



505 Nicollet Mall
P.O. Box 59038
Minneapolis, MN 55459-0038

July 30, 2018

Via E-filing
PUBLIC DOCUMENT
TRADE SECRET INFORMATION HAS BEEN EXCISED

Mr. Dan Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East Suite 350
St. Paul, MN 55101-2116

Re: Petition of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy
Minnesota Gas, for Approval of an Affiliated Interest Agreement between
CenterPoint Energy Minnesota Gas and Minnesota Limited.
Docket Number G008/AI-18-_____

Dear Mr. Wolf:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy Minnesota Gas" or "the Company") hereby submits to the Minnesota Public Utilities Commission a petition requesting approval of the 2018 MBLSE Replacement Project contract between the Company and Minnesota Limited, LLC ("Minnesota Limited"), a non-regulated subsidiary of Vectren Corporation.

On April 23, 2018, the parent companies of CenterPoint Energy Minnesota Gas and Minnesota Limited announced that they entered into a definitive agreement, whereby the holding company CenterPoint Energy, Inc. will become the ultimate parent company of both the Company and Minnesota Limited. Thus, following the close of the proposed holding company transaction, Minnesota Limited will become an affiliate of CenterPoint Energy Minnesota Gas. As such, the existing construction services contract between CenterPoint Energy Minnesota Gas and Minnesota Limited will be subject to Minnesota Affiliate Interest requirements and rules.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service lists. Please contact me at (612) 321-4719 or Adam.Pyles@centerpointenergy.com if you have any questions regarding this matter.

Sincerely,

/s/
Adam Pyles
Director, Regulatory Affairs

Attachments

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Nancy Lange
Dan Lipschultz
Matt Schuerger
Katie Sieben
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

**IN THE MATTER OF THE PETITION OF
CENTERPOINT ENERGY MINNESOTA GAS
FOR APPROVAL OF AN AFFILIATED
INTEREST AGREEMENT WITH
MINNESOTA LIMITED.**

**DOCKET NO. G008/AI-18-____

PETITION**

A. INTRODUCTION

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy Minnesota Gas” or “the Company”) submits this Petition to the Minnesota Public Utilities Commission (“MPUC” or “Commission”) for approval of an Affiliated Interest Agreement between the Company and Minnesota Limited, LLC (“Minnesota Limited”). CenterPoint Energy Minnesota Gas is an operating division of CenterPoint Energy Resources Corp. which is a subsidiary of the holding company CenterPoint Energy, Inc. (“CenterPoint HoldCo”). Minnesota Limited is a non-regulated business of Vectren Infrastructure Services Company, a subsidiary of Vectren Corporation (“Vectren”). Vectren Corporation is an energy holding company with both regulated and unregulated subsidiaries.

On April 23, 2018, CenterPoint HoldCo and Vectren announced that they had entered into an Agreement and Plan of Merger (the “Transaction”).¹ Upon the close of the Transaction, Vectren will continue as a surviving company and a wholly owned subsidiary of CenterPoint HoldCo and Minnesota Limited will become an affiliate of

¹ In connection with the Transaction, Vectren Energy Delivery of Ohio, Inc., an indirect subsidiary of Vectren, has filed a “Notice of Parent Company Merger” with the Public Utilities Commission of Ohio. (<http://dis.puc.state.oh.us/CaseRecord.aspx?CaseNo=18-1027>) In Indiana, Indiana Gas Company, Inc., Southern Indiana Gas and Electric Company and CenterPoint Energy filed a Joint Petition with the Indiana Regulatory Commission. (<https://iurc.portal.in.gov/legal-case-details/?id=d490b8fd-ab70-e811-8128-1458d04eaba0>) Neither of these filings seek approval of the Transaction as such approvals are not required.

CenterPoint Energy Minnesota Gas.² There is currently an existing construction services contract between CenterPoint Energy Minnesota Gas and Minnesota Limited, entitled 2018 MBLSE Replacement Project (the “Construction Contract”). Because it is expected one parent company (Vectren) will be acquired by another parent company (CenterPoint HoldCo) during the term of the contract, the Construction Contract will become subject to the Minnesota Affiliated Interest requirements and rules when the Transaction closes. In light of these unique circumstances, CenterPoint Energy Minnesota Gas is requesting approval of the Construction Contract at this time.

B. GENERAL FILING AND REQUIRED INFORMATION

1. Pursuant to Minn. Rule 7829.1300, the Company provides the following information:

a. Subpart 1. Summary of Filing

This petition requests Minnesota Public Utilities Commission approval of the Construction Contract. A one-paragraph summary is attached to this filing as Attachment C pursuant to Minn. R. 7829.1300, subp.1.

b. Subpart 2. Service

Pursuant to Minn. R. pt. 7829.1300, subpart 2, the Company has served a copy of this filing on the Department of Commerce and the Office of the Attorney General – Antitrust and Utilities Division. A summary of the filing has been served on all parties on the enclosed service list.

c. Subpart 3. Content of filing subject to specific requirements

i. Name, address and phone number of the utility:

CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corp.
505 Nicollet Mall
P.O. Box 59038
Minneapolis, Minnesota 55459-0038
612.372.4664

ii. Name, address and phone number of the attorney for the utility:

Brenda A. Bjorklund
CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corp.
505 Nicollet Mall
P.O. Box 59038
Minneapolis, Minnesota 55459-0038
612.321.4976

² Exhibit D shows Vectren’s post-closing ownership structure under CenterPoint Energy, Inc.

iii. Date of filing:

The date of this filing is July 30, 2018 and the proposed effective date is the date the Transaction closes.

iv. Statute Controlling Schedule for Processing the Filing:

Minn. Stat. §216B.48 and Minn. R. 7825.2200 (B) govern the substantive criteria related to the Construction Contract. These provisions do not establish an explicit timeframe for Commission action.

v. Utility Employee Responsible for Filing:

Adam Pyles
Director, Regulatory Affairs,
CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy
Resources Corp.
505 Nicollet Mall
P.O. Box 59038
Minneapolis, Minnesota 55459-0038
612.321.4719

2. Pursuant to Minn. Stat. §216B.48 and Minn. R. part 7825.2200(B) adopted by the Commission on September 14, 1998 in Docket No. E,G-999/CI-98-651, the Company provides the following information:

a. Heading

Petition of CenterPoint Energy Minnesota Gas for approval of the existing 2018 MBLSE Replacement Project contract between the Company and Minnesota Limited.

b. Identity of the Affiliated Parties

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas and Minnesota Limited. When the Transaction closes, the two companies will become affiliates.

c. General Description of the Nature and Terms of the Agreement

The Construction Contract relates to services provided in connection with the Company's beltline replacement project. The Construction Contract was effective on April 23, 2018 and will expire on February 28, 2019.

The Construction Contract is part of the 2018 Metro Belt Line ³ construction project. The work performed includes all supervision, labor and equipment to install approximately 16,180 feet of 24-inch diameter high pressure steel pipe and three (3) below grade valve vaults and associated piping and regulator work at three locations within the project scope in the City of Golden Valley. There are two (2) railroad crossings and one (1) pedestrian tunnel crossing, which consists of 24-inch diameter steel pipe installed via auger bore. An additional four (4) 24-inch cover sleeves will be installed. Also included is the removal and disposal of some of the existing abandoned pipeline and existing below grade vaults per the design and permit. Approximately 16,180 feet of the new high-pressure steel piping will be pressure tested with nitrogen as required to establish a 215 psig MAOP, tie-ins, purging and re-energizing the pipeline.

As discussed below, Minnesota Limited has previously done work for CenterPoint Energy Minnesota Gas and there may be future agreements that will require approval as Affiliated Interest Agreements. Additional detailed description is included in the Scope section of the Construction Contract which is attached as Exhibit B.

d. A List of the Past History of All Current Contracts or Agreements Between the Petitioner and Affiliated Interest, the Consideration Received By the Affiliated Interest

i. List of Outstanding Contracts or agreements

The Construction Contract is the only outstanding contract or agreement with Minnesota Limited.

ii. Consideration received by Affiliated Interest

The total paid under this contract as of July 16, 2018 is \$4,437,167.

iii. Summary of Relevant Costs

The Construction Contract with the target value of \$13,000,000, covers all supervision, labor and equipment to install 20" & 24" diameter high pressure steel pipe as well as various diameter low pressure steel pipe and below grade vaults. In addition, contractor will complete final restoration of roadways, curbs and gutters. Details of

³ The Metro Belt Line project is part of the Transmission Pipeline Replacement Project that is discussed in the most recent rate case (Docket No. G-008/GR-17-285). For additional information on the Transmission Pipeline Replacement Project, please see the testimony of Mr. Talmadge Centers starting at page 32 in docket no. G-008/GR-17-285.

manhours and costs are provided on pages 10 through 21 of the attached contract document.

e. **A Descriptive Summary of the Pertinent Facts and Reasons Why Such Contract or Agreement is in the Public Interest**

Background

As discussed in Mr. Centers' testimony (in Docket No. G-008/GR-17-285), the Company's Transmission Integrity Management Plan ("TIMP") is developed to comply with the United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration ("PHMSA") rules and requirements. One component of the Company's TIMP is the Transmission Pipeline Replacement Project which includes the repair or replacement of larger transmission line segments identified through the assessment process. Due to the critical nature of the work, it is necessary to use skilled workers to replace transmission pipe that was originally installed in the 1950s.

Reasons Why The Agreement is in the Public Interest

Minnesota Limited has worked on the Company's distribution system before⁴ and is one of the largest transmission pipeline contractors in the region. Capital infrastructure investments have increased throughout the country in the natural gas and other industries, increasing the demand for qualified transmission and distribution pipeline contractor resources. It is in the public interest that the Company secure qualified and reliable resources to ensure completion of its critical pipeline replacement projects. Minnesota Limited

⁴ Minnesota Limited (under separate ownership) has previously provided construction services to the Company. Prior agreements include:

- January 1, 2014 – Contract #4600031002, MBLSE, MBLC, MBLNE, MBLSW Belt Line Replacement Project. (2014 MBLSE REPLACEMENT-\$21,500,000 Target Value)
- March 18, 2015 – Contract #4600031002, Extended to support MBLSE downtown Mpls Belt Line Replacement Project. (2015 CONSTRUCTION, added \$27,000,000 for a total \$48,500,000 Target Value)
- March 1, 2016 – Contract #4600031002, Extend to support MBLNW Belt Line Replacement Project. (2016 CONSTRUCTION, added \$29,000,000 for a total \$77,500,000 Target Value)
- March 1, 2017 – Contract #4600031002, Extend to support MBLC, MBLNE, MBLSW Belt Line Project. (2017 CONSTRUCTION, added \$26,000,000 for a total \$103,500,000 Target Value and extended validity through March 31, 2018)

has extensive experience in providing pipeline dig services to a wide variety of customers throughout the United States. These projects range from routine excavation, recoating, backfill and remediation in a farm field to deep excavation in saturated wetland areas. Minnesota Limited also provides maintenance services for pipeline systems including valve maintenance, recoating, sleeving, line lowering, pipeline markers, anomaly investigation and right of way clearing.

As discussed below, a competitive bid process was used to select Minnesota Limited.

f. **Amount of the Compensation and, If Applicable, a Brief Description of the Cost Allocation Methodology or Market Information Used to Determine Price**

The exact total cost that will be incurred by CenterPoint Energy Minnesota Gas under the Construction Contract is not known at this time, and is estimated to be no more than \$13 million.

Market information was obtained and price was determined through a competitive bid process as described below. Consistent with accounting rules, the cost of the work done by Minnesota Limited will be capitalized and subject to review in a future rate case.⁵

g. **Whether Competitive Bidding was Used or an Explanation Why It Was Not Used**

CenterPoint Energy's Purchasing and Construction/Contract Services departments initiated a formal request for proposal (RFP) process beginning with a pre-bid meeting on February 14, 2018. Five vendors representing a mix of local and national distribution pipeline companies serving the Midwest region were invited to bid. All invited bidders attended the pre-bid meeting, four in person and one by telephone. Design details were reviewed page by page as well as each phase of construction. As described in the previous section, project design specifications were enumerated in the bid document,

⁵ As discussed in the 2017 rate case (Docket No. G-008/GR-17-285), it is currently anticipated that the Company's next rate case will be filed in late 2019 with a 2020 test year.

including line item quantities and lump sum price requirements. The Company compared costs provided by each bidder, and discussed available capacity with two emerging candidates to assure the best value relative to cost, service, and expertise.

h. **Copy of the Contract or Agreement, or Modifications or Revisions of an Existing Contract or Agreement**

A NON-PUBLIC copy of the Construction Contract is attached as Exhibit B.

i. **Whether the Affiliate Would Have Access to Customer Information, Such as Customer Name, Address, Usage or Demographic Information**

The scope of work under the Construction Contract does not require that Minnesota Limited have access to customer information.

j. **Verification**

The verification is found in Exhibit A.

3. Additional Requirements pursuant to Commission Order dated July 11, 1996 in Docket No. G-008/AI-96-37

a. **Quantification of Cost Savings and Other Ratepayer Benefits**

As discussed above, the exact cost amount of the Construction Contract is not known at this time.

As discussed above, the public interest, and therefore ratepayers, will benefit from the replacement of a portion of the transmission pipeline discussed above by Minnesota Limited. The competitive bidding process that was used to select Minnesota Limited ensures that the associated cost is reasonable and the cost will be subject to review in the next general rate case.

b. **Explanation of Changes Made to the Cost Allocation Manual (CAM) or Reasons Why Changes are Not Necessary**

The work subject to the Construction Contract is utility work in Minnesota and does not include work related to the Company's non-regulated business lines or involve corporate costs allocated from CenterPoint Energy

Service Company, LLC.⁶ No changes have been or will be made to the CAM which deals with the allocations of joint costs between regulated and non-regulated operations of CenterPoint Energy Minnesota Gas as a result of this filing.

C. CONCLUSION:

For all of the above reasons, CenterPoint Energy Minnesota Gas respectfully requests that the Commission issue an order approving the Construction Contract between Minnesota Limited and CenterPoint Energy Minnesota Gas in anticipation of these two entities becoming affiliates.

⁶ As discussed in the 2017 rate case (Docket No. G-008/GR-17-285) testimony of Ms. Michelle Townsend, certain corporate costs are incurred by CenterPoint Energy Service Company, LLC and are allocated to each subsidiary, business unit and affiliate.

EXHIBIT A: VERIFICATION

VERIFICATION

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Brad A. Tutunjian, being duly sworn on oath, says that he is the Division Vice President of Regional Operations for CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, the company making the foregoing Petition for Approval of an Affiliated Interest Transaction; that he has read the foregoing Petition and knows the content thereof and that the same is true and correct to the best of his knowledge, information and belief.

/s/

Brad A. Tutunjian
Division Vice President of Regional Operations
CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas

Subscribed and sworn to before me
This 30th day July 2018.

/s/

Mary Jo Schuh, Notary Public
My Commission expires 1/31/2020

Public Document

| |
|-------------------------------|
| EXHIBIT B: CONTRACT |
|-------------------------------|

CenterPoint Energy Minnesota Gas has designated certain information as **TRADE SECRET**. The identified trade secret information meets the definition of trade secret information in Minn. Stat. §13.37 subd.1(b) as follows:

- 1) the information was supplied by CenterPoint Energy Minnesota Gas, the affected organization;
- 2) CenterPoint Energy Minnesota Gas has taken all reasonable efforts to maintain the secrecy of the information, including protecting it from disclosure in this proceeding; and
- 3) the protected information contains contractual details that have not been previously released to the public which derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use.

The public and non-public contents are so intertwined and interspersed throughout as to make the entire contract non-public.

The Contract has been excised in its entirety from the public version of this filing.

EXHIBIT C: ONE-PAGE SUMMARY

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

**Nancy Lange
Dan Lipschultz
Matt Schuerger
Katie Sieben
John Tuma**

**Chair
Commissioner
Commissioner
Commissioner
Commissioner**

**IN THE MATTER OF THE PETITION OF
CENTERPOINT ENERGY MINNESOTA GAS
FOR APPROVAL OF AN AFFILIATED
INTEREST AGREEMENT WITH
MINNESOTA LIMITED**

DOCKET NO. G008/AI-18-____

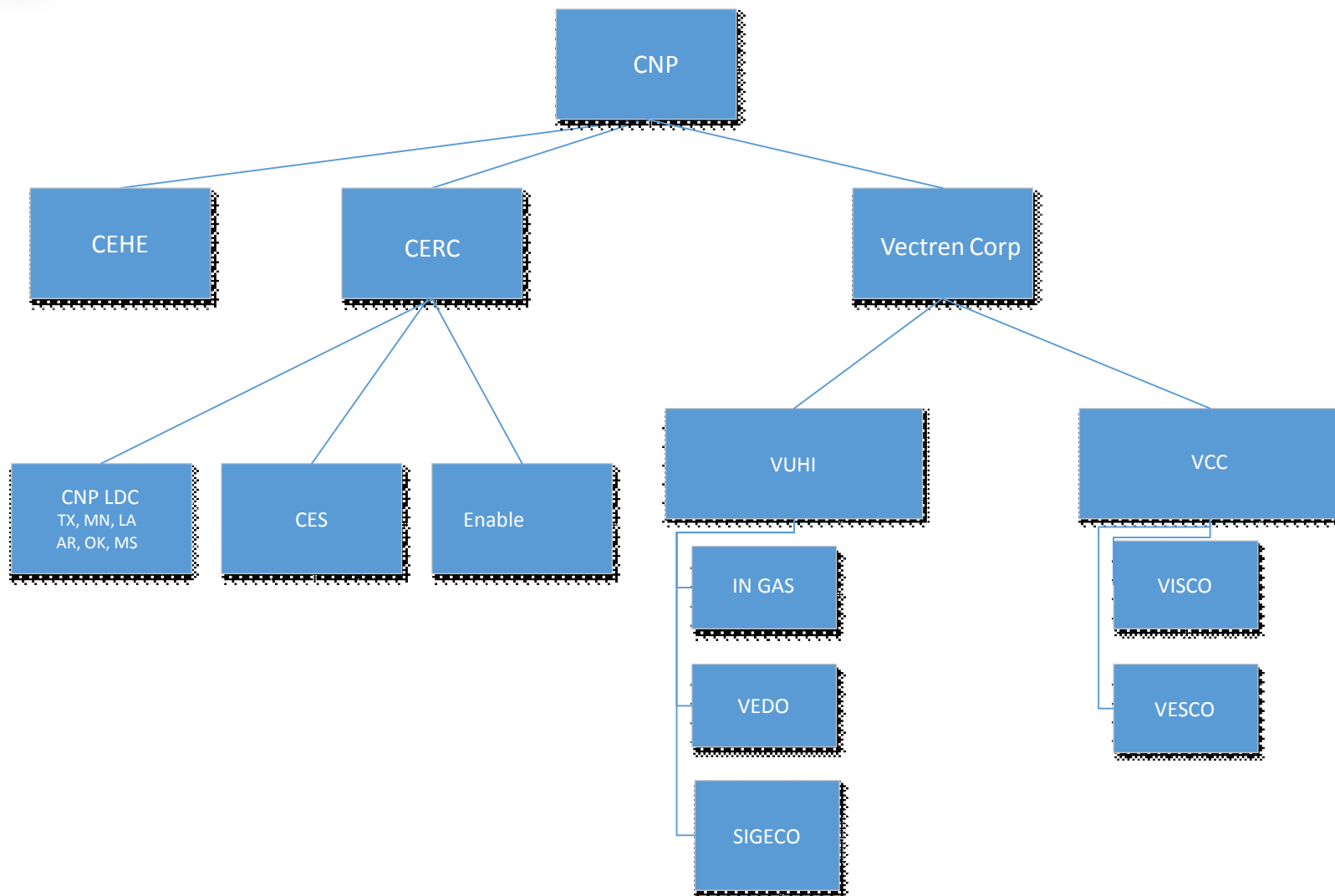
One-Page Summary

Please take notice that on July 30, 2018, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas submitted a Petition to the Minnesota Public Utilities Commission seeking approval of an Affiliated Interest Agreement with Minnesota Limited, LLC.

On April 23, 2018, the parent companies of CenterPoint Energy Minnesota Gas and Minnesota Limited announced that they entered into a definitive agreement whereby the holding company CenterPoint Energy, Inc. will become the ultimate parent company of both the Company and Minnesota Limited. Thus, following the close of the proposed holding company transaction ("Transaction"), Minnesota Limited will become an affiliate of CenterPoint Energy Minnesota Gas. As such, the existing construction services contract between CenterPoint Energy Minnesota Gas and Minnesota Limited will be subject to Minnesota Affiliate Interest requirements and rules.

EXHIBIT D: POST-CLOSING OWNERSHIP STRUCTURE

At Close Proposed Legal Structure



AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Mary Jo Schuh, being first duly sworn on oath, deposes and says she served the attached Affiliated Interest Filing in via e-filing to all parties on the attached service list.

/s/
Mary Jo Schuh

Subscribed and sworn to before me
this 30th day of July, 2018.

/s/
Melodee Carlson Chang, Notary Public
My Commission expires 1/31/19

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|----------------|--------------------|--|------------------------------------|---|--------------------|-------------------|--|
| David | Aafedt | daafedt@winthrop.com | Winthrop & Weinstine, P.A. | Suite 3500, 225 South Sixth Street Minneapolis, MN 554024629 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| James J. | Bertrand | james.bertrand@stinson.com | Stinson Leonard Street LLP | 50 S 6th St Ste 2600 Minneapolis, MN 55402 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Brenda A. | Bjorklund | brenda.bjorklund@centerpointenergy.com | CenterPoint Energy | 505 Nicollet Mall Minneapolis, MN 55402 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Generic Notice | Commerce Attorneys | commerce.attorneys@ag.state.mn.us | Office of the Attorney General-DOC | 445 Minnesota Street Suite 1800 St. Paul, MN 55101 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Ian | Dobson | residential.utilities@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Sharon | Ferguson | sharon.ferguson@state.mn.us | Department of Commerce | 85 7th Place E Ste 280 Saint Paul, MN 551012198 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Edward | Garvey | garveyed@aol.com | Residence | 32 Lawton St Saint Paul, MN 55102 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Robert | Harding | robert.harding@state.mn.us | Public Utilities Commission | Suite 350 121 7th Place East St. Paul, MN 55101 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Pam | Marshall | pam@energycents.org | Energy CENTS Coalition | 823 7th St E St. Paul, MN 55106 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| David | Moeller | dmoeller@allte.com | Minnesota Power | 30 W Superior St Duluth, MN 558022093 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|----------------|-----------------------------------|---------------------------------------|--|--------------------|-------------------|--|
| Andrew | Moratzka | andrew.moratzka@stoel.com | Steel Rives LLP | 33 South Sixth St Ste 4200 Minneapolis, MN 55402 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Samantha | Norris | samanthanorris@alliantenergy.com | Interstate Power and Light Company | 200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Janet | Shaddix Elling | jshaddix@janetshaddix.com | Shaddix And Associates | 7400 Lyndale Ave S Ste 190 Richfield, MN 55423 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Peggy | Sorum | peggy.sorum@centerpointenergy.com | CenterPoint Energy | 505 Nicollet Mall Minneapolis, MN 55402 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| James M. | Strommen | jstrommen@kennedy-graven.com | Kennedy & Graven, Chartered | 470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Eric | Swanson | eswanson@winthrop.com | Winthrop & Weinstine | 225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |
| Daniel P | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | 121 7th Place East Suite 350 St. Paul, MN 551012147 | Electronic Service | No | GEN_SL_CenterPoint Energy_General Service List |