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– VIA ELECTRONIC FILING –

June 27, 2019

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

**Re: In the Matter of the Compliance Filing of CenterPoint Energy Resources Corp., d/b/a
CenterPoint Energy Minnesota Gas (CPE) – Gas Service Quality Annual Report**

Docket No. G-008/GR-19-300

Dear Mr. Wolf:

CenterPoint Energy Minnesota Gas (“CenterPoint Energy” or the “Company”) provides these Reply Comments in response to the Comments filed on June 14, 2019, by the Department of Commerce (“Department”), and the Comments filed on June 17, 2019, by the Office of Attorney General (“OAG”). In addition, the Company is submitting a correction to certain metrics included in its supplemental filing in this matter.

Response to OAG Comments

The OAG recommends the Commission order the utilities to include metrics and benchmarks related to their system integrity work in future service quality reporting. The Company notes that it has committed to filing this information and it will continue to do so pursuant to the Commission’s Order and Stipulation in Docket No. G008/AI-18-517.

Response to DOC Comments

Based on its review, the Department concludes that the Company has met all the applicable reporting requirements and recommends that the Commission accept CenterPoint Energy’s 2018 Annual Service Quality Report. The Department also recommends that the Commission continue to require CenterPoint Energy to report the metrics outlined in item 3 of the Commission *Order* in Docket No. G008/M-18-312, issued April 12, 2019, with any clarifications deemed necessary. The Company appreciates and thanks the Department for its thorough review of the 2018 Gas Service Quality Report and the Company agrees with the Department’s recommendations.

The Department also requests the Company provide additional information regarding: (1) the number of gas line damage incidents between 2017 and 2018; (2) additional context around the

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increase in its mislocate metrics between 2017 and 2018; (3) any further developments related to the Minnehaha Academy incident; and (4) the number of customer complaints received during January 2019 that the Company believes could be relevant to interim rate refund issues. The Company provides the additional information below.

Gas Line Damages and Mislocates

Company-caused gas line damages can be a result of many different root causes such as, for example, mapping issues, mislocates, no locates, or contractor installation damages. 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. These labor challenges also contributed to the upward trend in mislocates in 2018.

To mitigate mislocate incidents the Company monitored the mislocate percentages closely and took preventative action to help mitigate these incidents. 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. Those meetings focus on discussing and reacting to the smaller, more manageable matters, to prevent them from becoming larger issues. The Company also discusses the results of our recently developed locate auditing program and partners with line-locators to improve performance. Through these additional audits and meetings, the Company is focused on reducing the number of mislocates that occur.

Minnehaha Academy

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 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 (MNOPS). CenterPoint Energy has worked with MNOPS to resolve certain issues related to the

incident, but no further information is yet publicly available. 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. As of the date of this filing, the Company is not certain when the NTSB will resolve this investigation.

Customer Complaints

Regarding customer complaint data the Company provides the call center metrics for January 2019 in Table 1 below, as requested by the Department.

	Number of Calls Received Including IVR-Answered Calls	Number of Complaints Received	Percentage of Complaints Resolved Upon Initial Inquiry	Percentage of Complaints Resolved by Agreement with the Customer	Percentage of Complaints Received for Billing Errors	Percentage of Complaints Received for Disputed Charges	Percentage of Complaints Received for Payment Issues
Jan 2019	177,963*	607	82%	16%	17%	12%	9%
Jan 2018	144,624	612	84%	25%	11%	13%	18%

*Call volumes in January 2019 were higher than normal due, at least in part, to the colder than normal weather.

The Company is not aware of any additional complaint categories that could be relevant to the interim refund issues. Though it is safe to assume that the Company received complaints related to the interim rate refund issues, the incident itself did not impact the Company's overall level of customer service for 2018.

Corrections to Schedule 18

The Company would like to provide corrections to data originally provided in Schedule 18I of its May 10, 2019, Supplemental Filing. First the Company identified that a work order was incorrectly included in the 2017 and 2018 actual pipeline integrity costs. Inclusion of the work order resulted in reporting higher 2018 actual pipeline integrity costs. The actual number that should have been reported in Schedule 18I was \$12,229,893 as opposed to \$12,242,585. In 2017, as the result of the inclusion of this work order, reported 2017 actual costs were inflated by \$1,184,120. In addition, a \$6,000 typo was included in the filing, and the actual 2017 costs that should have been reported were \$15,323,727 as opposed to the \$16,513,847. A comparison of the 2017 originally filed and updated figures can be seen below in Table 2.

Table 2

Transmission Pipe Integrity (Capital)	As Filed			Corrected		
	Unit Cost	Actual	Actual O/U	Unit Cost	Actual	Actual O/U
Year 2015	\$ 13,818,300	\$ 16,019,299	\$ 2,200,999	\$ 13,818,300	\$ 16,019,299	\$ 2,200,999
Year 2016	\$ 9,865,300	\$ 7,425,365	\$ (2,439,935)	\$ 9,865,300	\$ 7,425,365	\$ (2,439,935)
Year 2017	\$ 15,330,000	\$ 16,513,847	\$ 1,183,847	\$ 15,330,000	\$ 15,323,727	\$ (6,273)
3 Year Avg	\$ 13,004,533	\$ 13,319,504	\$ 314,970	\$ 13,004,533	\$ 12,922,797	\$ (81,736)

Secondly the Company has identified a 2016 project with Bare Steel Main and Cast Iron Main that had costs which continued into 2017 but were omitted from the 2017 actual costs. Including these omissions adds \$2,275 and \$85,218 to the 2017 Bare Steel Mains and Cast Iron Mains figures, respectively, on schedule 18l. A comparison of originally filed and updated figures can be seen below in Table 3 and 4.

Table 3

Bare Steel Mains	As Filed			Corrected		
	Unit Cost	Actual	Actual O/U	Unit Cost	Actual	Actual O/U
Year 2015	\$ 4,954,491	\$ 8,638,357	\$ 3,683,866	\$ 4,954,491	\$ 8,638,357	\$ 3,683,866
Year 2016	\$ 4,935,681	\$ 7,316,119	\$ 2,380,438	\$ 4,935,681	\$ 7,316,119	\$ 2,380,438
Year 2017	\$ 7,320,000	\$ 6,599,982	\$ (720,018)	\$ 7,320,000	\$ 6,602,257	\$ (717,743)
3 Year Avg	\$ 5,736,724	\$ 7,518,153	\$ 1,781,429	\$ 5,736,724	\$ 7,518,911	\$ 1,782,187

Table 4

Cast Iron Mains	As Filed			Corrected		
	Unit Cost	Actual	Actual O/U	Unit Cost	Actual	Actual O/U
Year 2015	\$ 4,215,209	\$ 3,691,553	\$ (523,656)	\$ 4,215,209	\$ 3,691,553	\$ (523,656)
Year 2016	\$ 2,885,714	\$ 8,361,581	\$ 5,475,867	\$ 2,885,714	\$ 8,361,581	\$ 5,475,867
Year 2017	\$ 4,441,000	\$ 6,703,161	\$ 2,262,161	\$ 4,441,000	\$ 6,788,379	\$ 2,347,379
3 Year Avg	\$ 3,847,308	\$ 6,252,098	\$ 2,404,791	\$ 3,847,308	\$ 6,280,504	\$ 2,433,197

A secondary impact of the updates to the 2017 Cast Iron Mains is seen on Schedule 18k where the 2017 per unit cost increases from \$236 to \$239 as seen below in Table 5

Table 5

Cast Iron Mains	As Filed			Corrected		
	Total Cost	Quantity (per foot replaced)	Unit Cost	Total Cost	Quantity (per foot replaced)	Unit Cost
Year 2015	\$ 3,691,553	20,059	\$ 184	\$ 3,691,553	20,059	\$ 184
Year 2016	\$ 8,361,581	15,632	\$ 535	\$ 8,361,581	15,632	\$ 535
Year 2017	\$ 6,703,161	28,438	\$ 236	\$ 6,788,379	28,438	\$ 239
3 Year Avg	\$ 6,252,098	21,376	\$ 318	\$ 6,280,504	21,376	\$ 319

The Company appreciates this opportunity to correct the information previously filed.

Please contact me at (612) 321-4625 or the email address below if you have questions regarding the information in this filing.

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Sincerely,

/s/

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