

July 8, 2019

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

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G008/M-19-300

Dear Mr. Wolf:

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

Compliance Filing of CenterPoint Energy Resources Corporation,
d/b/a CenterPoint Energy Minnesota Gas – *Gas Service Quality Annual Report*

The Department continues to recommend that the Minnesota Public Utilities Commission (Commission) **accept** the gas service quality annual report submitted by CenterPoint Energy Minnesota Gas. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ GEMMA MILTICH
Financial Analyst

GM/ar
Attachment



Before the Minnesota Public Utilities Commission

Response Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G008/M-19-300

I. INTRODUCTION

On May 1, 2019, CenterPoint Energy Minnesota Gas (CenterPoint or the Company) filed its annual gas service quality report (Report) for 2018 with the Minnesota Public Utilities Commission (Commission). CenterPoint submitted a supplemental service quality filing containing integrity management metrics on May 10, 2019. Annual service quality reports provide the Commission with an opportunity to review the utility's service quality data and determine whether the utility is meeting the relevant service quality standards.

After reviewing the Company's Report, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed its initial Comments in the current docket on June 14, 2019. The Department recommended that the Commission (1) accept CenterPoint's Report and (2) continue to require CenterPoint to report distribution system performance measures as outlined in item 3 in the April 12, 2019 Commission *Order* for Docket No. G008/M-18-312. The Department also recommended that CenterPoint provide the following in its Reply Comments:

- An explanation or additional context around the increase in gas line damage incidents between 2017 and 2018.
- An explanation or additional context around the increase in mislocate metrics between 2017 and 2018 and a discussion on whether the Company has implemented or intends to implement any new strategies to mitigate mislocate incidents going forward.
- Confirmation that in 2018 there were no further developments related to the natural gas explosion at the Minnehaha Academy.
- The January 2019 data that corresponds to the data presented in Attachment 1 of the Department's initial Comments and, if applicable, the percentage of customer complaints received during January 2019 in any complaint categories not already included in Department Attachment 1 that the Company believes could be relevant to interim rate refund issues.

CenterPoint filed its Reply Comments on June 27, 2019 and provided the information requested by the Department as well as corrections to certain metrics included in the Company's initial Report.

II. DEPARTMENT ANALYSIS

The Department thanks CenterPoint for providing the additional information as requested, and, upon review of this information, the Department is satisfied with the Company's explanations and revised data. The following sections discuss the information provided by the Company in its Reply Comments and highlight updates to select service quality data.

A. CENTERPOINT'S EXPLANATION FOR THE INCREASE IN GAS LINE DAMAGE INCIDENTS AND UPWARD TRENDING MISLOCATE METRICS

The Department noted in its initial Comments that CenterPoint reported 48 more gas line 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 2012.¹ In addition, CenterPoint's total number of mislocates, percentage of mislocates relative to total locate tickets, and ratio of mislocates per 1,000 locate tickets each reached an all-time high in 2018 compared to prior reporting years. The Department also observed that the Company's mislocate metrics have trended upward since 2013.²

CenterPoint explained on page 2 of its Reply Comments that the increase in gas line damage incidents was caused in large part by a high volume of locate requests which were required to be processed within a short period of time (48 hours). According to the Company, a significant number of locate requests were generated as a result of the inclement weather that occurred at the beginning of the 2018 construction season. In addition, CenterPoint noted that Minnesota experienced an increase in large fiber installation projects and large-scale roadwork during 2018, which may have contributed to gas line damage and mislocate issues. The Company further explained that throughout 2018 it has conducted audits and held regular meetings focused on mitigating and identifying the root causes of mislocate incidents.

B. UPDATE ON MINNEHAHA ACADEMY NATURAL GAS EXPLOSION

As required, CenterPoint's Report included an update on the Minnehaha Academy natural gas explosion incident, which occurred on August 2, 2017 in Minneapolis, MN. The Department's initial Comments observed that the Company used identical language for the Minnehaha incident update in both its 2018 and 2017 annual service quality reports.³ In response to the Department's request, CenterPoint confirmed on page 2 and 3 of its Reply Comments that there were no further reportable developments regarding the Minnehaha incident. Specifically, the Company stated that it has "...worked with MNOPS to resolve certain issues related to the incident, but no further information is yet publicly available."⁴

¹ See Department's initial Comments for Docket No. G008/M-19-300 at pages 12 and 13.

² See Department's initial Comments for Docket No. G008/M-19-300 at pages 11 and 12.

³ See Department's initial Comments for Docket No. G008/M-19-300 at pages 14 and 15.

⁴ See CenterPoint's Reply Comments for Docket No. G008/M-19-300 at pages 2 and 3.

The Department continues to conclude that CenterPoint has provided an update on the Minnehaha Academy natural gas explosion incident as required.

C. JANUARY 2019 CUSTOMER COMPLAINT DATA

The Department concluded in its initial Comments that CenterPoint's Report provided a discussion, as required, around the interim rate refund impact on service quality. However, the Department also suggested that additional insight might be gained from a more detailed analysis of select customer call and complaint data. Attachment 1 of the Department's initial Comments provides a compilation of select customer call and complaint statistics, the purpose of which was to develop additional context around relevant service quality data during the months in which the interim rate refund issues occurred. The Department included certain data points from prior years (2014 - 2017) to establish a base of information against which the 2018 and 2019 data could be compared. The complaint categories selected by the Department for review were those that, based on their descriptions, would be the most likely categories impacted by the interim rate refund issues.

As requested by the Department, CenterPoint provided in its Reply Comments the January 2019 metrics that correspond to the data presented in Attachment 1 of the Department's initial Comments. The Company reported that it is not aware of any additional complaint categories, other than those selected for review by the Department, which would be relevant to the interim rate refund issues.⁵

The Updated Department Attachment 1 in the instant Response Comments has been revised to include the January 2019 data submitted by CenterPoint. The metrics documented in the Updated Department Attachment 1 show that the Company received the largest volume of customer calls in January 2019, compared with the other months reviewed in this particular analysis. The 177,963 customer calls received by CenterPoint in January 2019 exceed the next highest call volume by 12,089 calls.⁶ The Company noted in its Reply Comments that the large number of customer calls reported for January 2019 were due, at least in part, to the colder-than-normal temperatures experienced throughout Minnesota during this period. While it may also be possible that the interim rate refund issues contributed to the high volume of customer calls, the Department cannot definitively conclude precisely how or to what extent these issues impacted the metrics around customer calls and complaints.

⁵ See CenterPoint's Reply Comments for Docket No. G008/M-19-300 at page 3.

⁶ $(177,963 - 165,874) = 12,089$. See the Updated Department Attachment 1 included in the instant Response Comments. Of the months reviewed, the January 2015 call volume represents the highest number of customer calls (165,874 calls) after the January 2019 call volume of 177,963 calls.

The Department agrees with CenterPoint that, while it is safe to assume the Company received customer complaints regarding the interim rate refund, the reported service quality information does not appear to have been materially impacted by these refund issues. Rather, despite the interim rate refund issues documented in Docket No. G008/GR-17-285, the Company's relevant service quality metrics for 2018 appear to be fairly consistent with prior reporting years.

D. CENTERPOINT'S CORRECTIONS TO REPORT SCHEDULES 18L AND 18K

The data in CenterPoint's Schedules 18l and 18k were originally submitted in the Company's May 10, 2019 supplemental filing to the Report. On pages 3 and 4 of its Reply Comments, the Company provided corrections to certain figures documented in these two schedules. CenterPoint explained that the errors discovered were due to (1) a work order that was incorrectly included in the 2017 and 2018 pipeline integrity costs, (2) an accidental typo made in reporting a particular dollar amount, and (3) an accidental omission of certain project costs. Corrected cost data for Transmission Pipe Integrity (Capital), Bare Steel Mains, and Cast Iron Mains is presented on page 4 of CenterPoint's Reply Comments. When compared to the Company's originally reported Schedule 18l, the data revisions show that the actual cost and the corresponding over/under cost figures are lower for the Transmission Pipe Integrity (Capital) category and slightly higher for both the Bare Steel and Cast Iron Mains. In addition, the corrected total and unit cost figures for the Cast Iron Mains category are marginally larger than those initially reported by CenterPoint in Report Schedule 18k.

The Department appreciates the Company's submission of data corrections and continues to conclude that CenterPoint has met the reporting requirements for its Transmission and Distribution Integrity Management Programs (TIMP and DIMP).

III. DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS

Based on its review, the Department continues to conclude that the Company has met all the applicable reporting requirements and recommends that the Commission accept CenterPoint's 2018 Annual Service Quality Report.

The Department also continues to recommend that the Commission continue to require CenterPoint to report the metrics outlined in item 3 of the Commission *Order* in Docket No. G008/M-18-312, issued April 12, 2019. While the Department's recommendation in its initial Comments provided the exact language previously used in the relevant *Order* item 3, the Department now suggests that the Commission use the following updated language in its *Order* for the current docket:

- a. based on the utility's filing under 49 CFR 192.1007 (e) and the baseline information provided on May 10 and June 27, 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.~~⁷

/ar

⁷ At the Commission's July 1, 2019 Agenda Meeting, the Commission required the natural gas utilities to submit annual compliance reports on progress made towards complying with Ordering Paragraph 7a-c of the Commission's August 20, 2018 Order in Docket No. G999/CI-18-41, *In the Matter of a Commission Investigation into Natural Gas Utilities' Practices, Tariffs and Assignment of Cost Responsibility for Installation of Excess Flow Valves and other Similar Gas Safety Equipment.*

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-19-300

Dated this 8th day of July 2019

/s/Sharon Ferguson

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