


Staff Briefing Papers

Meeting Date	October 24, 2019	Agenda Item *10
Company	CenterPoint Energy	
Docket No.	G-008/M-19-300	
	In the Matter of CenterPoint Energy's Natural Gas Service Quality Report for 2018	
Issues	Should the Commission Accept CenterPoint Energy's Natural Gas Service Quality Report?	
Staff	Kevin O'Grady	651-201-2218

 Relevant Documents	Date
<i>Order Accepting Report, Requiring Compliance Filing, and Setting Additional Reporting Requirements (Docket 18-312)</i>	April 12, 2019
CenterPoint: Service Quality Report for 2018	May 1, 2019
CenterPoint: Supplement to Report	May 10, 2019
DOC: Comments	June 14, 2019
OAG: Comments	June 17, 2019
CenterPoint: Reply Comments	June 27, 2019
DOC: Reply Comments	July 8, 2019

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

I. Statement of the Issues

Should the Commission accept CenterPoint Energy's Natural Gas Service Quality Report?

II. Background

On May 1, 2019, CenterPoint Energy (CenterPoint) submitted its 2018 Natural Gas Service Quality Report (*Report*) pursuant to several Commission orders, and including information that is responsive to the most recent Commission order.¹

On May 10, 2019, CenterPoint filed a supplement to its *Report*.

On June 14, 2019, the Department of Commerce (DOC) filed comments.

On June 17, 2019, the Office of the Attorney General – Residential Utilities and Antitrust Division (OAG) filed comments.

On June 27, 2019, CenterPoint file reply comments.

On July 8, 2019, DOC filed a response to CenterPoint's reply comments.

III. Introduction

The Commission requires five Minnesota natural gas utilities² to file annual service quality reports, and Staff has prepared a separate Briefing Paper to address each of the five 2018 submissions, individually. Those five Briefing Papers focus on the content of the reports and their sufficiency, going toward the ultimate question as to whether the Commission should accept the reports.

Staff has also prepared a sixth Briefing Paper addressing an issue raised by OAG regarding future reporting. OAG submitted a single set of comments in all five individual dockets, those comments recommending that in the future the utilities file substantially more information regarding transmission and distribution system integrity.³ OAG also recommends that the reporting format be standardized across the utilities. OAG did not make any recommendation as to whether the five individual 2018 reports should be accepted or not.

This briefing Paper focuses on CenterPoint's *Report*. CenterPoint's *Report* comprises approximately 20 pages of discussion supported by approximately 70 pages of numerical tables. In its comments DOC has summarized much of CenterPoint's *Report* in a tabular form that

¹ Order in Docket 18-312, April 12 2019.

² Xcel Energy, CenterPoint Energy, MERC, Greater Minnesota Gas, and Great Plains Natural Gas.

³ OAG believes CenterPoint's reporting of system integrity information is a good model for the other utilities.

includes historical information for most metrics. Staff has not duplicated those tables in this Briefing Paper.

Note that the Commission has recently opened an investigation to explore the possibility of improving the reporting of involuntary disconnection data by utilities.⁴ The results of that investigation may affect future service quality report filing requirements.

IV. Parties' Comments

A. CenterPoint's Report

CenterPoint reported on a number of quality metrics that it addressed in previous annual reports:

Quality Metrics	Location of Discussion in Record	
	CenterPoint	DOC
Call Center Response Time	pp. 1 & 13 and Schedules 1 & 16	pp. 2-3
Meter Reading Performance	pp. 1-2 and Schedule 2	pp. 3-4
Involuntary Service Disconnections	p. 2 and Schedule 3	pp. 4-5
Service Extension Requests	pp. 3-4 and Schedule 4	pp. 5-7
Customer Deposits	p. 4 and Schedule 5	p. 7
Customer Complaints	pp. 4-8, 13-14 and Schedules 6a-6e, 17	pp. 7-9
Gas Emergency Telephone Calls	p. 8 and Schedule 7	pp. 9-10
Gas Emergency Response Times	pp. 11-12 and Schedule 12	pp. 10-11
Mislocates	p. 8 and Schedule 8	p. 11-12
Damaged Gas Lines	pp. 8-9 and Schedule 9	pp. 12-13
Service Interruptions	p. 9 and Schedule 10	p. 13-14
MNOPS Reportable Events	pp. 9-11 and Schedule 11	pp. 14-15
Customer-Related O&M Expenses	p. 12 and Schedule 13	pp. 15-16
Relocation Expenses	pp. 12-13 and Schedules 14 & 15	p. 16
Additional Requirements: Performance Measures	pp. 14-15 and Schedules 18a-18j (and Supplement Schedules 18k-18m; 18l corrected in Reply, pp. 3-4))	pp. 17-22
Additional Requirements: MNOPS Violation Remediation	p. 10 and Schedule 11a	p. 22
Additional Requirements: MNOPS Violation Letters	p. 10 and Schedule 11a	p. 22

⁴ Docket No. E,G-999/CI-19-563. *In the Matter of a Commission Investigation to Explore Possible Improvements for Reporting Involuntary Customer Service Disconnection Data.*

Table 1: Location of Discussion in CenterPoint Report and DOC Comments		
Quality Metrics	Location of Discussion in Record	
	CenterPoint	DOC
Additional Requirements: Excess Flow Valves (EFVs)	p. 16	p. 23
Interim Rate Refund	pp. 16-17	pp. 23-24

CenterPoint provided information on four new quality measures as required by the Commission in its order issued upon review of CenterPoint’s 2017 service quality report. The Commission stated that CenterPoint must file:

- a. the utility’s filing under 49 CFR 192.1007 (e): integrity management plan performance measures; monitoring results; and evaluation of effectiveness in a manner to establish a baseline for ongoing reporting.
- b. a summary of any 2018 emergency response violations cited by MNOPS [Minnesota Office of Pipeline Safety] along with a description of the violation and remediation in each circumstance.
- c. the number of violation letters received by the utility from MNOPS during the year in question.
- d. a discussion of how to provide ongoing monitoring and metrics towards the deployment of Excess Flow Valves and manual service line shutoff valves pursuant to the Commission’s order in Docket No. G-999/CI-18-41.⁵

CenterPoint responded to the Commission’s request for integrity management performance information (requirement “a,” above) with its filing of Schedules 18a through 18j in its *Report* and in Schedules 18k through 18m in its Supplement to the *Report*.⁶ CenterPoint also made reference to its commitment, established in its Affiliated Interest docket, to work with DOC and OAG in developing Transmission Integrity Management Plans (TIMPs) and Distribution Integrity Management Plans (DIMPs).⁷

With respect to MNOPS reports and violations (requirements “b” and “c” above) CenterPoint stated that it had 32 MNOPS violations in 2018 (Schedule 11a). The large majority of those violations were characterized as “Locating Underground Facilities – Notice of Probable Violation.” Two of the 32 violations were characterized as “Pipeline Failure – Accidentally Caused by Operator – Warning Letter.” CenterPoint also updated the Commission regarding the Minnehaha Academy incident:

On August 2, 2017, a natural gas explosion occurred at the Minnehaha Academy in Minneapolis, Minnesota, resulting in the deaths of two school employees, serious injuries in others, and significant property damage to the school. CenterPoint Energy, certain of its subsidiaries, including CERC (CenterPoint Energy Resources

⁵ Order in Docket 18-312, April 12, 2019.

⁶ CenterPoint’s Reply Comments, pp. 3-4, provide a correction to its Schedule 18l.

⁷ Docket 18-517.

Corporation), and the contractor company working in the school have been named in litigation arising out of this incident. CenterPoint Energy and CERC have reached confidential settlement agreements with some claimants. Additionally, CenterPoint Energy and CERC are cooperating with the ongoing investigation conducted by the National Transportation Safety Board (NTSB). Further, CenterPoint Energy and CERC are contesting approximately \$200,000 in fines imposed by the Minnesota Office of Pipeline Safety. In early 2018, the Minnesota Occupational Safety and Health Administration concluded its investigation without any adverse findings against CenterPoint Energy or CERC. CenterPoint Energy's and CERC's general and excess liability insurance policies provide coverage for third party bodily injury and property damage claims.⁸

With respect to Excess Flow Valves (EFVs – requirement “d,” above) CenterPoint reported that it had installed 10,227 EFVs and 221 Shut-Off Valves (SOVs). It estimated that the total number of services with EFVs and SOVs, respectively, at 186,921 and 990.⁹

In its *Report*, CenterPoint responded to an additional reporting requirement:

In its 2018 and 2019 Safety, Reliability, and Service Quality reports, CenterPoint must discuss the impact of the interim rate refund issues on its service quality (as may be reflected in its customer complaint, call center response time, call center volume, and any other impacted metric).¹⁰

CenterPoint responded:

Regardless of the reason for the increase in calls [in November and December 2018 over the previous year], service levels and average speed of answer (ASA) were virtually unaffected during this period of time. Service levels were at or above the 80% target, actually increasing year-over-year for both months. ASA increased by one second in November 2018, but this was offset by a decrease in ASA of two seconds in December 2018.

Calls to the IVR increased, as well as the overall call volume. Emergency line response times were somewhat mixed, but well above service level targets. ASA times increased in November 2018 over the previous year but decreased in December. Emergency calls are prioritized over other calls in our call routing system; therefore, interim refund calls would not have had any impact here.

Based upon the Company's review of its 2018 Service Quality reports, the Company

⁸ *Report*, p. 11.

⁹ *Report*, p. 16.

¹⁰ General Rate Case, Order in Docket 17-285, June 17, 2019, Ordering Paragraph 4. Note that CenterPoint filed its *Report* on May 1, 2019 (as required by prior order) prior to the Commission's June 17th order. In its May 1st filing, CenterPoint responded to a DOC recommendation to address the interim rate issue.

believes there was no indication of any impact to its service quality levels as it relates to the interim rate refund.¹¹

B. DOC Comments

DOC believes that CenterPoint has met all the reporting requirements and it recommends that the Commission accept the *Report*. DOC also recommends that the Commission require CenterPoint to continue to provide the information it required upon approval of CenterPoint's 2017 report, specifically requirements "a" through "d," above.

Although DOC recommends acceptance of the *Report*, it invited CenterPoint to provide additional information in its reply comments.

With respect to mislocates, DOC stated:

[D]ue to the upward trend in the Company's reported mislocate metrics, the Department asks that CenterPoint provide in its Reply Comments (1) additional context around, or an explanation for, the increase in its mislocate metrics between 2017 and 2018 and (2) a discussion on whether the Company has implemented or intends to implement any new strategies to mitigate mislocate incidents going forward.¹²

With respect to gas line damage, DOC stated:

For all years documented, factors outside the Company's control have caused the majority of gas line damages. CenterPoint reported 48 more damage incidents caused by factors within the Company's control in 2018 compared with 2017; this represents the largest increase for this metric since the 59-incident increase that occurred between 2011 and 2012. Given the spike in Company-caused gas line damage incidents between 2017 and 2018, the Department invites CenterPoint to provide in its Reply Comments an explanation or additional context around the increase observable in this metric for 2018.¹³

DOC also asked CenterPoint to confirm there were no further developments in 2018 related to the Minnehaha Academy incident.

DOC draws attention to the Commission's recent order addressing CenterPoint's proposed interim rate refund plan. DOC believes that CenterPoint met the Commission's reporting requirement but it sought more detailed information to gain a better insight into service quality during the months the interim rate refund issues occurred.

¹¹ CenterPoint *Report*, p. 17.

¹² DOC Comments, p. 12.

¹³ DOC Comments, p. 13.

C. OAG Comments

OAG made no recommendation as to whether the Commission should accept the *Report*.

D. CenterPoint's Response

CenterPoint responded to DOC's request for additional information regarding (1) mislocate metrics, (2) gas line damage incidents, (3) Minnehaha Academy, and (4) customer complaints during the interim refund period.

With respect to mislocates and gas-line damages, CenterPoint stated:

The increase in Company-caused gas line damage incidents between 2017 and 2018 was largely attributable to the number of locates required over a short period of time. Due to inclement weather at the beginning of the 2018 construction season, locate crews were inundated with a significant number of locate requests that had to be processed within 48 hours of receiving the requests. Additionally, Minnesota saw a significant increase in the number of large fiber installation projects, and large-scale road work projects throughout the year that added to resource challenges for locating services throughout 2018. ...

To mitigate mislocate incidents the Company monitored the mislocate percentages closely and took preventative action Beginning in the second half of 2018 CenterPoint Energy increased the number of field locate audits to assess third-party vendor performance and increased internal auditing with a field Damage Prevention Coordinator. The Company meets with all its line-locating groups weekly throughout the construction season to emphasize the importance of their role in providing safe and reliable natural gas service and the need for appropriate staffing to meet line-locating needs. Also, in those weekly meetings, the Company reviews the root causes of underground damages and determines if any corrective action is needed.¹⁴

With respect to the Minnehaha Academy incident, CenterPoint indicated there were no further reportable events.

CenterPoint submitted additional information regarding complaints during the interim rate refund period, specifically January 2019 call volumes and complaints.¹⁵ CenterPoint concluded that colder-than-normal weather at that time may have been a source of increased call volume.

CenterPoint also filed a correction to its Schedule 18I in its Supplemental Filing addressing pipeline integrity costs, thus reducing the reported costs.

¹⁴ CenterPoint Reply Comments, p. 2.

¹⁵ CenterPoint Reply Comments, p. 3.

E. DOC Response and Recommendation

DOC continues to conclude that CenterPoint has met the reporting requirements. DOC noted that given the additional call volume information provided by CenterPoint it could not conclude that the call volumes were impacted by interim rate refund issues.

DOC recommends that the Commission use the following language to update its ordering language in its order accepting CenterPoint's 2017 report:

- a. based on the utility's filing under 49 CFR 192.1007 (e) and the baseline information provided on May 1, 2019, an update of: integrity management plan performance measures; monitoring results; and evaluation of effectiveness~~in a manner to establish a baseline for ongoing reporting.~~
- b. a summary of any [2019] emergency response violations cited by MNOPS along with a description of the violation and remediation in each circumstance.
- c. the number of violation letters received by the utility from MNOPS during the year in question.
- d. ~~a discussion of how to provide ongoing monitoring and metrics towards the deployment of Excess Flow Valves and manual service line shutoff valves pursuant to the Commission's order in Docket No. G 999/CI 18 41.~~

V. Staff Analysis

Staff believes that CenterPoint has met the Commission's reporting requirements and recommends the Commission accept CenterPoint's *Report*.

CenterPoint addressed the Commission's four additional reporting requirements for 2018 (regarding system integrity planning, MNOPS violations, EFVs and SOVs). However, the Commission was silent as to whether CenterPoint must report that information in subsequent years (although it did make reference to "ongoing reporting" and "ongoing monitoring").¹⁶ DOC recommends that the Commission require CenterPoint, in 2019, (1) to report the 49 CFR 192.1007(e) information and (2) to drop the requirement for EFV reporting. With respect to EFV reporting Staff speculates that DOC believes that the requirement is unnecessary given that the five utilities are required to submit reports regarding EFVs and SOVs in the EFV docket (18-41).

VI. Decision Options

1. Accept CenterPoint's *Report*.
2. Accept CenterPoint's *Report* and modify the future reporting requirements as recommended by DOC to require CenterPoint to file ...

¹⁶ Order in Docket 18-312, April 12, 2019.

- a. based on the utility's filing under 49 CFR 192.1007 (e) and the baseline information provided on May 1, 2019, an update of: integrity management plan performance measures; monitoring results; and evaluation of effectiveness ~~in a manner to establish a baseline for ongoing reporting.~~
 - b. a summary of any [2019] emergency response violations cited by MNOPS along with a description of the violation and remediation in each circumstance.
 - c. the number of violation letters received by the utility from MNOPS during the year in question.
 - ~~d. a discussion of how to provide ongoing monitoring and metrics towards the deployment of Excess Flow Valves and manual service line shutoff valves pursuant to the Commission's order in Docket No. G-999/CI-18-41.~~
3. Accept CenterPoint's *Report* and maintain the reporting requirements established in the 2017 service quality report:
- a. the utility's filing under 49 CFR 192.1007 (e): integrity management plan performance measures; monitoring results; and evaluation of effectiveness in a manner to establish a baseline for ongoing reporting.
 - b. a summary of any [2019] emergency response violations cited by MNOPS along with a description of the violation and remediation in each circumstance.
 - c. the number of violation letters received by the utility from MNOPS during the year in question.
 - d. a discussion of how to provide ongoing monitoring and metrics towards the deployment of Excess Flow Valves and manual service line shutoff valves pursuant to the Commission's order in Docket No. G-999/CI-18-41.
4. Take other action.