

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange
Dan Lipschultz
Matthew Schuerger
Katie J. Sieben
John A. Tuma

Chair
Commissioner
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SERVICE DATE: February 15, 2018

DOCKET NO. G-008/M-16-377;
G-008/M-17-342

In the Matter of the 2015 Annual Gas Service Quality Report of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas

In the Matter of the 2016 Annual Gas Service Quality Report of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas

The above-entitled matter was considered by the Commission on February 8, 2018, and the following disposition made:

Accepted CenterPoint's 2015 and 2016 Annual Gas Service Quality Reports

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the order. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Daniel P. Wolf
Executive Secretary

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December 11, 2017

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

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

Dear Mr. Wolf:

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

2015 and 2016 *Annual Gas 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:

Shari Grams
Regulatory Analyst
CenterPoint Energy
505 Nicollet Mall
P.O. Box 59038
Minneapolis, Minnesota 55459-0038

Based on its review of CenterPoint's 2015/2016 *Annual Service Quality Reports*, the Department recommends that the Minnesota Public Utilities Commission (Commission) **accept** the Company's Reports pending CenterPoint's response to the Department's inquiries regarding gas line damage events.

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

In the 2004 general rate case proceeding for CenterPoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas (CenterPoint or the Company), the Minnesota Public Utilities Commission (Commission) requested that the Minnesota Department of Commerce, Division of Energy Resources (Department) and any other interested party review and comment on CenterPoint's quarterly service quality reports each year no later than February 28.¹ In its 2008 general rate case, CenterPoint agreed to continue to file quarterly service quality reports.² The Company also agreed to provide quarterly service quality reports in its Conservation Enabling Rider Evaluation Plan.³

On April 16, 2009, the Commission opened an investigation into natural gas service quality standards in Docket No. G999/CI-09-409 (09-409 Docket). In its August 26, 2010 *Order* (09-409 *Order*) in the 09-409 Docket, the Commission established uniform reporting requirements that Minnesota regulated natural gas utilities are to follow and a list of information that should be provided by each utility in a miscellaneous tariff filing to be made each May 1 reflecting service quality performance during the prior calendar year. This annual service quality reporting requirement superseded CenterPoint's quarterly service quality reporting. In the Commission's March 15, 2010 *Order* in Docket No. G008/M-09-1190 (09-1190 *Order*), the Company was further required to provide itemized costs associated with each steel service line relocation and each relocation of meters rated at 630 cubic feet per hour (CFH) or greater.

On April 29, 2011, CenterPoint filed its calendar year 2010 *Annual Service Quality Report* in Docket No. G008/M-10-378, including the information about steel service-line relocation and relocation of meters. This was the first annual report filed by the Company under the requirements of the 09-409 *Order*.

In its March 6, 2012 *Order—Accepting Reports and Setting Reporting Requirements* (March 6 *Order*) in Docket No. G008/M-10-378, *et. al.*, the Commission supplemented the reporting

¹ See Ordering Paragraph No. 4 of the Commission's July 7, 2006 *Order Accepting 2005 Quarterly Reports and Requiring Additional Information in 2006 Quarterly Reports* in Docket No. G008/GR-04-901.

² *In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G008/GR-08-1075, Administrative Law Judge's November 2, 2009 Report, Finding 262.

³ See Ordering Paragraph No. 3.d., in the Commission's January 11, 2010 *Order* in Docket No. G008/GR-08-1075.

requirements set out in its 09-409 *Order*. In addition, the Commission directed the Minnesota natural gas utilities subject to the 09-409 *Order* to convene a workgroup to address improving consistency in reporting and to address certain other reporting issues. The workgroup⁴ met on June 22, 2012 and developed more uniform reporting. Reporting changes as a result of the workgroup consensus are noted in the analysis below.

On each May 1 beginning in 2012, CenterPoint has filed its *Annual Service Quality Report*, including information related to steel service-line relocation and meter relocations, as prescribed by the Commission in the 09-1190 *Order*.

On April 29, 2016, CenterPoint filed its 2015 *Annual Service Quality Report* (2015 Report). On May 1, 2017, CenterPoint filed its 2016 *Annual Service Quality Report* (2016 Report). The Department provides its analysis below.

II. DEPARTMENT ANALYSIS

The Department notes that 2015 and 2016 Reports mark the fifth and sixth year that CenterPoint has provided all of the required data for a full calendar year. As acknowledged in the 09-409 *Order*, the Company was unable to provide a year's worth of data for certain metrics in CenterPoint's 2010 *Annual Service Quality Report*.

A. CALL CENTER RESPONSE TIME

Minnesota Rules, part 7826.1200 requires Minnesota's electric utilities to answer 80 percent of calls made to the business office during regular business hours within 20 seconds. The Commission required the regulated gas utilities to provide in its annual service quality report the call center response time in terms of the percentage of calls answered within 20 seconds. CenterPoint provided two sets of call center response time statistics: 1) reflecting all calls, including those handled by the Company's interactive voice response (IVR) system, and 2) calls excluding those handled by the IVR system. CenterPoint has consistently provided call response data reflecting IVR-excluded calls in its past reports; however, the Company has provided complete call center response time data beginning with the 2012 annual report.⁵

Tables 1 and 2 below summarize CenterPoint's call center response time performance.

⁴ Participating in the workgroup were Xcel Energy, CenterPoint Energy, Minnesota Energy Resources Corporation, Great Plains Natural Gas Company, Interstate Power and Light, and the Department.

⁵ At the request of the workgroup tasked with improving reporting consistency, the Company began including IVR-answered calls in its call center response data.

Table 1: Call Center Response Time Excluding IVR

	12-Mo. Avg.	Service Level Monthly High ⁶	Service Level Monthly Low	Average Speed of Answer (seconds)	Total Calls
2010 ⁷	84%	90%	80%	24	916,168
2011	83%	92%	75%	21	896,851
2012	82%	90%	68%	25	738,637
2013	81%	91%	74%	25	854,898
2014 ⁸	67%	83%	39%	47	943,870
2015	82%	93%	63%	23	977,155
2016	82%	88%	76%	25	845,956

Table 2: Call Center Response Time Including IVR

	12-Mo. Avg.	Service Level Monthly High	Service Level Monthly Low	Average Speed of Answer (seconds)	Total Calls
2012	88%	93%	77%	17	1,171,297
2013	88%	95%	83%	16	1,330,798
2014	80%	89%	63%	28	1,606,827
2015	90%	96%	81%	13	1,750,366
2016	90%	94%	87%	13	1,631,160

In its November 25, 2015 Order in Docket No. G-008/M-15-414 (15-414 *Order*), the Commission stated “Should call center response time fail to improve in 2015, CenterPoint will provide a complete discussion of the issues and plan to resolve those issues in its 2015 Annual Service Quality Report.” Table 1 above indicates that in 2015 call response time improved from 67% in 2014 to 82% in 2015 excluding IVR-only calls, therefore CenterPoint did not provide a discussion of the issues or plan for resolution. In 2016, 82% of calls were answered in 20 seconds and the weighted average speed of answer was 25 seconds.

⁶ Service Level High/Low reflects the highest and lowest percentage of calls answered under 20 seconds for a single month in a given year.

⁷ The Department notes that the percentage of calls answered in 20 seconds or less was not tracked for the first three months of 2010, though average answer time and total number of calls answered were reported and reflect all of 2010.

⁸ CenterPoint provided revised 2014 call center response time data in its 2016 Report.

In its 15-414 *Order*, the Commission required CenterPoint to address in its next annual service quality report any aspect of the new IVR system that may impact the comparability of data based on the old versus the new system, if any. The Company stated the following:

The implementation of the technological changes described in the Company’s 2014 report affected the Percent of Zero Out by Month (Schedule 1a). A higher number of customer calls can be handled in the IVR, resulting in a lower IVR zero out. This is because the new IVR system prompts the customer to determine why they are calling so they can be routed to the appropriate resource.

Also in its 15-414 *Order*, the Commission required CenterPoint to provide IVR system “zero out” data in subsequent service quality reports. CenterPoint provided the required data.

The Department concludes that CenterPoint complied with the Commission’s reporting requirements.

B. METER READING PERFORMANCE

In its 09-409 *Order*, the Commission required CenterPoint to report meter reading performance data in the same manner as prescribed in Minnesota Rule 7826.1400. In its Reports, the Company provided the meter reading performance data per Minnesota Rules.

As can be seen in Table 3, the average number of meters has increased, and the proportion of those read by the Company has stayed approximately the same at just over 98 percent.

Table 3: Meter Reading Performance

	Avg. # of Meters	Company Reads	Customer Reads	Avg. # not Read in over 6 mo.	Avg. # not Read in over 12 mo.	Average Meter Staff Level (Metro)	Average Meter Staff Level (Outstate)
2010	807,935	97.83%	0.0004%	222.75	216	10	20
2011	814,339	97.78%	0.0002%	240.75	129	10	19.25
2012	827,468	98.31%	0.0001%	195.92	75	10	17
2013	826,555	98.21%	0.0001%	141.33	68	9.5	16.5
2014	829,307	98.09%	0.0001%	203.00	101	7.5	14.2
2015	844,010	98.31%	0.0000%	162.67	112	7	11
2016	852,190	98.39%	0.0001%	133.00	68	7	11

Table 3 above summarizes CenterPoint’s meter reading staffing levels. Average staffing levels decreased from 7.5 in 2014 to 7 in 2015 and 2016 for Minneapolis Mero area and average staffing levels also decreased from 14.2 in 2014 to 11 in 2015 and 2016 for Greater Minnesota area.

The Company stated that a project to replace 90,000 manually-read meters with electronically read meters which began in 2013 was completed in 2014. CenterPoint further explained that these projects improve meter reading efficiency and allow the Company to reduce staffing levels while maintaining performance levels.

The Department concludes that CenterPoint complied with the Commission’s reporting requirements.

C. INVOLUNTARY SERVICE DISCONNECTIONS

In its Report, the Company included involuntary disconnection data that it reports under Minn. Stat. §§ 216B.091 and 216B.096 in Docket No. E,G999/PR-11-02. Table 4 below summarizes CenterPoint’s involuntary disconnection data.

Table 4: Involuntary Service Disconnects

	Disconnect Notices Sent	# of CWR Requests	CWR Requests Granted	% CWR Granted	Involuntary Disconnects	% Restored in 24 hrs.
2010	152,317	75,818	75,818	100.0%	26,773	87.08%
2011	206,533	72,944	72,944	100.0%	23,022	85.43%
2012	239,378	61,062	59,478	97.4%	26,573	78.75%
2013	306,515	60,413	58,414	96.7%	30,347	82.50%
2014	327,527	58,085	57,122	98.3%	21,064	83.11%
2015	274,007	40,088	39,530	98.6%	32,809	83.60%
2016	261,852	61,758	61,128	99.0%	33,327	82.51%

As shown on Table 4 above, disconnection notices sent in 2015 and 2016 decreased compared to 2014 by 16% and 4%, respectively. However, involuntary disconnections increased in 2015 compared to 2014 by 55.76% and in 2016 by 1.58% compared to 2015. The Company explained in its 2015 Report under the section of Customer Service-Related Expenses that the Company performed more Credit-related disconnections in 2015 which reduced bad debt expense by \$1.0 million and reduced the year-end residential delinquent accounts by \$3.5 million.

The Department reviewed the reported number of past due accounts and observed that approximately 11.28 percent of accounts in 2015 and 9.98 percent in 2016 on average, were past due, which is lower than 12.35 percent figure reported in 2014.

The Department will continue to monitor these metrics and also concludes that CenterPoint’s performance in regards to involuntary service disconnections and past due accounts are adequate at this time.

D. SERVICE EXTENSION REQUESTS

The metrics reported for service-extension requests are the days it takes to extend service 1) to locations not previously served and 2) to locations previously served by the Company.⁹ Beginning in 2012, the Company revised its service extension reporting methods so that new and renewed service orders would be reported consistently.

The following tables summarize CenterPoint’s service extension requests and installation intervals.

Table 5: Residential Customers Requesting Service

	Number of Requests		Average Number of Days to Complete Installation	
	New Customers	Previously Installed	New Customers	Previously Installed
2010	1,006	304	11.14	13.29
2011	3,057	238	17.08	17.58
2012	3,646	354	6.33	6.50
2013	4,432	419	7.83	9.58
2014	4,670	546	7.75	8.75
2015	4,786	591	8.33	9.33
2016	5,276	559	7.92	8.67

⁹ Locations with locked meters due to credit-related issues are excluded from the data on locations previously served.

Table 6: Commercial Customers Requesting Service

	Number of Requests		Average Number of Days to Complete Installation	
	New Customers	Previously Installed	New Customers	Previously Installed
2010	31	3	8.00	7.00
2011	294	42	24.00	14.00
2012	84	16	8.00	5.00
2013	370	32	9.00	11.00
2014	496	50	6.00	6.00
2015	541	69	8.00	8.00
2016	462	63	9.00	9.00

The Department concludes that CenterPoint’s service extension request performance in 2015 and 2016 appears adequate. The Department will continue to monitor this metric in future service quality reports.

E. CUSTOMER DEPOSITS

The Commission required each natural gas utility to provide in its annual service quality report data on the number of customers required to make a deposit as a provision of receiving service. Table 7 below summarizes CenterPoint’s customer deposit information.

Table 7: Customer Deposits

Year	Deposits Required		Deposits Held	
	Total	% Increase	Total	% Increase
2010	950		n/a	
2011	590	-37.89%	2,531	n/a
2012	397	-32.71%	2,343	-7.43%
2013	528	33.00%	2,185	-6.74%
2014	533	0.95%	2,132	-2.43%
2015	512	-3.94%	2,192	2.81%
2016	534	4.30%	2,106	-3.92%

The Department concludes that CenterPoint complied with the customer deposit reporting requirements.

F. CUSTOMER COMPLAINTS

The Commission’s 09-409 *Order* requires Minnesota natural gas utilities to provide customer complaint data in the same manner as prescribed in Minnesota Rule 7826.2000. The Company provided, as an attachment to its Report, the required customer complaint data.

The Company’s customer complaint data¹⁰ are summarized in Table 8 below.

Table 8: Customer Complaints

	# of Complaints Received	# Forwarded by CAO ¹¹	% Resolved on Initial Inquiry
2010	10,634	94	31.1%
2011	11,590	81	30.2%
2012	5,000	77	60.3%
2013	6,218	89	66.6%
2014	6,770	88	75.0%
2015	7,113	113	77.3%
2016	6,739	58	79.2%

There were variability in the number of complaints month-to-month but the monthly distribution in 2015 and 2016 were relatively consistent, with an average of 593 and 562 complaints per month, respectively.

Beginning with its 2013 annual service quality report, CenterPoint began using a new set of complaint categories that were different than previous annual service quality reports. The most prevalent complaint categories remain unchanged but there were some categories that the Company modified. As such, it may be difficult to compare certain complaint categories in an historical context.

CenterPoint categorized each Residential and Commercial complaint it received into one of seven categories. Each category includes more specific subcategories; for example: a disputed charge complaint is a subcategory under the Billing Errors category. The top 5 complaint categories reported for 2016 (for Residential customers) were, in order: Billing Errors, Service Issues, Disconnection Issues, Payment Issue and Disputed Charges. These complaint categories

¹⁰ CenterPoint provided customer complaint data prior to 2010; however, the data provided did not align with the requirements set forth by the Commission in its 09-409 *Order*.

¹¹ The Commission’s Consumer Affairs Office.

were similar to 2015 (for Residential customers) when the top 5 categories, in order, were: Service Issue, Disconnection Issue, Billing Errors, Disputed Charges and Payment Issue.

The Department concludes that CenterPoint complied with the Commission's reporting requirements.

G. GAS EMERGENCY LINE RESPONSE TIME

In its *March 6 Order*, the Commission required CenterPoint to track and report the total number of gas emergency calls received during each annual reporting period. The required metric for emergency call response time is the average percentage of calls answered within 20 seconds.

The Company also reported the average speed of answer and the number of emergency line calls answered.

The Company's emergency telephone response data are presented in Table 9 below.

Table 9: Emergency Telephone Response Metrics

	# of Gas Emergency Calls	Average Response Time (seconds)	% of Calls Answered in 20 Seconds or Less
2010	80,627	17	n/a
2011	77,042	21	83.17
2012	67,621	13	90.25
2013	78,629	16	85.67
2014	89,576	21	77.00
2015	75,215	13	86.00
2016	77,111	12	89.33

The average emergency call response time in 2015 and 2016 was less than 20 seconds, and the Company was able to answer more than 80 percent of its calls in 20 seconds or less.

The Department concludes that CenterPoint complied with the Commission's reporting requirements.

H. GAS EMERGENCY RESPONSE TIME

The reporting metric for gas emergency response time is the time from the initial notification of an emergency until qualified emergency response personnel arrive at the incident location. Emergency response times are reported by region (Metro and Outstate), and are categorized in terms of calls responded to within one hour or less and calls responded to in more than one hour. CenterPoint also provided the average number of minutes it took to respond to an emergency. The metrics are reported to the Minnesota Office of Pipeline Safety (MnOPS) as utility aggregates.

Current and historical emergency response data are provided in Table 10 below.

Table 10: Emergency Gas Response Times

	Calls Received	% Calls Responded to in <1 hour	% Calls Responded to in >1 hour
2010	40,570	88.20	11.80
2011	39,655	88.90	11.10
2012	34,481	93.50	6.50
2013	33,522	92.50	7.50
2014	37,339	89.94	10.06
2015	38,843	92.37	7.63
2016	39,167	90.31	9.69

H. MISLOCATES

The mislocate rate refers to the number of times that a gas line is damaged due to being mismarked or unmarked. The required reporting metric is the total number of mislocates. The Company also provided the number of locate tickets and the number of mislocates per 1,000 locate tickets, which is the same information that CenterPoint reports to MnOPS.

Table 11 below summarizes mislocate data from 2010 to 2016.

Table 11: Mislocates

	# of Locates (Tickets)	# of Mislocates	% of Mislocates	Mislocates per 1,000 Tickets
2010	235,790	64	0.04%	0.27
2011	256,711	95	0.05%	0.37
2012	264,733	97	0.04%	0.37
2013	282,915	49	0.02%	0.17
2014	299,354	81	0.03%	0.27
2015	330,306	91	0.04%	0.28
2016	342,140	98	0.04%	0.29

The Department concludes that CenterPoint has complied with the reporting requirement regarding mislocates.

I. DAMAGED GAS LINES

The gas system damages metric indicates the number of incidents under the control of CenterPoint employees and contractor, and the number caused by other sources. Tables 12 and 13 summarize CenterPoint's gas line damage information.

In previous reports, CenterPoint provided detailed information on the type of damage (*e.g.*, Inadequate Hand Digging) that was associated with each damage event. In its 2013 annual service quality report, the Company did not provide these data until requested by the Department. In its June 2, 2014 *Comments* in Docket No. G008/M-14-316 and in its July 1, 2015 *Comments* in Docket No. G008/M-15-414, the Department also requested that the Company provide this more detailed information in future reports.¹² In the Company's Reply Comments in Docket 15-414, CenterPoint indicated that "Inadequate Hand Digging" accounted for 28% of gas line damages in 2014, and "No Locate Ticket Requested" accounted for 18%. CenterPoint indicated that it "conducted a Spring damage prevention meeting for excavators, with a special invitation to those who have had multiple damages to our facilities."

Table 12 below provides causes of gas line damages as reported by the Company.

¹² The Commission's March 17, 2015 *Order* accepted CenterPoint's Report as supplemented by the Company's June 12, 2014 filing, and adopted the recommendations of the Department. The Commission's November 25, 2015 *Order* accepted CenterPoint's Report as supplemented by the Company's July 13, 2015 filing and adopted the recommendations of the Department.

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%

Again, the Department notes that CenterPoint did not report the type of damage associated with the gas system damage events in its 2015 and 2016 Reports; as such, the Department recommends that CenterPoint provide the detailed information in *Reply Comments* and reiterates its recommendation that this information be provided in future annual service quality reports.

Table 13 below provides current year and historical information regarding gas line damage.

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	521	397	918	25,755	3.56

The Department notes that an unusually high number of CPE-controlled damage incidents occurred in October, November and December of 2016. The Department requests that CenterPoint provide an explanation for those months. The Department withholds final comment on this topic until the Company provides a detailed breakdown of event causes, and an explanation for the high number of CenterPoint-controlled damage incidents in October, November and December of 2016, in *Reply Comments*.

J. SERVICE INTERRUPTIONS

The reporting metrics for natural gas service interruptions are the number of firm customers that experienced an unplanned service interruption and the average duration of unplanned

service disruptions. Unplanned service interruptions are reported in two categories: 1) those due to CenterPoint employees and contractors, and 2) those caused by others.

Table 14: Unplanned Service Interruptions

	Outages Caused by Utility	Outages Caused by Others	Total Interruptions	Customers Affected	Weighted Average Duration (minutes)
2010	69	465	534	4,706	n/a
2011	174	459	633	5,317	88
2012	119	570	689	1,554	77
2013	224	317	541	1,073	61
2014	100	538	638	1,181	70
2015	135	618	753	1,745	82
2016	115	646	761	1,430	88

The outages caused by CenterPoint employees or contractors averaged 84 minutes in duration while those associated with other causes lasted an average of 66 minutes during 2016. In 2015, the outages attributable to CenterPoint averaged 60 minutes in duration while those associated with other causes averaged 44 minutes.

In 2015 Report, on a monthly basis, there were 2 months with an average outage length in excess of two hours and 6 months with outage lengths in excess of one hour. In 2016 Report, there were 4 months with average outage lengths in excess of two hours and 5 months with average outage lengths in excess of one hour.

The Department concludes that CenterPoint complied with the Commission's reporting requirements.

K. MNOPS REPORTABLE EVENTS

The 09-409 *Order* required CenterPoint to provide summaries of all major events that are immediately reportable to MnOPS and provide contemporaneous reporting of these events to both the Commission and Department when they occur. The Department notes that it receives regular notifications from the Company regarding reportable events. Table 14 below provides a summary of MnOPS reportable events over the past seven years.

Table 15: MnOPS Reportable Events

	Reportable Interruptions
2010	18
2011	47
2012	63
2013	66
2014	97
2015	80
2016	56

The Company provided information regarding the circumstances surrounding each MnOPS reportable event. The Department reviewed the information for each event in 2015/2016 and it appears that the vast majority of reportable events were not caused by, or related to, CenterPoint.

The Department concludes that CenterPoint has complied with the reporting requirement regarding MnOPS reportable events.

L. CUSTOMER-SERVICE-RELATED OPERATIONS AND MAINTENANCE (O&M) EXPENSES

The Commission requires each gas utility to provide data regarding customer-service-related operations and maintenance (O&M) expenses recorded in FERC Accounts 901 and 903. The Company provided monthly and annual costs. Table 15 below summarizes O&M expenses since 2010.

Table 16: O&M Expenses

	O&M Total	O&M Average/Month
2010	\$24,988,500	\$2,082,375
2011	\$25,403,000	\$2,116,917
2012	\$24,900,000	\$2,075,000
2013	\$24,860,508	\$2,071,709
2014	\$27,675,521	\$2,306,293
2015	\$34,111,598	\$2,842,633
2016	\$30,520,581	\$2,543,382

Based on the data in Table 15 above, it is clear that O&M expenses increased during 2015 relative to the previous years where these data were collected. In its Report, the Company explained that the increase in costs was attributable to several factors, notably increased cost

related to higher levels of disconnection activity, increased costs related to the transfer of customer service employees to Corporate and IT expenses related to the technology implementation related to the new phone system as described in the Company's 2014 Report (15-414 Docket).

As noted above, the Company reported that it performed more credit-related disconnections in 2015 than in 2014 and incurred an additional \$2.2 million in costs for disconnection-related activity in field operations. In return, this activity contributed to a \$1 million decrease in bad debt expense and reduced its year-end residential delinquency by \$3.5 million. The Company further explained that other main factors that contributed to the increase in O&M expenses were the employee transfer/reorganization costs of \$2.6 million and IT costs of \$1.3 million charged to Customer Service.

The Department will continue to monitor this reporting requirement in future annual service quality reports.

M. *STEEL SERVICE AND METER RELOCATION EXPENSES*

In its *09-1190 Order*, the Commission required CenterPoint to provide information in future annual service quality reports regarding steel service line relocation expenses and relocation of meters operating at greater than 630 cubic feet per hour (CFH). The Department reviewed the data provided by the Company and notes that the average costs associated with steel service line relocation increased in 2016 relative to 2015, and the costs associated with meter relocation increased in 2016 relative to 2015. As noted by the Company in previous annual service quality reports, and in this Report, the costs of these relocation projects, and subsequently any variability in costs, are driven by the unique circumstances of each project. Therefore, it is unlikely that a pattern or trend will develop for this reporting requirement. The Department appreciates the Company's provision of these data.

III. **SUMMARY AND CONCLUSIONS**

Based on its review of CenterPoint's 2015/2016 *Annual Service Quality Reports*, the Department recommends that the Commission **accept** the Company's Reports pending CenterPoint's providing in *Reply Comments* a detailed breakdown of gas line damage event causes, and an explanation for the high number of CenterPoint-controlled damage incidents in October, November and December of 2016.

/lt

January 24, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
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St. Paul, Minnesota 55101-2147

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
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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*.

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