

January 24, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket Nos. G008/M-16-377 and G008/M-17-342

Attached are the *Response Comments* of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

2015 and 2016 *Annual Service Quality Reports* (Reports) submitted by CenterPoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas (CenterPoint or the Company).

The 2015 and 2016 *Annual Service Quality Reports* were filed on April 29, 2016 and May 1, 2017, respectively, by CenterPoint. On December 11, 2017, the Department submitted its *Comments* in these dockets, recommending that the Minnesota Public Utilities Commission (Commission) **accept** the Company's *Reports* pending CenterPoint's response to various inquiries in *Reply Comments*.

CenterPoint submitted its *Reply Comments* on December 19, 2017, providing additional information and its response to various Department inquiries. The Department appreciates the corrected and updated information and provides its additional analyses herein.

Based on its review of CenterPoint's 2015 and 2016 *Annual Service Quality Reports*, and the information provided by the Company in its *Reply Comments*, the Department recommends that the Commission **accept** the Company's *Reports*.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ LERMA LA PLANTE
Public Utilities Financial Analyst

LL/lt
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket Nos. G008/M-16-377 and G008/M-17-342

I. BACKGROUND

On April 29, 2016, CenterPoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas (CenterPoint or the Company) filed its 2015 *Annual Service Quality Report* (2015 Report) and on May 1, 2017, CenterPoint filed its 2016 *Annual Service Quality Report* (2016 Report) in compliance with the Minnesota Public Utilities Commission's (Commission) August 26, 2010 Order in Docket NO G999/CI-09-409 (09-409 Order) and its March 6, 2012 *Order-Accepting Reports and Setting Further Requirements* in Docket No. G008/M-10-378, *et al.* On December 11, 2017, the Minnesota Department of Commerce (Department) filed *Comments* on the Company's Reports requesting that CenterPoint provide the following in its *Reply Comments*:

- a detailed breakdown of gas line damage event causes for years 2015 & 2016; and
- an explanation of the number of CenterPoint-controlled damage incidents during October, November and December 2016.

CenterPoint submitted its *Reply Comments* on December 19, 2017, where the Company provided additional information responding to these inquiries.

The Department discusses CenterPoint's additional information below.

II. DEPARTMENT ANALYSIS

A. GAS LINE DAMAGE- BY CAUSE

Regarding gas line damage, the Department requested that CenterPoint provide details regarding 2015 and 2016 gas line damages by delineating the type of damage for the gas line (*e.g.*, inadequate hand digging, etc.)

In its *Reply Comments*, CenterPoint stated the following:

The Company regrets not providing this information in its Reports and will provide the information in future reports.

2015

Inadequate Hand Digging accounted for 27% of our damages, which is a 1% reduction from the previous year, and No Locate Ticket accounted for 19% of the damages, which is a 1% increase from the previous year. We worked with and continue to work with, the Minnesota Office of Pipeline Safety and Gopher State One Call to help reduce these types of damages.

2016

Inadequate Hand Digging accounted for 26% of our damages, which is a 1% reduction from the previous year, and No Locate Ticket Requested accounted for 18% of the damages, which is a 1% reduction from the previous year. We worked with, and continue to work with, the Minnesota Office of Pipeline Safety and Gopher State One Call to help reduce these types of damages.

As a result of additional information provided by the Company, below is the updated Table 12:

Revised Table 12: Causes of Gas Line Damages

	Project Work Street and Road Construction	Inadequate Hand Digging	No Locate Ticket Requested
2011	70%		
2012		30%	21%
2013		26%	19%
2014		28%	18%
2015		27%	19%
2016		26%	18%

B. GAS LINE DAMAGE INCIDENTS-OCTOBER, NOVEMBER & DECEMBER 2016

Regarding gas line damage incidents, the Department requested CenterPoint to provide explanation of the high number of CenterPoint-controlled damage incidents that occurred in October, November and December of 2016.

In its *Reply Comments*, CenterPoint stated the following:

In looking at the details on our reports we found that the numbers during Q4 of the 2016 report were transposed under the two categories “Damage under the control of CenterPoint Energy’s Employees/Contractors” and “Damage – all other causes”. The correct numbers for “Damage under the control of CenterPoint Energy’s Employees/Contractors” are: October (14), November (12), and December (21). These corrected numbers for the 4th quarter of 2016 show CenterPoint controlled damages in line with 2015’s percentage of total damages. As a result, we have included a revised 2016 Schedule 9.

As a result of the Company’s correction, below is the revised Table 13:

Revised Table 13: Gas Line Damage Incidents

	Damage by CPE	Damage by Others	Total	Miles of Line	Damage/100 Line Miles
2010	89	593	682	24,642	2.77
2011	155	604	759	24,733	3.07
2012	166	670	836	24,819	3.37
2013	124	539	663	24,874	2.67
2014	152	635	787	25,394	3.10
2015	192	730	922	25,427	3.63
2016	148	770	918	25,755	3.56

The Department appreciates clarification and corrected information provided by CenterPoint and acknowledges that CenterPoint has complied with the Commission’s reporting requirements. The Department notes that CenterPoint had a high number of incidents of damage by CPE in 2015, with the number decreasing in 2016.

III. SUMMARY AND CONCLUSIONS

Based on its review of CenterPoint's 2015 and 2016 *Annual Service Quality Reports* and the Company's *Reply Comments*, the Department appreciates the clarification and corrections provided by the Company and recommends that the Commission accept the Company's *Reports*.

/lt

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Response Comments**

Docket No. G008/M-16-377 and G008/M-17-342

Dated this 24th day of January 2018

/s/Sharon Ferguson

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