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July 10, 2012

—VIA ELECTRONIC FILING—

Dr. Burl Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101-2147

Re: Reply Comments
2011 Service Quality Reports
Docket Nos. G-008/M-12-425

Dear Dr. Haar:

Please find enclosed CenterPoint Energy's reply comments in response to the June 29, 2012 Comments of the Office of Energy Security ("OES") in the above referenced docket.

If you have any questions or require additional information, please contact me at 612.321.5140.

Sincerely,

/s/

Pamela Thomas
Regulatory Financial Analyst

Enclosures
cc: Service List – Docket No. G-008/M-12-425

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

BEVERLY JONES HEYDINGER
DR. DAVID C. BOYD
J. DENNIS O'BRIEN
PHYLLIS REHA
BETSY WERGIN

CHAIR
COMMISSIONER
COMMISSIONER
COMMISSIONER
COMMISSIONER

2011 Annual Service Quality Report

Docket No. G-008/M-12-425

REPLY COMMENTS OF CENTERPOINT ENERGY

I. Background

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy” or the “Company”) began filing Service Quality Reports as part of the 2004 general rate case (Docket No. G008/GR-04-901). The format and information reported have changed over time. (For instance, see docket G999/CI-09-409 for additional information on recent changes to the Service Quality Reports).

Additionally, the Company was further required in the Commission’s March 15, 2010 Order in Docket No. G008/M-09-1190 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, The Company filed its 2010 Annual Service Quality Report, this was the first annual report filed by CenterPoint Energy under the requirement of the 09-409 Order.

On May 1, 2012, CenterPoint Energy filed its calendar year 2011 Annual Service Quality Report. This is the second annual report.

On June 29, 2012 the Minnesota Department of Commerce – Division of Energy Resources (the “Department”) issued comments regarding the Company’s 2011 Annual Service Quality Report.

II. Reply Comments

The Company appreciates the Department’s thorough review of its 2011 Annual Service Quality Report. CenterPoint Energy submits the attached Reply Comments in response to the Comments of the Department in the above-reference docket. In these Reply Comments, the Company discusses the additional information requested in the Department’s June 29, 2012 comments on pages 11-12.

CALL CENTER RESPONSE TIME

In its Comments, the Department recommends that CenterPoint fully explain why its call center response levels decreased between 2010 and 2011 and also why it did not reach 80 percent of calls in 20 seconds during the first quarter of 2011 and provide a full explanation of why the Company changed its call response time methodology between reports and what, if any, benefits its ratepayers receive from this change;

As stated in CenterPoint Energy’s 2006 Service Quality Report Comments dated April 14, 2008 comments in Docket No. G-008/M-06-1485 there are seasonal peaks and valleys in call volume and service level so it is important to look at the annual average more than a single point in time number. Also, other factors play into service levels, such as attrition and sick/FMLA rates, call mix (i.e. credit vs. billing), and specific events and/or conditions. Additionally, the Average Handle Time (“AHT”) for calls has increased as we continue to drive more straight forward calls (that tend to take less time) to self-service options. While in general, call volume and AHT are the primary drivers, they are not the only ones that may influence variations when comparing like time periods.

In response to why the Company changed its call response time methodology, CenterPoint Energy believes that it is more representative of the actual experience the customer realizes when an overall/weighted average is used instead of a simple average of twelve individual monthly results.

METER-READING PERFORMANCE

In its Comments, the Department recommended that the Company fully explain the status of those meters not read by utility personnel or self-read by a customer;

The majority of the meters that are not read by utility personnel or self-read by a customer have either one or two consecutive months with no meter reading. Approximately 90% of our meters are equipped with an automated reading device (an ERT); the Company has a process in place where after the 2nd consecutive no-read an ERT investigation order is automatically generated. ERT investigation orders are typically completed in the field within a month after they are generated so that the customer does not receive 3 or more consecutive no-reads. The exception to this is when a meter is located indoors or is otherwise difficult to access; these can take several months to resolve due to the need to work with individual customers to gain access to the meter.

INVOLUNTARY DISCONNECTIONS

In its Comments, the Department recommended that the Company fully explain whether the level of past due accounts in 2011 is typical and what initiatives are in place, or planned, to decrease the overall number of past due accounts.

The average number of delinquent accounts was slightly lower during 2011 than the previous two years. The Company's collections practices are designed to give customers options in paying their bills and uses disconnection of service as a last resort when customers do not respond to collection efforts. The Company utilizes a variety of outreach and communication methods to urge late payers to contact us to work out a payment plan, to sign up for Energy Assistance, or receive an extension on their account. In addition, the Company has implemented several self-service web/telephone options over the past few years, whereby customers can easily find information on their account; make a payment or sign up to receive reminders when their bill is due. Customers can also go online or call into our Call Center to obtain information on Energy Assistance, GAP and conservation programs.

SERVICE EXTENSION REQUEST RESPONSE TIMES

In its Comments, the Department recommended that the Company provide a full explanation of why its service extension times are greater than 10 days across all

categories and also why the length of time for service extensions to renewed residential customers was longer than new residential service extensions during calendar year 2011.

In reviewing the Department's comments, we discovered that the data on renewed service orders was not reported the same way as new service orders. For renewed services, the 'site ready' status was not always changed when the work was dispatched so the time to complete the work may have been overstated; as such, the data is not comparable to new orders. We are evaluating the current processes and will make changes to better capture the 'site ready' date which will be reflected in future service quality reports.

In response to the Department's comments on the length of time for service extensions, there may be significant work required prior to construction which can result in more than a 10 day timeframe to extend service. The service needs to be designed, customers need to sign the service agreement, and permits may be required. Additionally, the main distribution line may need to be extended to accommodate the individual customer's needs, the site grade needs to be established prior to installation, the foundation must be installed and the door and operable windows need to be clear of the proposed meter location before service can be extended. Due to the required pre-work, customers are told that it takes between 4 and 6 weeks for a new service extension.

DETAILED INFORMATION ABOUT CUSTOMER COMPLAINTS

In its Comments, the Department recommended that the Company provide a full explanation of why customer complaints spiked during August and September 2011 and fully explain why the number of complaints resolved immediately decreased between 2010 and 2011.

Increase compared to prior year

Customer complaints were higher in August and September 2011 mainly due to an increase in Credit Arrangement complaints. This category is typically higher during the non-CWR months. However, several factors contributed to the increase compared to 2010, including the following:

- Due to the Minnesota government shutdown (July 1st through July 21st), CenterPoint Energy delayed residential disconnections (more than 2,000 fewer DNP in July 2011 vs. July 2010)

- As a result, 2,438 more notices of proposed disconnection (DNP notices) were mailed in August and September 2011 compared to the same time period in 2010 (37,379 vs. 34,941)
- Additionally, as part of the dunning process, more attempts to reach customers to prevent DNP were made
 - 2,370 more outbound calls (25,394 vs. 23,024)
 - 924 more door tags from unsuccessful DNP attempts (4,787 vs. 3,863)

The above factors contributed to an increase in customers who had previously broken arrangements again becoming eligible for disconnection in August and September. If a customer cannot agree to a payment arrangement with a CSR, a complaint is created and escalated for further negotiation.

Timing of Resolution

CenterPoint Energy transitioned to its current reporting format in 2010. As such, some adjustments and refinements were made to definitions, including what constituted an 'Immediately' resolved complaint. In 2010, 'Immediately' included complaints resolved in zero to one day. This metric was changed in 2011 to only reflect complaints resolved in zero days.

In addition, the number of escalated calls (compared to CSR completed complaints) increased from 3,875 in 2010 to 5,114 in 2011. Furthermore, the transition from 2010 represented a significant loss in experienced Leads due to promotions, etc. While we did hire new Leads to bring the group to complement, we recognize it may take months before a new Lead is fully trained and proficient, including complaint handling.

Lastly, during 2011, CenterPoint Energy made great efforts to reduce the complaint handling timeframe for all complaints. Compared to 2010, the number of complaints that took greater than ten days was significantly reduced.

NATURAL GAS SERVICE INTERRUPTIONS

In its Comments, the Department recommended that the Company fully explain what caused the large number of interruptions in November and what circumstances led to the large number of impacted customers. The Department also recommends the Company fully explain the circumstance surrounding the long duration outages in January and February 2011.

As discussed on page 10 of the 2011 Service Quality Report, the incidents appear on our report in the month the investigation is complete. These are extensive investigations that typically take more time. For example the Morris, Benson and Hancock outage occurred in September and the investigation was complete in November. There were approximately 3,600 customers impacted when the Northern Natural Gas pipeline was damaged and service was lost to the towns of Morris, Benson and Hancock. Customer meters were shut off and only after the repairs were completed was the Company able to re-light all meters.

In January the city of St Louis Park was working to repair a water leak when they damaged our facilities. The excess of water, cutting through the street and extreme temperatures made the repair more difficult.

In February there was a leak on a service line in Mankato and we had to cut a large hole in the street and through the frost cap to complete the repair.

In both cases the frost, weather and cutting in the street caused the repairs to take more time.

The Company continually attempts to minimize damages. Current activity includes:

- We have been attending Ticket Meets at the start of projects for excavators that have a history of multiple damages to address any concerns and build communication. We will look at the effectiveness of this plan but at this point think we are seeing some better results from those excavators. This is to address the larger volume of damages on extended projects.
- We are working to develop a door hanger as a leave behind for homeowners that have a One Call ticket and are working on their own property. The door hanger is additional education explaining the process for hand digging safely to address shovel damages
- Gopher State One call is also kicking off a Call Before You Dig campaign with Kowalski's Market by distributing homeowner literature for safe digging (estimated 100,000 pieces). They are also looking at their marketing plans in light of the increase in damages. In addition we are working with Gopher State One Call and they are also implementing a plan to send an email to homeowners after they request a ticket with more detailed safe digging information.
- We have contacted local media to discuss concerns about increased damages this year, safe digging and the importance of having a One Call ticket before you dig.
- It is our understanding that MNOPS uses our monthly reports to address and fine a damaging party that does not have a One Call ticket.

RELOCATION EXPENSES – STEEL-SERVICE LINE AND METERS AT 630 CFH OR GREATER

In its Comments, the Department requests that the Company provide a full explanation detailing why meter relocation costs were higher in 2011 than 2010 and also why certain cost meter relocation data are the same as those data provided in the steel-service line cost summary.

As discussed in the G008/M-09-1190 and G008/M-12-135 dockets, the costs incurred to complete these types of jobs vary significantly from customer to customer due to variances in work location, equipment, crew requirements and potential above and below ground obstacles that may be encountered. Due to the uniqueness of each situation, costs vary significantly impacting the average costs year over year.

In 2011 there were 3 installation jobs that drove the average cost up for both steel and medium/large meter relocations due to special multiple associated work orders

INSTALLATION NUMBER	TOTAL COST
2944187	\$22,767.75
3156112	\$109,303.80
3172509	\$31,459.14

In order to report all costs associated with these types of customer requested work, the total costs associated with each job are included. Some jobs may include relocating both a steel service line and a large meter.

III. Summary and Conclusion

The Company appreciates the Departments through analysis of its 2011 Annual Service Quality Report and respectfully submits additional information as requested by the Department. CenterPoint Energy requests the Commission consider the reply comments expressed above and accept the 2011 Annual Service Quality Report.

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