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June 25, 2018

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

RE: Reply Comments of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy) 2017 Annual Service Quality Report Docket No. G-008/M-18-312

Dear Mr. Wolf:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy or the Company) submits these Reply Comments in response to the Comments of the Minnesota Department of Commerce (Department) in the matter of the Company's 2017 Annual Service Quality Report (Report). The Company appreciates the Department's thorough review and analysis of the Report. In its Comments, the Department recommended acceptance of the Report, pending the Company's provision of the following in its Reply Comments:

- The reasons for the increase in CenterPoint Energy-controlled damage incidents and the steps the Company can/will take to improve this metric in the future (in addition to working "with the Minnesota Office of Pipeline Safety and Gopher State One Call to help reduce these types of damages"); and
- If not already provided separately to the Commission, a summary of the Minnesota Occupational Safety and Health Administration findings and recommendations related to the Minnehaha Academy incident, as well as the MNOPS response to CenterPoint Energy's challenge of the imposed fines.

In addition to the information requested by the Department described above, the Company will also provide supplemental information regarding the Minnesota Cold Weather Rule (Schedule 3 of the Service Quality filing).

Gas Line Damages – Schedule 9

In its Comments, the Department requests the Company provide details explaining the increase in the number of CenterPoint Energy-controlled damage incidents and the steps the Company can/will take to improve this metric in the future.

The increase in reported “Damage under the control of CenterPoint Energy’s employees/contractors” from 148 in 2016 to 196 in 2017 is due to a change in tracking methodology and is not due to an actual increase in the number of damages.

The Company investigates every damage incident. The data in Schedule 9 of the 2016 Service Quality report was based on the date the damage was invoiced (which was also the date the investigation was considered completed). However, to improve the tracking of damage trends, the Company began investigating and reporting damage incidents in the month the damage occurred (“event date”) rather than in the month in which the damage investigation was invoiced/completed. Thus, all damages that occurred in a single year would be counted in that same year. Since this reporting methodology change occurred in 2017, the 2017 Schedule 9 data is not directly comparable to the 2016 Schedule 9 data.

These timing issues (invoicing/completion date versus event date) in counting gas system damages resulted in what appeared to be a 30% increase, when, in fact, damage occurrences actually remained flat year-over-year. The table below shows 2016 and 2017 data by damage *event date only*. This demonstrates the number of damages were essentially the same at 185 in 2016 and 189 in 2017.¹

Gas System Damages – by Event Month
Damage Under the Control of CenterPoint Energy’s Employees/Contractors

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2016	4	3	5	18	21	26	32	29	25	10	8	4	185
2017	6	4	2	8	25	29	21	18	24	27	16	9	189

For 2018, our gas system damage reporting in Schedule 9 will be monthly, by event date.

¹ The number of damages increased by 2%. This corresponds with the increase in the number of locate tickets from 342,140 in 2016 to 349,592 in 2017.

We are attaching *restated* Schedule 9 files for Years 2016 and 2017, which now report damages by event date.

The Company is also taking several steps to address gas system damages.

For 2018, we developed a report which identifies trends prior to an actual damage taking place (“near miss” tracking). This report provides information such as field trends and the details of the near miss (including employee name, excavator name, cause, etc.). Another new report identifies at-fault damages specific to the individual locator. If we identify a trend (i.e., two to three near misses or damages--specific to a locator), we may specify to the locating company that a particular locator should not be working on our gas plant. The Company also has the ability to reduce or move locate area responsibility (based on performance). These reports allow us to implement damage prevention measures in a timelier manner.

Minnehaha Academy

In its *Comments*, the Department also requests the Company provide a summary of the Minnesota Occupational Safety and Health Administration (MNOSHA) findings and recommendations, as well as the MNOPS response to CenterPoint Energy’s challenge of the imposed fines.

The Minnesota Department of Labor & Industry provided a letter (dated January 12, 2018) to CenterPoint Energy, which stated the following:

“This letter confirms that MNOSHA conducted an inspection of your facility on August 3, 2017, and that the inspection resulted in no proposed citations.”

This letter also included copies of a Citation and Notification of Penalty issued to Master Mechanical Inc. Master Mechanical Inc. was the contractor who performed work at Minnehaha Academy. The Citation and Notification of Penalty found Master Mechanical Inc., “...did not ensure that employees were adequately trained ...,” and Master Mechanical Inc. employees, “...did not eliminate the pneumatic pressure and lockout the existing piping located in the meter room prior to disconnecting.” The Citation included two penalties of \$25,000 each.

As of January 2018, MNOPS has not withdrawn the fines. The Company continues to work with MNOPS on this open issue.

Minnesota Cold Weather Rule - Schedule 3

One of our stakeholders contacted us with a question regarding this schedule. Upon further research, the Company discovered that revisions were necessary to some of the line items. The Company is in the process of identifying the corrections, and will file a revised Schedule 3 in a supplement to these Reply Comments.

Based upon the provision of this information, CenterPoint Energy respectfully requests the Commission consider and accept these Reply Comments in response to the Department's Comments filed on June 15, 2018.

If you have any questions concerning this information, please contact me at 612.321.4905.

Sincerely,

/s/

Shari Grams
Regulatory Analyst

cc: Service List

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