

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben
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Chair
Commissioner
Commissioner
Commissioner

In the Matter of Great Plains Natural Gas
Company's Service Quality Report for 2018

ISSUE DATE: January 7, 2020

DOCKET NO. G-004/M-19-280

In the Matter of CenterPoint Energy's Natural
Gas Service Quality Report for 2018

DOCKET NO. G-008/M-19-300

In the Matter of Minnesota Energy Resources
Corporation's Natural Gas Service Quality
Report for 2018

DOCKET NO. G-011/M-19-303

DOCKET NO. G-022/M-19-304

In the Matter of Greater Minnesota Gas's
Natural Gas Service Quality Report for 2018

DOCKET NO. G-002/M-19-305

In the Matter of Xcel Energy's Natural Gas
Service Quality Report for 2018

ORDER SETTING REPORTING
REQUIREMENTS

PROCEDURAL HISTORY

By May 1, 2019, the following natural gas companies had filed their 2018 annual natural gas service quality reports: Great Plains Natural Gas Company (Great Plains); CenterPoint Energy Minnesota Gas (CenterPoint); Minnesota Energy Resources Corporation (MERC); Greater Minnesota Gas, Inc. (GMG); and Xcel Energy (Xcel).

On June 17, 2019, the Office of the Attorney General, Residential Utilities and Antitrust Division (the OAG) filed comments recommending that the Commission require all gas utilities to report on system integrity data in the same manner, consistent with CenterPoint's reporting.

Between June 25 and August 5, 2019, GMG, Xcel, and MERC filed comments recommending against the OAG's proposed reporting requirement.

On June 27, 2019, CenterPoint filed comments stating that it would continue to file system-integrity data metrics as developed in a separate docket and as reported in its 2018 annual natural gas service quality report.¹

¹ CenterPoint, along with the OAG and the Department, reached agreement in a separate affiliated interest agreement docket on reporting metrics for evaluating the cost-effectiveness of safety and reliability infrastructure investments. See *In the Matter of CenterPoint Energy Resources Corp., d/b/a*

On October 24, 2019, the matter came before the Commission.

FINDINGS AND CONCLUSIONS

I. The OAG Proposal

In comments on the utilities' natural gas service quality filings, the OAG recommended that the Commission direct the companies to file certain additional data in the same manner that CenterPoint files the information. Specifically at issue are metrics on programs to assess and improve the safety, reliability, and integrity of natural gas infrastructure. These types of programs include transmission integrity management programs (TIMP) and distribution integrity management programs (DIMP).

The OAG recommended that all companies be required to file reports that include data on nine different metrics, and 25 sub-metrics, consistent with the data CenterPoint filed as part of its 2018 annual natural gas service quality report. Although CenterPoint's agreement to file additional data arose out of a separate docket, the OAG asserted that it would be useful to standardize utility reporting. Of particular importance, according to the OAG, is the fact that MERC, Xcel, and Great Plains have gas utility infrastructure cost (GUIC) riders in place that give them expedited recovery of TIMP and DIMP project costs. Obtaining information to more fully scrutinize those costs better protects ratepayers by ensuring that the costs are reasonable and the programs achieve their intended purposes. For these reasons, the OAG recommended that the gas utilities be required to file:

CenterPoint Energy Minnesota Gas (the Company), for Approval of an Affiliated Interest Agreement between CenterPoint Energy and Minnesota Gas and Minnesota Limited, Docket No. G-008/AI-18-517, Commission Order (January 14, 2019).

| CenterPoint's TIMP and DIMP Metrics for 2018 | | | |
|---|--|-----------------|---|
| Metric | | Variants | |
| 1 | Leak Count by Facility Type and Threat | a. | Total Count by Cause—Above Ground |
| | | b. | Total Count by Cause—Mains |
| | | c. | Total Count by Cause—Services |
| 2 | Leak Count on Main by Material | | N/A |
| 3 | Leak Count on Service by Material | | N/A |
| 4 | Risk by Facility Type and Threat | a. | Total Risk by Cause—Above Ground |
| | | b. | Total Risk by Cause—Mains |
| | | c. | Total Risk by Cause—Services |
| 5 | Risk on Main by Material | | N/A |
| 6 | Risk on Service by Material | | N/A |
| 7 | Unit Cost Installed by Project (\$ per foot replaced unless otherwise noted) | a. | TIMP Transmission Pipeline Integrity TIMP |
| | | b. | Transmission Pipeline Replacement TIMP |
| | | c. | Remote Control Valves (per 12-inch valve installed) |
| | | d. | DIMP Bare Steel Mains DIMP Cast Iron |
| | | e. | Mains |
| | | f. | DIMP Copper Service Lines (per service line replaced) |
| | | g. | DIMP Inside Meters (per meter moved) |
| | | h. | DIMP Legacy Plastic Pipe (per service line replaced) |
| 8 | Comparison of Budgeted Costs to Actual Installed Costs | a. | TIMP Transmission Pipeline Integrity |
| | | b. | TIMP Transmission Pipeline Replacement |
| | | c. | TIMP Remote Control Valves |
| | | d. | DIMP Bare Steel Mains |
| | | e. | DIMP Cast Iron Mains |
| | | f. | DIMP Copper Service Lines |
| | | g. | DIMP Inside Meters |
| | | h. | DIMP Legacy Plastic Pipe |
| 9 | Average Annual Cost to Repair Leaks by Facility | a. | Leaks on Mains |
| | | b. | Leaks on Services |
| | | c. | Leaks on Meters |

The OAG also recommended that the utilities be required to include a three-year historical average to benchmark each reporting category, giving a clearer impression of trends or changes in performance.

II. Comments on the Proposal

Although CenterPoint stated that the Company would continue reporting on these metrics, other utilities were not persuaded that such reporting is necessary in their annual service quality reports. They explained that distribution integrity management is utility-specific and that the

most relevant and useful data varies by company. They also maintained that the data the OAG seeks is better suited to record development in GUIC rider dockets, where TIMP and DIMP costs are considered. The effort to develop metrics for GUIC proceedings was previously contemplated by the Commission, and stakeholder discussions are currently underway.²

They also explained that much of the data is already available. For example, utilities report similar data to the Pipeline and Hazardous Materials Safety Administration and the Minnesota Office of Pipeline Safety, entities with regulatory oversight of natural gas lines. Furthermore, accounting for the differences between utilities' systems is important. For example, some do not have high consequence areas on their transmission lines or materials such as cast iron or bare steel, and some do not have replacement projects. The utilities claimed that applying the same reporting metrics to all utilities could therefore lead to unfair comparisons. The utilities also stated, however, that they already provide the data in categories 1–3 in the table above and did not oppose filing that data as part of their annual natural gas service quality reports.

At the Commission meeting, the Department of Commerce stated that there is a clear purpose for requiring CenterPoint to file the data, as it is related to the Company's separate affiliated interest agreement docket. In this case, however, the Department stated that it is less clear what benefit would be derived from requiring the other utilities to file the same data. The Department also acknowledged, however, that should such additional data become relevant to future analyses, the Commission could direct the utilities to file it.

III. Commission Action

The Commission will require the utilities to report on categories 1–3, as shown in the table above. The Commission is not persuaded at this time that requiring all utilities to file, as part of their annual natural gas service quality reports, the level of detailed data that CenterPoint files would be particularly useful in better evaluating service quality.

The Commission will also require CenterPoint to continue to include in its natural gas service quality report the TIMP/DIMP data that addresses the 29 metrics developed in its affiliated interest docket, updating the three-year averages each year.

ORDER

1. The Commission will require CenterPoint to annually file, as part of its natural gas service quality report, the TIMP/DIMP data addressing the 29 metrics developed in its affiliated interest docket, updating the three-year averages each year.

² *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy, for Approval of a Gas Utility Infrastructure Cost Rider True-up Report for 2016, Forecasted 2017 Revenue Requirement, and Revised Adjustment Factor*, Docket No. G-002/M-16-891, Order Approving Rider with Modifications (February 8, 2018). In that case, the Commission directed Xcel “to discuss with other parties, including the Department and the OAG, proposed performance metrics and ongoing evaluation of reporting requirements in future GUIC proceedings.”

2. Xcel, MERC, GMG, and Great Plains must annually file, as part of their natural gas service quality reports, TIMP/DIMP data in categories 1–3 in the table above, which includes leak count by facility type and threat; leak count on main by material; and leak count on service by material.
3. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Ryan Barlow
Acting Executive Secretary



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