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August 10, 2020

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101-2147

**RE: Compliance Filing of CenterPoint Energy Resources Corporation, d/b/a
CenterPoint Energy Minnesota Gas – Gas Service Quality Annual Report
Docket No. G-008/M-20-453**

Reply Comments

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") respectfully submits reply comments to the Comments of the Minnesota Department of Commerce ("Department") filed on July 31, 2020 in this docket.

The Company thanks the Department for their analysis of the Company's Service Quality Report. In these Reply Comments, the Company provides the additional information requested in the Department's Comments.

Sincerely,

/s/ Erica Larson

Erica Larson
Regulatory Analyst

C: Service List

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Katie Sieben
Valerie Means
Matt Schuerger
Joseph Sullivan
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Compliance Filing
of CenterPoint Energy Resources Corporation,
d/b/a CenterPoint Energy Minnesota Gas –
Gas Service Quality Annual Report

Docket No. G-008/M-20-453

REPLY COMMENTS

Introduction

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) respectfully submits the following Reply Comments to the Minnesota Public Utilities Commission (“Commission”) to provide the addition information requested by the Minnesota Department of Commerce (“Department”) in their Comments filed on July 31, 2020.

The Department requested that the Company do the following in Reply Comments:

- Explain why there was a decrease in the percentage of complaints resolved immediately between 2018 and 2019;
- Provide the drivers for the decrease in the percentages of complaints related to the category “Agreement with Customer”;
- Provide the drivers for the increase in the percentage of the complaint category “Compromise with Customer”;
- Discuss the effectiveness of the Company’s new strategies to mitigate mislocate incidents going forward, given the small decrease in the Company’s reported mislocate metrics;
- Provide an explanation or additional context around the increase in gas lines damaged by factors outside of CenterPoint Energy’s control during 2019;
- Explain how CenterPoint Energy is cost-effectively addressing rising leak counts;
- Support and explain the material increases in per-unit costs for various facilities in 2019; and
- Provide information about the average risks and costs of leaks.

The Department also recommended that the Commission continue to require CenterPoint Energy to report the metrics outlined in item 3 of the Commission's April 12, 2019 Order in Docket No. G-008/M-18-312.

I. Additional Information about Customer Complaints

Decrease in Percentage of Complaints Resolved on Initial Inquiry

The Department requested that the Company explain why, in comparing 2019 to 2018, there was a decrease in the percentage of complaints resolved immediately. Specifically, the percentage of complaints resolved immediately fell from 82 percent in 2018 to 78 percent in 2019.

The Company believes that this decrease is likely just the result of variability in the specific complaints received. A couple factors that could make a complaint less likely to be resolved immediately include:

- The specific facts of the complaint – each complaint will have its own specific details which may make it easier or more difficult to resolve immediately; and
- The time of day the Company receives the complaint – If a complaint is resolved on the same day that it is made, the Company counts it as resolved immediately. Accordingly, complaints made in the afternoon are less likely to be counted as immediately resolved.

The Company also notes that while there was a slight decrease in the number of complaints resolved immediately, we also observed a slight increase in the percent of complaints resolved within ten days. In preparing these Reply Comments, the Company analyzed how many days it took to resolve complaints in the 1-10 day category and determined that in both 2018 and 2019 more than half of the complaints in that category were resolved within three days.

Decrease In Complaints Resolved on Agreement and Increase in Complaints Resolved on Compromise

The Department noted that there has been a decrease in the percentage of complaints resolved upon agreement with the customer and an increase in the number resolved upon compromise with the customer.

Whether a particular complaint was resolved on agreement or on compromise is not always entirely clear. A complaint should be marked as resolved on agreement if the Company resolves the situation by completely agreeing with the customer's position, whereas it should be marked as a compromise there is more give-and-take between the customer and the Company. The Company has two new call center lead agents who handle customer complaints. Upon further review of the data, the Company has found that these new agents tend to code more

resolutions as compromises rather than agreements relative to other lead agents. The Company therefore suspects that the difference between this year and last is not how complaints are resolved, but instead simply how they are being coded. The Company will follow up with these two employees to ensure they understand the appropriate use of each category.

II. Additional Information about Gas Line Damages

Strategies to Mitigate Mislocate Incidents

The Department requested that the Company discuss the effectiveness of its strategies to reduce the likelihood of mislocate incidents.

As Table 9 in the Department Comments shows, since 2010 the Company has seen an increase in the number of locate tickets each year, with the exception of 2018. Over the course of the last decade the annual volume of locate requests has increased by approximately 50 percent. The Company has also generally seen an increasing percentage of mislocates: rising from 0.027% in 2010 to 0.048% in 2018. The Company is pleased to report that in 2019 we saw a slight decrease in both the number and percentage of mislocates compared to 2018 even as the volume of locate request continued to rise.

As noted in the Department's Comments footnote 29, in the last few years, the Company initiated several reports to better manage its contract locating performance. The Company believes that this new reporting is responsible for the slight decrease in mislocates in 2019, as it allows the Company to more quickly identify and respond to problems. As the Company continues to utilize these reports, we are optimistic that locating performance will continue to improve. In addition, earlier this year the Company hired an additional damage prevention coordinator, which will allow the Company to better manage its locating contractors as the number of locate requests continues to grow.

Gas Line Damage Outside of the Company's Control

The Department requested that the Company provide explanation or context around the increase in gas lines damaged by factors outside of the Company control.

The Company attributes the increase in damage outside of the Company's control to the construction boom in our service territory. The excavation around our facilities, increases risk, and the presence of new construction companies operating in the Company's service territory increases the need for public awareness and education of Minnesota one call law and safe digging practices.

When CenterPoint Energy sees frequent issues with any excavator we reach out to that company to try and identify and address the source of the problem, offering training. We also

maintain open lines of communication with the Minnesota Office of Pipeline Safety ("MNOPS") to discuss issues we are seeing in the field.

III. Additional Information about Leaks and TIMP/DIMP Spending

Rising Leak Counts

The Department requested that the Company explain how it is cost-effectively addressing rising leak counts.

Over the last few years, the Company has overhauled its leak detection program to fully incorporate Picarro units. Picarro is 1,000 times more sensitive to methane than traditional leak detection methods and uses sophisticated analytics to help the Company confirm and locate leaks. The Company believes that the increase in leaks it reported in 2019 was the result of better leak detection rather than an actual increase in leaks. Because the Company is on a three-year leak detection cycle, many of the lines surveyed in 2019 were being surveyed by Picarro for the first time.

In addition to finding more leaks, Picarro units also have the benefit of being a more cost-effective approach. Picarro units replace much of the need to physically walk along gas lines, allowing the Company to instead drive along nearby streets. Identifying and repairing more leaks is to the benefit of ratepayers because it reduces charging for wasted gas through the Purchase Gas Adjustment and reduces methane emissions into the atmosphere.

Differences in Per-Unit Costs for Various Facilities

The Department requested that the Company explain the difference in average per unit costs for various type of facilities between 2019 and the previous three-year average. The Company provides the following responses for each facility identified by the Department on page 20.¹

- **Transmission Pipe Integrity** - While the cost applied to the cost per foot metric for this project is the cost of pipe replacement projects only, the cost still varies dramatically according to the size of pipe being installed (larger is more expensive) and the location of the replacement (crowded urban areas are more expensive). More than half of the 2019 cost stemmed from a single 20" steel pipe replacement in Minneapolis, which was both large and urban. Another major contributor was a 24" steel pipe replacement in Coon Rapids.
- **Transmission Pipeline Integrity Replacement (Beltline)** - The cost applied to the cost per foot metric for this project includes not only footage but also ancillary construction such as that of underground vaults, regulator stations, and distribution

¹ The Company does not address the 1 percent increase in copper service line costs, because that is not a significant variance.

piping. (The footage that serves as the denominator for the Transmission Pipeline Integrity and Transmission Pipeline Replacement metrics is large-diameter only, as distinct from distribution piping.) It is therefore subject to variation not only due to the pipe-related factors discussed under Transmission Pipeline Integrity above, but also from the amount of ancillary work in a given year. In 2019, cost contributors included sections of 24" steel pipe in Golden Valley, 20" steel pipe in Minneapolis (a different location than the work described under Transmission Pipeline Integrity above), and 24" steel spanning the Minneapolis-Golden Valley boundary, as well as an auger bore under I-394 and more regulator station and vault work than in earlier years.

- **Bare Steel Mains** - In 2019 compared to the preceding three years, a greater proportion of the mains being replaced were large-diameter, which costs more per foot.
- **Inside Meters** – In 2018, the Company's work on the inside meter replacement project reached areas of Minneapolis where the city concrete streets above the Company's main were in good condition. To replace the inside meters along these streets the Company had the choice of restoring entire panels of concrete or replacing the covered main with new main along the sides of the street. The Company calculated that placing new main would be the less expensive option and proceeded with that approach. This work continued in 2019, meaning that the 2019 inside meter costs included significantly more main replacement costs than some prior years.
- **Vintage Plastic Pipe** - The project in 2019 included more areas than usual where influences such as sub-surface conditions, service line lengths, landscaping, and the presence of mature trees required directional boring and sand padding, which added to costs and in turn invoked crew day rate contractor pricing, which is higher than standard.

Information about the Average Risks and Costs of Leaks

The Company is unclear on what additional information the Department would like regarding the average risks and costs of leaks. The average cost of leaks is provided in Schedule 18m of the Company's Initial Filing. Risk information is provided in Schedules 18f through 18i.

The Department states that it is requesting additional information regarding the average risk and cost of leaks so that the Company will satisfy the requirements of the Commission's Order in Docket No. G-008/M-18-312 and the reporting metrics developed pursuant to the Commission's Order in Docket No. G-008/AI-18-517. The Company acknowledges that the Stipulation, filed on October 26, 2018, and accepted by the Commission on January 14, 2019 in Docket No. G-008/AI-18-517 required that the Company work with the Department and Office of Attorney general to develop metrics quantifying the reduction to system risk and the cost savings resulting from reduced leaks in annual reports. However, the Company also understood that filing the metrics in its Schedule 18 satisfies this requirement, as documented by the Company's letter filed in Docket No. G-008/AI-18-517 on April 1, 2019.

Continued Reporting

The Department recommended that the Commission continue to require CenterPoint Energy to report the metrics outlined in item 3 of the Commission's April 12, 2019 Order in Docket No. G-008/M-18-312. The Company has no objection to this recommendation.

IV. Conclusion

The Company thanks the Commission for consideration of these Reply Comments. The Company has responded to the Department's request for additional information and respectfully requests that the Commission approve its annual Service Quality Report for 2019.

CERTIFICATE OF SERVICE

Erica Larson served the above Reply Comments of CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/

Erica Larson
Regulatory Analyst
CenterPoint Energy

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