission Pipeline Integrity b. TIMP Transmission Pipeline Replacement c. TIMP Remote Control Valves d. DIMP Bare Steel Mains e. DIMP Cast Iron Mains f. DIMP Copper Service Lines g. DIMP Inside Meters h. DIMP Legacy Plastic Pipe
9 Average Annual Cost to Repair Leaks by Facility	<ul style="list-style-type: none"> a. Leaks on Mains b. Leaks on Services c. Leaks on Meters

CenterPoint’s metrics trace their origin to the utility’s June 2018 request for approval of a contract between CenterPoint and a construction company that was to become CenterPoint’s

affiliate through the merger of the two parties' parent companies ("Vectren merger").⁸ CenterPoint made numerous commitments to protect Minnesota ratepayers from any adverse impacts of the Vectren merger, including working with the Minnesota Department of Commerce and the OAG to develop the TIMP and DIMP reporting metrics outlined above.⁹

CenterPoint also committed to work with the Department and the OAG to develop a benchmark, such as a three- or five-year historical average, against which to measure the current year's service-quality performance.¹⁰ Accordingly, the company's 2018 service-quality report includes benchmarks, in the form of 2015–2017 historical averages, for most categories of service-quality data including the TIMP and DIMP metrics outlined above.¹¹

ANALYSIS

I. THE COMMISSION SHOULD REQUIRE EACH GAS UTILITY TO TRACK AND REPORT TIMP- AND DIMP-RELATED METRICS, AND INCLUDE BENCHMARKS FOR ALL SERVICE-QUALITY METRICS, IN FUTURE REPORTS.

The Commission should take this opportunity, with all five gas utilities before it, to standardize the system-integrity data filed in gas service-quality reports by directing all utilities to report the same metrics as CenterPoint. The Commission should also require the utilities to include in future reports the three-year historical average for each reporting category to provide context for the current year's performance.

Although CenterPoint's expanded system-integrity reporting grew out of a specific commitment it made in another proceeding, there are equally compelling reasons to require the same reporting of all Minnesota's natural gas utilities. Such reporting would provide the

⁸ *In the Matter of the Petition of CenterPoint Energy Resources Corp. for Approval of an Affiliated Interest Agreement with Minnesota Limited*, Docket No. G-008/AI-18-517.

⁹ Docket No. G-008/AI-18-517, STIPULATION OF CENTERPOINT ENERGY MINNESOTA GAS 5 (Oct. 26, 2018) and TIMP AND DIMP REPORTING METRICS PROPOSAL, Ex. 2 (April 1, 2019).

¹⁰ STIPULATION OF CENTERPOINT 5.

¹¹ See Docket No. G-008/M-19-300, SERVICE QUALITY REPORT, Schedules 1–18.

Commission and interested stakeholders with a valuable window into each utility's efforts to ensure the safety and reliability of its system. Furthermore, standardizing the filing requirements for gas service-quality reports would streamline the review of these reports.

The need to understand utilities' system-integrity investments and performance has become even more critical in recent years because of the proliferation of gas-utility infrastructure cost (GUIC) riders.¹² Three of the five utilities—MERC, Xcel, and Great Plains—have GUIC riders in place that give them expedited recovery of the costs of TIMP and DIMP projects. And the GUIC rider is likely a major factor that has allowed at least one utility, Xcel, to defer filing a rate case and thereby avoid the attendant scrutiny of its infrastructure investments. Given that ratepayers are funding these projects on an expedited basis and without the level of scrutiny afforded by a rate case, they are entitled to some assurance that these investments are accomplishing their intended purpose at a reasonable cost.

The Commission's April 12 orders evinced a desire to glean more information about utilities' integrity-management performance. The OAG strongly supports this inclination, and recommends that the Commission require all natural gas utilities, in future service-quality reports, to track and report on the same TIMP- and DIMP-related metrics that CenterPoint used in its 2018 report.

Finally, as to performance benchmarks, CenterPoint was the only utility that provided historical averages against which to compare the current year's performance. The OAG would submit that the usefulness of this type of historical information in evaluating service-quality performance, and identifying trends in the data, is self-evident. The same information should be

¹² See Minn. Stat. § 216B.1635 (governing rider recovery of gas utility infrastructure costs).

provided by all utilities, beginning with their 2019 service-quality reports, to provide context for the current year's figures.

II. THE OAG WILL REVIEW CENTERPOINT'S 2018 SERVICE-QUALITY PERFORMANCE AND PROVIDE ANY ADDITIONAL RECOMMENDATIONS IN REPLY COMMENTS.

CenterPoint has represented that the Vectren merger will not lead to diminished service quality for Minnesota ratepayers.¹³ In reviewing CenterPoint's 2018 service-quality report, the OAG observed that the company's performance under certain metrics appears to have declined compared to the 2015–2017 historical benchmarks. The OAG propounded discovery to CenterPoint regarding the cause of these declines and recently received the company's responses. The OAG is reviewing CenterPoint's responses and will make any further recommendations in reply comments.

CONCLUSION

For the reasons discussed above, the Commission should order natural gas utilities to include in their annual service-quality reports (1) data for the TIMP and DIMP metrics outlined

¹³ Docket No. G-008/AI-18-517, STIPULATION OF CENTERPOINT ENERGY MINNESOTA GAS 5 (Oct. 26, 2018).

in these comments and (2) the three-year historical average for each service-quality reporting category as benchmark for the current year's data.

Dated: June 17, 2019

Respectfully submitted,

KEITH ELLISON
Attorney General
State of Minnesota

s/ **Peter G. Scholtz**

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June 17, 2019

Mr. Daniel Wolf, Executive Secretary
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Re: In the Matter of Great Plains Natural Gas Co.'s 2018 Annual Service Quality Report

DOCKET NO. G-004/M-19-280

In the Matter of CenterPoint Energy Resources Corp.'s 2018 Annual Service Quality Report

DOCKET NO. G-008/M-19-300

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DOCKET NO. G-011/M-19-303

In the Matter of Greater Minnesota Gas, Inc.'s 2018 Annual Service Quality Report

DOCKET NO. G-022/M-19-304

In the Matter of Xcel Energy's 2018 Annual Gas Service Quality Report

DOCKET NO. G-002/M-19-305

Dear Mr. Wolf:

Enclosed and e-filed in the above-referenced matter please find Comments of the Minnesota Office of the Attorney General—Residential Utilities and Antitrust Division.

Mr. Daniel Wolf, Executive Secretary
Minnesota Public Utilities Commission
June 17, 2019
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By copy of this letter all parties have been served. An Affidavit of Service is also enclosed.

Sincerely,

s/ Peter G. Scholtz

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