

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

May 15, 2020

## VIA E-FILING PUBLIC DOCUMENT TRADE SECRET INFORMATION HAS BEEN EXCISED

Mr. Will Seuffert 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 G-008/AI-20-\_\_\_\_

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("Company"), hereby submits to the Minnesota Public Utilities Commission ("Commission") a petition requesting approval of the 2020 MBLSE Replacement Project contract between Company and Minnesota Limited, LLC.

The Company has designated selected information in this document as trade secret. The information meets the definition of trade secret in Minn. Stat. § 13.37, subd. 1(b), as follows: (1) the information was supplied by Company, the affected organization; (2) Company has taken all reasonable efforts to maintain the secrecy of the information, including protecting it from disclosure in this document; and (3) the protected information contains contractual details that have not been previously released to the public, including names and prices, 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.

We have electronically filed this document with your office and the parties on the attached service list. If you have any questions regarding this matter, please contact me at 612-321-4606 or <a href="steven.clay@centerpointenergy.com">steven.clay@centerpointenergy.com</a>.

Sincerely,

/s/

Steven C. Clay Senior Counsel

Attachments

# STATE OF MINNESOTA BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben Valerie Means Matt Schuerger Joseph Sullivan John Tuma Chair Commissioner Commissioner Commissioner

In the Matter of a Petition by CenterPoint Energy Minnesota Gas for Approval of an Affiliated Interest Agreement with Minnesota Limited Docket No. G-008/AI-20-\_\_\_\_

PETITION

### I. Introduction

CenterPoint Energy Resources Corp, d/b/a CenterPoint Energy Minnesota Gas (the "Company" or "CenterPoint Energy Minnesota Gas"), submits this Petition to the Minnesota Public Utilities Commission ("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"). Prior to April 9, 2020, and as detailed further below and in Docket No. G-008/AI-19-292 (the "2019 AI Docket"), Minnesota Limited was a non-regulated business of Vectren Infrastructure Services Company, a subsidiary of Vectren Corporation ("Vectren"). Vectren is a wholly owned subsidiary of CenterPoint HoldCo.

On April 17, 2020, Company and Minnesota Limited entered into a contract for pipeline rehabilitation, construction and installation work relative to the Company's belt line system, entitled 2020 MBLSE Replacement Project ("Construction Contract"). On February 3, 2020, after the Company had issued its request for proposal ("RFP") for the work included in the Construction Contract, but before awarding the Construction Contract to Minnesota Limited, CenterPoint HoldCo announced that it had entered into an agreement to sell Minnesota Limited to Power Team Services, LLC.<sup>1</sup> The sale of Minnesota Limited was consummated on April 9, 2020, and the Company and Minnesota Limited are no longer affiliates. However, since the Company committed to filing for approval of the Construction Contract in its Comments filed on April 2, 2020 in the 2019 AI Docket, the Company is filing this Petition.

<sup>&</sup>lt;sup>1</sup>The Company notified the Commission of the sale on February 5, 2020, in a letter filed in the 2019 AI docket.

The Company provides the following exhibits in support of its petition:

Exhibit A – Summary Exhibit B – Construction Contract Exhibit C – Bid Sheet Exhibit D – Bid Recommendation

### II. Information Required by Minn. Rule 7829.1300

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 Exhibit A 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 – Residential Utilities and Antitrust 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, MN 55459-0038 612-372-4664

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

Steven Clay CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corp 505 Nicollet Mall P.O. Box 59038 Minneapolis, MN 55459-0038 612-321-4606

iii. Date of filing:

The date of this filing is May 15, 2020.

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:

Steven C. Clay Senior Counsel CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corp 505 Nicollet Mall P.O. Box 59038 Minneapolis, MN 55459-0038 612-321-4606

## III. Information Required by Minn. Stat. § 216B.48 and Minn. R. 7825.2200(B)

Pursuant to Minn. Stat. § 216B.48 and Minn. R. part 7825.2200(B) the Company provides the following information:

a. Heading

In the Matter of the Petition of CenterPoint Energy Minnesota Gas for Approval of an Affiliated Interest Agreement with Minnesota Limited.

b. Identity of the Affiliated Parties

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas and Minnesota Limited, LLC.

### 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 17, 2020 and will expire on February 28, 2021.

The Construction Contract is part of the 2020 Metro Belt Line<sup>2</sup> construction project. The work to be performed includes all supervision, labor and equipment to install approximately 20,728 feet of pipe associated with four segments of large diameter steel main located in the Cities of Golden Valley, Crystal, New Hope, Edina and Fridley. Additional detailed description is included in the Scope section of the Construction Contract which is attached as Exhibit B.

- d. <u>A List of the Past History of All Current Contracts or Agreements Between the</u> <u>Petitioner and Affiliated Interest, the Consideration Received by the Affiliated Interest</u>
  - 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:

<sup>&</sup>lt;sup>2</sup>The Metro Belt Line project is part of the Transmission Pipeline Replacement Project that is discussed in the current rate case (Docket No. G-008/GR-19-524). For additional information on the Transmission Pipeline Replacement Project, please see the testimony of Mr. Trey Kuchar starting at page 34 in Docket No. G-008/GR-19-524.

The total to be paid under this contract is estimated to be **[TRADE SECRET INFORMATION BEGINS...** 

# ...TRADE SECRET INFORMATION ENDS.]

iii. Summary of Relevant Costs:

The estimated value of the Construction Contract, above, includes all supervision, labor and equipment to install large diameter high pressure steel pipe as well as various diameter low pressure steel pipe and below grade vaults. The estimated value also contains a contingency amount to cover potential cost overruns and unforeseen circumstances. Details concerning cost components are provided in the Unit Price section, pages 10 through 28, of the Construction Contract included as Exhibit B.

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

# Background

As discussed in Mr. Kuchar's testimony (in Docket No. G-008/GR-19-524), the Company's Transmission Integrity Management Plan ("TIMP") was developed to comply with the United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration ("PHMSA") rules and requirements, and is updated continually as needed. 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 Construction Contract is in the Public Interest**

Minnesota Limited has worked on the Company's distribution system before as has been described in prior AI dockets, 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 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. <u>Amount of the Compensation and, if Applicable, a Brief Description of the Cost</u> <u>Allocation Methodology or Market Information Used to Determine Price</u>

The exact total cost that will be incurred by CenterPoint Energy Minnesota Gas under the Construction Contract is not known at this time but is estimated to **be [TRADE SECRET INFORMATION BEGINS...** ...**TRADE SECRET INFORMATION ENDS**].

The Company used a competitive bid process as described below to determine market pricing, as documented in Exhibit C. 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.

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 process beginning with a pre-bid meeting on November 14, 2019. Six 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 and all initially committed to submitting bids. Ultimately three of the invited bidders offered bids.<sup>3</sup> The three bidders that did not submit bids identified the inability to hire additional qualified and skilled labor and supervision to handle a project of this size as the primary reason for not bidding on the project.

In evaluating the submitted bids, design details were reviewed page by page as well as each phase of construction. The bid document enumerated project design specifications, including line item quantities and lump sum price requirements. [TRADE SECRET INFORMATION BEGINS...

...TRADE SECRET INFORMATION ENDS] the Company awarded the bid to Minnesota Limited. The award to Minnesota Limited allows the Company to be

<sup>&</sup>lt;sup>3</sup>The Company asked one of the three bidders to resubmit its bid using the National Distribution Contract rate due to a wide variance between its initial bid and the other two bidders, resulting in the four bids included in Exhibit D.

prudent with capital dollars and gain pipeline construction capacity, assuring all planned capital construction projects can be completed on time and on plan in 2020.

h. <u>Copy of the Contract or Agreement, or Modifications or Revisions of an Existing</u> <u>Contract or Agreement</u>

A PUBLIC copy of the Construction Contract is attached as Exhibit B. Additionally, a PUBLIC copy of the bid sheet comparing costs between bidders is submitted as Exhibit C, and a PUBLIC copy of the Company's recommendation to select Minnesota Limited is attached as Exhibit D.

i. <u>Whether the Affiliate Would Have Access to Customer Information, Such as Customer</u> <u>Name, Address, Usage or Demographic Information</u>

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

# IV. 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 work is an important component of the Company's integrity management program, yielding safety and reliability benefits. The competitive bidding process that was used to select Minnesota Limited also ensures that the associated cost is reasonable, providing ratepayer protections as well. Finally, the cost will be subject to review in the next general rate case.

b. <u>Explanation of Changes Made to the Cost Allocation Manual ("CAM") or Reasons Why</u> <u>Changes are Not Necessary</u>

The work subject to the Construction Contract is utility work in Minnesota and does not include work or costs related to the Company's non-regulated business lines. The Construction Contract will have no impact on the Company's CAM.

# V. Additional Requirements Pursuant to Commission Order Dated December 30, 2020 in the 2019 AI Docket

In its Order in the 2019 AI Docket, the Commission ordered the Company to "propose improved procurement practices in future affiliated interest agreements." The Company is mindful of its obligation to be prudent with ratepayer dollars in all construction projects and has instituted several improvements to its procurement practices. These improvements include the following:

• The Company moved its RFP process to earlier in the year in order to compete more effectively for construction contractors.

- The Company reached out to six pipeline construction companies serving the Midwest and all six Companies attended the Company's pre-bid meeting, as opposed to five attendees in 2018 and three in 2019.
- The Company has used its best efforts to ensure that both primary work (Beltline) and emergent work (other large diameter steel pipeline projects) will be included in the scope of work in the RFP.
- In future construction seasons CenterPoint Energy will actively promote within both the National Pipeline Union and Distribution Pipeline Union the opportunity for contractors to become qualified to participate in an RFP process for Company constructions projects.

# VI. CONCLUSION

For 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.

EXHIBIT A: ONE-PAGE SUMMARY

# STATE OF MINNESOTA BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben Valerie Means Matt Schuerger Joseph Sullivan John Tuma Chair Commissioner Commissioner Commissioner

In the Matter of a Petition by CenterPoint Energy Minnesota Gas for Approval of an Affiliated Interest Agreement with Minnesota Limited Docket No. G-008/AI-20-\_\_\_\_

### **ONE-PAGE SUMMARY**

Please take notice that on May 13, 2020, 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 17, 2020, CenterPoint Energy Minnesota Gas and Minnesota Limited, LLC entered into a contract for pipeline rehabilitation, construction, and installation work relative to its Belt Line system. The contract was entered into after a competitive bidding process. The contract will conclude on February 28, 2021. On February 3, 2020, after the Company had issued its request for proposal ("RFP") for the work included in the Construction Contract, but before awarding the Construction Contract to Minnesota Limited, CenterPoint Energy Inc. announced that it had entered into an agreement to sell Minnesota Limited to Power Team Services, LLC. The sale of Minnesota Limited was consummated on April 9, 2020, and the Company and Minnesota Limited are no longer affiliates. However, since the Company committed to filing for approval of the Construction Contract in its Comments filed on April 2, 2020, in Docket No. G-008/AI-19-292, the Company is filing this Petition.

## 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 ascertainably 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.

In accordance with Minn. Rule 7829.0500, Subp. 3, CenterPoint Energy furnishes the following description of the document:

Nature of the Material: PDF, construction contract between the parties

<u>Author</u>: CenterPoint Energy

General Import: This is the contract that is the subject of this filing

Date the Document was Prepared: April 17, 2020

# Public Document

EXHIBIT C: BID SHEET

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 ascertainably 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 document has been excised in its entirety from the public version of this filing.

In accordance with Minn. Rule 7829.0500, Subp. 3, CenterPoint Energy furnishes the following description of the document:

Nature of the Material: PDF, document comparing competitive bids received

Author: CenterPoint Energy

<u>General Import</u>: The document provides details concerning the competitive bidding process

Date the Document was Prepared: January 9, 2020

## **Public Document**

EXHIBIT D: BID RECOMMENDATION

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 ascertainably 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 document has been excised in its entirety from the public version of this filing.

In accordance with Minn. Rule 7829.0500, Subp. 3, CenterPoint Energy furnishes the following description of the document:

<u>Nature of the Material</u>: *PDF*, document recommending acceptance of the Minnesota Limited bid

Author: CenterPoint Energy

<u>General Import</u>: The document lays out the reasoning behind the acceptance of the Minnesota Limited bid

Date the Document was Prepared: February 27, 2020

# **CERTIFICATE OF SERVICE**

# Docket Number G-008/AI-20-\_\_\_\_

Melodee S. Carlson Chang, certifies she served the attached Affiliated Interest filing on all parties on the attached service list from Docket No. G-008/AI-19-292.

<u>/s/</u> Melodee S. Carlson Chang

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	OFF_SL_19-292_AI-19- 292
James J.	Bertrand	james.bertrand@stinson.co m	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-292_AI-19 292
Brenda A.	Bjorklund	brenda.bjorklund@centerp ointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_19-292_AI-19- 292
Melodee	Carlson Chang	melodee.carlsonchang@ce nterpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_19-292_AI-19- 292
Steven	Clay	Steven.Clay@CenterPoint Energy.com	CenterPoint Energy Minnesota Gas	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_19-292_AI-19- 292
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.st ate.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-292_AI-19- 292
Sharon	Ferguson	sharon.ferguson@state.mn .us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-292_AI-19- 292
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	OFF_SL_19-292_AI-19- 292
Robert	Harding	robert.harding@state.mn.u s	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-292_AI-19- 292
Amber	Lee	Amber.Lee@centerpointen ergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_19-292_AI-19- 292

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-292_AI-19- 292
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_19-292_AI-19- 292
Andrew	Moratzka	andrew.moratzka@stoel.co m	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-292_AI-19- 292
Samantha	Norris	samanthanorris@alliantene rgy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_19-292_AI-19- 292
Generic Notice	Residential Utilities Division	residential.utilities@ag.stat e.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-292_AI-19- 292
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-292_AI-19- 292
Janet	Shaddix Elling	jshaddix@janetshaddix.co m	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No	OFF_SL_19-292_AI-19- 292
Peggy	Sorum	peggy.sorum@centerpointe nergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-292_AI-19- 292
James M	Strommen	jstrommen@kennedy- graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-292_AI-19- 292

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service		OFF_SL_19-292_AI-19- 292