

July 1, 2015

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G008/M-15-414

Dear Mr. Wolf:

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

2014 *Annual Gas Service Quality Report* (Report) submitted by CenterPoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas (CenterPoint or the Company).

The Report was filed on May 1, 2015 by:

Adam Pyles
Director, Regulatory Activities
CenterPoint Energy
505 Nicollet Mall, P.O. Box 59038
Minneapolis, Minnesota 55459-0038

Based on its review of CenterPoint's 2014 *Annual Service Quality Report*, the Department recommends that the Minnesota Public Utilities Commission (Commission) **accept** the Company's Report pending CenterPoint's response to various inquiries in *Reply Comments*.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ ADAM J. HEINEN
Rates Analyst
651-539-1825

AJH/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. G008/M-15-414

I. BACKGROUND

In the 2004 general rate case proceeding for CenterPoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas (CenterPoint or the Company), the Minnesota Public Utilities Commission (Commission) requested that the Minnesota Department of Commerce, Division of Energy Resources (Department) and any other interested party review and comment on CenterPoint's quarterly service quality reports each year no later than February 28.¹ In its 2008 general rate case, CenterPoint agreed to continue to file quarterly service quality reports.² The Company also agreed to provide quarterly service quality reports in its Conservation Enabling Rider Evaluation Plan.³

On April 16, 2009, the Commission opened an investigation into natural gas service quality standards in Docket No. G999/CI-09-409 (09-409 Docket). In its August 26, 2010 *Order* (09-409 *Order*) in the 09-409 Docket, the Commission established uniform reporting requirements that Minnesota regulated natural gas utilities are to follow and a list of information that should be provided by each utility in a miscellaneous tariff filing to be made each May 1 reflecting service quality performance during the prior calendar year. This annual service quality reporting requirement superseded CenterPoint's quarterly service quality reporting. In the Commission's March 15, 2010 *Order* in Docket No. G008/M-09-1190 (09-1190 *Order*), the Company was further required 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.

¹ See Ordering Paragraph No. 4 of the Commission's July 7, 2006 *Order Accepting 2005 Quarterly Reports and Requiring Additional Information in 2006 Quarterly Reports* in Docket No. G008/GR-04-901.

² *In the Matter of an Application by CenterPoint Energy for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G008/GR-08-1075, Administrative Law Judge's November 2, 2009 Report, Finding 262.

³ See Ordering Paragraph No. 3.d., in the Commission's January 11, 2010 *Order* in Docket No. G008/GR-08-1075.

On April 29, 2011, CenterPoint filed its calendar year 2010 *Annual Service Quality Report* in Docket No. G008/M-10-378, including the information about steel service-line relocation and relocation of meters. This was the first annual report filed by the Company under the requirements of the 09-409 *Order*.

In its March 6, 2012 *Order—Accepting Reports and Setting Reporting Requirements* (March 6 *Order*) in Docket No. G008/M-10-378, *et. al.*, the Commission supplemented the reporting requirements set out in its 09-409 *Order*. In addition, the Commission directed the Minnesota natural gas utilities subject to the 09-409 *Order* to convene a workgroup to address improving consistency in reporting and to address certain other reporting issues. The workgroup⁴ met on June 22, 2012 and developed more uniform reporting. Reporting changes as a result of the workgroup consensus are noted in the analysis below.

On each May 1 beginning in 2012, CenterPoint has filed its *Annual Service Quality Report*, including information related to steel service-line relocation and meter relocations, as prescribed by the Commission in the 09-1190 *Order*.

On May 1, 2015, CenterPoint filed its calendar year 2014 *Annual Service Quality Report* (Report). This is the fifth annual report filed by CenterPoint. The Department provides its analysis below.

II. DEPARTMENT ANALYSIS

The Department notes that this Report marks the fourth year that CenterPoint has provided all of the required data for a full calendar year. As acknowledged in the 09-409 *Order*, the Company was unable to provide a full year's worth of data for certain metrics in CenterPoint's 2010 *Annual Service Quality Report*.

A. CALL CENTER RESPONSE TIME

Minnesota Rules, part 7826.1200 requires Minnesota's electric utilities to answer 80 percent of calls made to the business office during regular business hours within 20 seconds. The Commission required the regulated gas utilities to provide in its annual service quality report the call center response time in terms of the percentage of calls answered within 20 seconds. CenterPoint provided two sets of call center response time statistics: 1) reflecting all calls, including those handled by the Company's interactive voice response (IVR) system, and 2) calls excluding those handled by the IVR system. CenterPoint has consistently provided call response data reflecting IVR-excluded calls in its past reports;

⁴ Participating in the workgroup were Xcel Energy, CenterPoint Energy, Minnesota Energy Resources Corporation, Great Plains Natural Gas Company, Interstate Power and Light, and the Department.

however, the Company has provided complete call center only beginning with the 2012 annual report.⁵

Tables 1 and 2 below summarize CenterPoint's call center response time performance.

Table 1: Call Center Response Time Excluding IVR

	12 Mo. Avg.	Service Level Monthly High	Service Level Monthly Low ⁶	Average Speed of Answer (seconds)	Total Calls
2010 ⁷	84.44%	90.00%	80.00%	24.08	916,168
2011	82.67%	92.00%	75.00%	21.42	896,851
2012	81.58%	90.00%	68.00%	24.92	738,637
2013	80.83%	91.00%	74.00%	25.08	854,898
2014	65.00%	78.00%	39.00%	51.00	811,237

Table 2: Call Center Response Time Including IVR

	12 Mo. Avg.	Service Level Monthly High	Service Level Monthly Low ⁸	Average Speed of Answer (seconds)	Total Calls
2012	88%	93%	77%	17	1,171,297
2013	88%	95%	83%	16	1,330,798
2014	80%	90%	63%	28	1,474,194

Table 1 above indicates that the average annual call center response time excluding IVR calls appears to have worsened over time and the response time worsened significantly between calendar year 2013 and 2014. CenterPoint explained that the deterioration in response time during 2014 was related to a number of technological changes implemented in 2014. The Company further explained that these upgrades are designed to improve interactions with customers and to address changes in how customers choose to conduct business with CenterPoint. These upgrades include new software guides for customer

⁵ At the request of the workgroup tasked with improving reporting consistency, the Company began including IVR-answered calls in its call center response data.

⁶ Service Level reports the highest and lowest percentage of calls answered under 20 seconds for a single month in a given year.

⁷ The Department notes that the percentage of calls answered in 20 seconds or less was not tracked for the first three months of 2010, though average answer time and total number of calls answered were reported and reflect all of 2010.

⁸ Monthly High/Low report the highest/lowest percentage of calls answered in under 20 seconds for a single month in a given year.

service representatives and a new network-based phone system. The upgrades were rolled out in two phases, one in May and the second in November. The Company believes these upgrades will allow the Company to respond to changing customer expectations and improve overall response times. CenterPoint concluded its discussion by stating that service levels early in 2015 have exceeded the 80 percent target.

The Department notes that a phone system upgrade may be a reasonable response to CenterPoint's declining success in answering calls promptly. Should call center response times fail to improve in 2015, CenterPoint should provide a complete discussion of the issues and a plan to resolve those issues in its 2015 Annual Service Quality Report. Further, CenterPoint should address in its next report any aspects of the new system that may impact the comparability of data based on the old versus the new system, if any.

In its June 2, 2014 *Comments* in Docket No. G008/M-14-316, the Department noted that the IVR data provided by the Company in its 2013 Annual Service Quality Report did not include customer zero outs. Since these are common complaints in many IVR system, the Department requested that CenterPoint provide these data in *Reply Comments*. In its June 12, 2014 *Reply Comments*, the Company provided 'zero out' data for calendar year 2013, but clarified that these data only became available beginning in August 2013. The Department reviewed CenterPoint's initial filing in this docket, and the Company did not identify 'zero out' data for calendar year 2014; as such, the Department recommends that the Company provide these data in *Reply Comments* and in its initial filing in subsequent annual service quality reports.

B. METER READING PERFORMANCE

In its 09-409 *Order*, the Commission required CenterPoint to report meter reading performance data in the same manner as prescribed in Minnesota Rule 7826.1400. In its Report, the Company provided the meter reading performance data per Minnesota Rules.

As can be seen in Table 3, the average number of meters has increased, and the proportion of those read by the Company has stayed at approximately the same at just over 98 percent.

Table 3: Meter Reading Performance

	Avg. # of Meters	Company Reads	Customer Reads	Avg. # not Read in over 6 mo.	Avg. # not Read in over 12 mo.	Average Meter Staff Level (Metro)	Average Meter Staff Level (Outstate)
2010	807,935	97.83%	0.0004%	222.75	216	10	20
2011	814,339	97.78%	0.0002%	240.75	129	10	19.25
2012	827,468	98.31%	0.0001%	195.92	75	10	17
2013	826,555	98.21%	0.0001%	141.33	68	9.5	16.5
2014	829,307	98.09%	0.0001%	203.00	101	7.5	14.2

The average number of meters not read for more than 12 months is small; however, the increase in the number of these meters was quite large in 2014. The Department requests that the Company provide a discussion in *Reply Comments* regarding the cause(s) of this increase. The Department notes that, for both categories of unread meters in Table 3, “ERT⁹ not responding” is the leading reason reported for not reading the meters.

The Company stated that a project to replace 90,000 manually-read meters with electronically read meters which began in 2013 was completed in 2014. CenterPoint further explained that these projects improve meter reading efficiency and allow the Company to reduce staffing levels while maintaining performance levels. Table 3 above also summarizes CenterPoint’s meter reading staffing levels.

C. INVOLUNTARY SERVICE DISCONNECTIONS

In its Report, the Company included involuntary disconnection data that it reports under Minn. Stat. §§ 216B.091 and 216B.096 in Docket No. E,G999/PR-11-02. Table 4 below summarizes CenterPoint’s involuntary disconnection data.

Table 4: Involuntary Service Disconnects

	Disconnect Notices Sent	# of CWR Requests	CWR Requests Granted	% CWR Granted	Involuntary Disconnects	% Restored in 24 hrs.
2010	152,317	75,818	75,818	100.0%	26,773	87.08%
2011	206,533	72,944	72,944	100.0%	23,022	85.43%
2012	239,378	61,062	59,478	97.4%	26,573	78.75%
2013	306,515	60,413	58,414	96.7%	30,347	82.50%
2014	327,527	58,085	57,122	98.3	21,064	83.11%

The Department is encouraged that the Company reduced the number of involuntary disconnections relative to the past two calendar years; however, as stated by the Company in its Report, extreme weather conditions during the first quarter of 2014 were a significant contributor to the decrease in disconnections. At first glance, this may seem counter-intuitive given the presence of the Cold Weather Rule which prevents disconnection of service during the heating season. However, the Cold Weather Rule is only applicable to those customers who contact the Company and set up payment arrangements and make reasonably timely payments. If a customer does not contact the utility or make timely payments, they can still be disconnected during the heating season for lack of payment. In the case of extreme weather, CenterPoint personnel may not have been able to reach premises to disconnect service or the Company may have decided to postpone disconnection until conditions were less severe. Based on the Company’s explanation, it is possible that disconnections will increase in 2015.

⁹ ERT is the module that allows CenterPoint to read a customer’s meter remotely.

In previous annual service quality reports, the Department raised concerns regarding the number of past due accounts, namely that they ranged between 11 and 22 percent of all accounts, on a monthly basis, during calendar year 2011. The Department reviewed the number of past due accounts in 2014 and observed that approximately 12.35 percent of accounts, on average, were past due, which is comparable to the 12.74 percent figure reported in 2013.

The Department will continue to monitor these metrics and also concludes that CenterPoint's performance in regards to involuntary service disconnections and past due accounts are adequate at this time.

D. SERVICE EXTENSION REQUESTS

The metrics reported for service-extension requests are the days it takes to extend service to locations not previously served and to locations previously served by the Company.¹⁰ This marks the third year where service extension data are available for the entire calendar year. Beginning in 2012, the Company revised its service extension reporting methods so that new and renewed service orders would be reported consistently, which is why this is only the third year for which consistent data are available.

The following tables summarize CenterPoint's 2014 service extension requests and installation intervals.

Table 5: Number of Customers Requesting Installation (Monthly Averages)

	Residential		Commercial	
	New Customers	Previously Installed	New Customers	Previously Installed
2010	143.71	43.43	15.50	1.50
2011	254.75	19.83	26.73	3.82
2012	303.83	29.50	7.00	1.33
2013	369.33	34.92	34.92	2.67
2014	389.17	45.50	41.33	4.17

¹⁰ Locations with locked meters due to credit-related issues are excluded from the data on locations previously served.

Table 6: Days Between Request and Installation (Monthly Averages)

	Residential		Commercial	
	New Customers	Previously Installed	New Customers	Previously Installed
2010	11.14	13.29	5.50	4.50
2011	17.08	17.58	18.36	13.27
2012	6.33	6.50	10.42	5.50
2013	7.83	9.58	8.92	6.58
2014	8.00	9.00	8.00	7.00

The Department concludes that CenterPoint’s service extension request performance in 2014 appears adequate. The Department will continue to monitor this metric in future service quality reports.

E. CUSTOMER DEPOSITS

The Commission required each natural gas utility to provide in its annual service quality report data on the number of customers required to make a deposit as a provision of receiving service. Table 7 below summarizes CenterPoint’s customer deposit information.

Table 7: Customer Deposits

Year	Deposits Required		Deposits Held	
	Total	% Increase	Total	% Increase
2010	950		n/a	
2011	590	-37.89%	2,531	n/a
2012	397	-32.71%	2,343	-7.43%
2013	528	33.00%	2,185	-6.74%
2014	533	0.95%	2,132	-2.43%

The Department concludes that CenterPoint complied with the customer deposit reporting requirements.

F. CUSTOMER COMPLAINTS

The Commission’s 09-409 *Order* requires Minnesota natural gas utilities to provide customer complaint data in the same manner as prescribed in Minnesota Rule 7826.2000. The Company provided, as an attachment to its Report, these customer complaint data per Minnesota Rules. CenterPoint collected data regarding customer complaints prior to 2010; however, these data did not align with the requirements set forth by the Commission in its 09-409 *Order*. This Report marks the fifth year where comparable data are available.

The Company's customer complaint data are summarized in Table 8 below.

Table 8: Customer Complaints

	# of Complaints Received	# From CAO to CenterPoint	% Resolved on Initial Inquiry
2010	10,634	94	31.1%
2011	11,590	81	30.2%
2012	5,000	77	60.3%
2013	6,218	89	66.6%
2014	6,770	88	75.0%

There was variability in the number of complaints month-to-month but the monthly distribution in 2014 was relatively consistent, with an average of 564 complaints per month.

Beginning with its 2013 annual service quality report, CenterPoint began using a new set of complaint categories that were different than previous annual service quality reports. The most prevalent complaint categories remain unchanged but there were some categories that the Company modified. As such, it may be difficult to compare certain complaint categories in an historical context.

CenterPoint categorized each Residential and Commercial complaint it received into one of seven categories. Each category includes more specific subcategories; for example: a disputed charge complaint is a subcategory under the Billing Errors category. The top 5 complaint categories reported for 2014 (for Residential customers) were, in order: Service Issues, Disputed Charges, Other, Billing Errors, and Payment Issue. These complaint categories were similar to 2013 (for Residential customers) when the top 5 categories, in order, were: Disputed Charges, Disconnection Issue, Service Issue, Online Customer Service, and Payment Issue.

The Department concludes that CenterPoint complied with the Commission's reporting requirements.

G. GAS EMERGENCY LINE RESPONSE TIME

In its *March 6 Order*, the Commission required CenterPoint to track and report the total number of gas emergency calls received during each annual reporting period. The required metric for emergency line response time is the average percentage of calls answered within 20 seconds.

This marks the fourth full calendar year that CenterPoint has available data. The Company also reported the average speed of answer and the number of emergency line calls answered. Data for these two metrics were available for the entire 2010 calendar year, so this is the fifth year that these data are available.

The Company's current year and historical emergency telephone response data are presented in Table 9 below.

Table 9: Emergency Telephone Response Metrics

	# of Gas Emergency Calls	Average Response Time (minutes)	% of Calls Answered in 20 Seconds or Less
2010	80,627	16.9	n/a
2011	77,042	21.2	83.17
2012	67,621	13.2	90.25
2013	78,629	16.00	85.67
2014	89,576	21.00	77.00

The average emergency call response time in 2014 was greater than 20 seconds, and the Company was unable to answer 80 percent of its calls in 20 seconds or less. This performance is down compared to the past two calendar years; however, the number of emergency calls in 2014 were significantly higher than any of the four previous calendar years.

When looking at call response times on a month-to-month basis, the Company's average speed of answer was 20 seconds or less during the heating season months, and November 2014 was the only heating season month where less than 80 percent of calls were answered in less than 20 seconds. The slower response times occurred during the non-heating season. For example, the average response time in June 2014 was 29 seconds and only 62 percent of calls were answered in 20 seconds or less. The Department understands that response times will vary month-to-month, however the Department requests that the Company provide a discussion in *Reply Comments* identifying factors that may be contributing to the disparity in emergency call answer time between heating season and non-heating season months. Given the improvement noted below in CenterPoint's ability to respond to gas emergencies, the Department does not conclude at this time that improvement is needed in telephone response time, but will continue to monitor this metric in future service quality reports.

H. GAS EMERGENCY RESPONSE TIME

The reporting metric for gas emergency response time is the time from the initial notification of an emergency until qualified emergency response personnel arrive at the incident location. Emergency response times are reported by region (Metro and Outstate), and are categorized in terms of calls responded to within one hour or less and calls responded to in more than one hour. CenterPoint also provided the average number of minutes it took to respond to an emergency. The metrics are reported to the Minnesota Office of Pipeline Safety (MnOPS) as utility aggregates.

Current and historical emergency response data are provided in Table 10 below.

Table 10: Emergency Gas Response Times

	Calls Received	% Calls Responded to in <1 hour	% Calls Responded to in >1 hour
2010	40,570	88.20	11.80
2011	39,655	88.90	11.10
2012	34,481	93.50	6.50
2013	33,522	92.50	7.50
2014	40,190	98.70	1.30

CenterPoint's data indicates significant improvement in the Company's ability to respond to gas emergencies in 2014.

H. MISLOCATES

The mislocate rate refers to the number of times that gas line is damaged due to a line being mismarked or unmarked. The required reporting metric is the total number of mislocates. The Company also provided the number of locate tickets and the number of mislocates per 1,000 locate tickets, which is the same information that CenterPoint reports to MnOPS.

Table 11 below summarizes mislocate data from 2010 to 2014.

Table 11: Mislocates

	# of Locates (Tickets)	# of Mislocates	% of Mislocates	Mislocates per 1,000 Tickets
2010	235,790	64	0.04%	0.27
2011	256,711	95	0.05%	0.37
2012	264,733	97	0.04%	0.37
2013	282,915	49	0.02%	0.17
2014	299,354	81	0.03%	0.27

The Department concludes that CenterPoint has complied with the reporting requirement regarding mislocates.

I. DAMAGED GAS LINES

The gas system damages metric indicates the number of incidents under the control of CenterPoint employees and contractor, and the number caused by other sources. Table 12 summarizes CenterPoint's gas line damage information.

In previous reports, CenterPoint provided detailed information on the type of damage (e.g., Inadequate Hand Digging) that was associated with each damage event. In its 2013 annual service quality report, the Company did not provide these data until requested by the Department. In its June 2, 2014 *Comments* in Docket No. G008/M-14-316, the Department also requested that the Company provide this more detailed information in future reports.¹¹ However, the Department notes that CenterPoint did not provide this detailed breakdown in its Report; as such, the Department recommends that CenterPoint provide the detailed information in *Reply Comments* and reiterates its recommendation that this information be provided in future annual service quality reports.

Table 12 below provides current year and historical information regarding gas line damage.

Table 12: Gas Line Damage Incidents

	Damage by CPE	Damage by Others	Total	Miles of Line	Damage/100 Line Miles
2010	89	593	682	24,642	2.77
2011	155	604	759	24,733	3.07
2012	166	670	836	24,819	3.37
2013	124	539	663	24,874	2.67
2014	152	635	787	25,394	3.10

The number of gas damage events increased in 2014 compared to 2013, but are still comparable or less than the damage events in previous years. The number of damage events appears consistent with past experience, but the Department withholds final comment on this topic until the Company provides a detailed breakdown of event causes, as noted above, in *Reply Comments*.

J. SERVICE INTERRUPTIONS

The reporting metrics for natural gas service interruptions are the number of firm customers that experienced an unplanned service interruption and the average duration of unplanned service disruptions. Unplanned service interruptions are those due to CenterPoint employees and contractors, or other unplanned causes. This Report marks the fourth year that the Company had data available for the entire calendar year.

¹¹ The Commission's March 17, 2015 *Order* accepted CenterPoint's Report as supplemented by the Company's June 12, 2014 filing, and adopted the recommendations of the Department.

Table 13: Service Interruptions

	Outages Caused by Utility	Outages Unplanned Causes	Total Interruptions	Customers Affected	Weighted Average Duration (minutes)
2010	69	465	534	4,706	n/a
2011	174	459	633	5,317	88
2012	119	570	689	1,554	77
2013	224	317	541	1,073	61
2014	100	538	638	1,181	70

When outage duration is broken down by type, utility caused or caused by others, the outages caused by CenterPoint employees or contractors averaged 50 minutes in duration while those associated with other causes lasted an average of 76 minutes during 2014. In 2013, the outages attributable to CenterPoint averaged 60 minutes in duration while those associated with other causes averaged 63 minutes. Since outages not caused by the Company are understandably outside of CenterPoint’s control, it is not surprising that responses times are longer and it may be difficult to manage the average length of an outage.

In last year’s annual service quality report, the Department noted that, on a monthly basis, there was one month with an average outage length in excess of three hours and two months with outage lengths in excess of two hours. In 2014, the Company’s Report reflects improvement, with only two months with average outage lengths in excess of two hours and no months with average outage lengths longer than three hours in duration.¹²

K. MNOPS REPORTABLE EVENTS

The 09-409 *Order* required CenterPoint to provide summaries of all major events that are immediately reportable to MNOPS and provide contemporaneous reporting of these events to both the Commission and Department when they occur. The Department notes that it receives regular notifications from the Company regarding reportable events. Table 14 below provides a summary of MnOPS reportable events over the past five years.

Table 14: MnOPS Reportable Events

	Reportable Interruptions
2010	18
2011	47
2012	63
2013	66
2014	97

¹² 133-minute average outage duration in February 2014 and 136 minutes in June 2014.

The number of MnOPS reportable events increased noticeably between 2013 and 2014 and reportable events have increased each year since 2010. The Company provided information regarding the circumstances surrounding each MnOPS reportable event. The Department reviewed the information for each event and it appears that the vast majority of reportable events were not caused by, or related to, CenterPoint; as such, the increase in the number of events during 2014 was likely independent of any actions of the Company.

CenterPoint also reported two system integrity or pressure outages during 2014. There were a total of 245 customers impacted by these failures. For one event, the longest a customer was without service was 6 hours and for the other event the longest a customer was without service was 8 hours.

Based on its review, the Department does not believe the number of MnOPS reportable events in 2014 are a concern in terms of CenterPoint's performance, and it appears that the Company's response to integrity outages was adequate. Integrity or pressure losses are not unexpected events, and the Department encourages the Company to minimize these events, and continue to adequately respond to them, in the future.

L. CUSTOMER-SERVICE-RELATED OPERATIONS AND MAINTENANCE (O&M) EXPENSES

The Commission requires each gas utility to provide data regarding customer-service-related operations and maintenance (O&M) expenses recorded in FERC Accounts 901 and 903. The Company provided monthly and annual costs. Table 15 below summarizes O&M expenses since 2010.

Table 15: O&M Expenses

	O&M Total	O&M Average/Month
2010	\$24,988,500	\$2,082,375
2011	\$25,403,000	\$2,116,917
2012	\$24,900,000	\$2,075,000
2013	\$24,860,508	\$2,071,709
2014	\$27,675,521	\$2,306,293

Based on the data in Table 15 above, it is clear that O&M expenses increased during 2014 relative to the previous years where these data were collected. In its Report, the Company explained that the increase in costs was attributable to several factors, notably increased labor and IT expenses related to the technology implementation related to the new phone system discussed earlier in these *Comments*. It is not unexpected that the implementation of a new phone system may result in higher expenses; as such, the Department does not believe CenterPoint's increase in O&M expenses in 2014 was unreasonable. The Department will continue to monitor this reporting requirement in future annual service quality reports.

M. STEEL SERVICE AND METER RELOCATION EXPENSES

In its *09-1190 Order*, the Commission required CenterPoint to provide information in future annual service quality reports regarding steel service line relocation expenses and relocation of meters operating at greater than 630 cubic feet per hour (CFH). The Department reviewed the data provided by the Company and notes that the average costs associated with steel service line relocation decreased in 2014 relative to 2013, and the costs associated with meter relocation increased in 2014 relative to 2013. As noted by the Company in previous annual service quality reports, and in this Report, the costs of these relocation projects, and subsequently any variability in costs, are driven by the unique circumstances of each project. Therefore, it is unlikely that a pattern or trend will develop for this reporting requirement. The Department appreciates the Company's provision of these data.

III. SUMMARY AND CONCLUSIONS

Based on its review of CenterPoint's 2014 *Annual Service Quality Report*, the Department recommends that the Commission **accept** the Company's Report pending CenterPoint's providing the following in *Reply Comments*:

- IVR system 'zero out' data for calendar year 2014;
- a discussion identifying factors that may be contributing to the disparity in emergency call answer time between heating season and non-heating season months; and
- a detailed breakdown of the event causes, in a manner similar to previous service quality reports, related to gas line damage.

The Department also recommends that, should call center response time fail to improve in 2015, CenterPoint provide a complete discussion of the issues and plan to resolve those issues in its 2015 Annual Service Quality Report. Further, CenterPoint should address in its next annual service quality report any aspects of the new system that may impact the comparability of data based on the old versus the new system, if any. Finally, the Department recommends that CenterPoint provide IVP system 'zero out' data in subsequent annual service quality reports.

/ja

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
Comments**

Docket No. G008/M-15-414

Dated this 1st day of July 2015

/s/Sharon Ferguson

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