

September 9, 2020

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 280
St. Paul, Minnesota 55101-2147

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G008/M-20-453

Dear Mr. Seuffert:

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

Compliance Filing of Centerpoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas – *Gas Service Quality Annual Report*.

The Department reviewed the additional information that CenterPoint Energy (CenterPoint, Company) provided in its Reply Comments and additional communications. We appreciate the additional information and now recommend that the Commission **accept** the Company's 2019 gas service quality annual report. The Department also asks that CenterPoint provide some additional information regarding facility risks prior to the Commission's meeting on this filing.

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

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

JK/ja
Attachment



Before the Minnesota Public Utilities Commission

Response Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G008/CI-20-453

I. INTRODUCTION

On May 1, 2020 CenterPoint Energy Minnesota Gas (CenterPoint or the Company) filed its annual gas service quality report (Report) for 2019 with the Minnesota Public Utilities Commission (Commission). Annual service quality reports provide the Commission with an opportunity to review the utility's service quality data and determine whether the utility is meeting the relevant service quality standards.

After reviewing the Company's Report, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed its initial comments in the current docket on July 31, 2020. The Department did not make a recommendation regarding the Report and asked that CenterPoint provide the following in its Reply Comments:

- Explain why there was a decrease in the percentage of complaints resolved upon initial inquiry 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's control during 2019;
- Explain how CenterPoint 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.

CenterPoint filed its Reply Comments on August 10, 2020 and provided its responses to the Department's requests.

II. DEPARTMENT ANALYSIS

The Department appreciates the additional information CenterPoint provided. The following sections discuss the information the Company provided in its Reply Comments.

A. DECREASE IN THE PERCENTAGE OF COMPLAINTS RESOLVED UPON INITIAL INQUIRY

The Company declined to provide any additional data but stated that the four percent drop in this metric was most likely due to annual variability in the data. CenterPoint also suggested two factors that could be drivers for this change. Each complaint has its own specific details, which could make it simple or difficult to resolve. The time of day the Company receives the complaint may factor into the classification of the complaint's resolution. If a complaint is resolved on the same day it is filed, it is classified as being resolved immediately. Thus, receiving relatively more complaints later in the day that are then not resolved until the following day could be a driver for this change.

B. Decrease in Complaints Resolved on Agreement and Increase in Complaints Resolved on Compromise

CenterPoint discussed the subjective aspect of classifying a customer complaint and noted that the Company has two new call center lead agents who tend to code more resolutions as compromises rather than agreements relative to other lead agents. CenterPoint concluded that this may be a clerical issue and will follow-up with affected staff.

The Department notes that it would be helpful for CenterPoint to identify the difference between a compromise and an agreement. If the two categories are sufficiently similar such that different employees could interpret the same resolution in different ways, perhaps the two categories should be combined.

C. STRATEGIES TO MITIGATE MISLOCATE INCIDENTS

The Company noted that it has initiated several new internal reports in the last several years and attributes improved metrics to the development and use of those reports. CenterPoint also hired an additional damage prevention coordinator, which CenterPoint posits will allow it to manage contractor requests more efficiently.

D. GAS LINE DAMAGE OUTSIDE OF THE COMPANY'S CONTROL

The Company attributed the slight increase in the number of gas lines damaged in 2019 relative to 2018 to an increase in construction in its service territory. CenterPoint also discussed its efforts to manage an increasing number of contractors and communicate with the Minnesota Office of Pipeline Safety.

E. RISING LEAK COUNTS

The Company attributed its increasing number of leaks to its use of improved technology for identifying leaks. A highly sensitive gas leak detection technology manufactured by a company named

Picarro is helping CenterPoint identify much smaller leaks remotely.¹ The Company also stated that this new leak sensing technology is more cost-effective than previous technologies used.

F. INCREASES IN PER-UNIT COSTS FOR VARIOUS FACILITIES BETWEEN 2018 AND 2019

CenterPoint provided helpful information about several of the day-to-day operational realities that a natural gas distribution company like CenterPoint faces. For example, the Company explained that the per-unit costs for its Transmission Pipe Integrity facilities increased significantly in 2019 compared to the 2016-2018 average per-unit cost due to the installation of one large diameter pipe in Minneapolis. According to CenterPoint, large diameter pipe costs more to replace than small diameter pipe. CenterPoint also noted that replacing pipe in a large urban area is much more expensive than replacing that same diameter pipe in a suburban or rural area.

The Company reiterated the pipe diameter point relative to its increase unit costs in 2019 compared to the three-year average for bare steel mains as well. As to the large increase in the 2019 unit cost for Transmission Pipeline Integrity Replacement (Beltline), the Company noted a significant increase in ancillary construction requirements for projects it completed in 2019 compared to prior years.

The increase in 2019 Inside Meter unit costs was attributed to the installation of new main in those areas. The Company claims that it performed an analysis that determined that the placing of new main was less expensive than replacing the existing main that was under concrete that was in good condition.

Finally, the Company responded to the Department's concerns regarding 2019 plastic pipe unit costs compared to the three-year average. CenterPoint explained that its unit costs for this material increased due to increased directional boring and sand padding, which was required due to locational constraints.

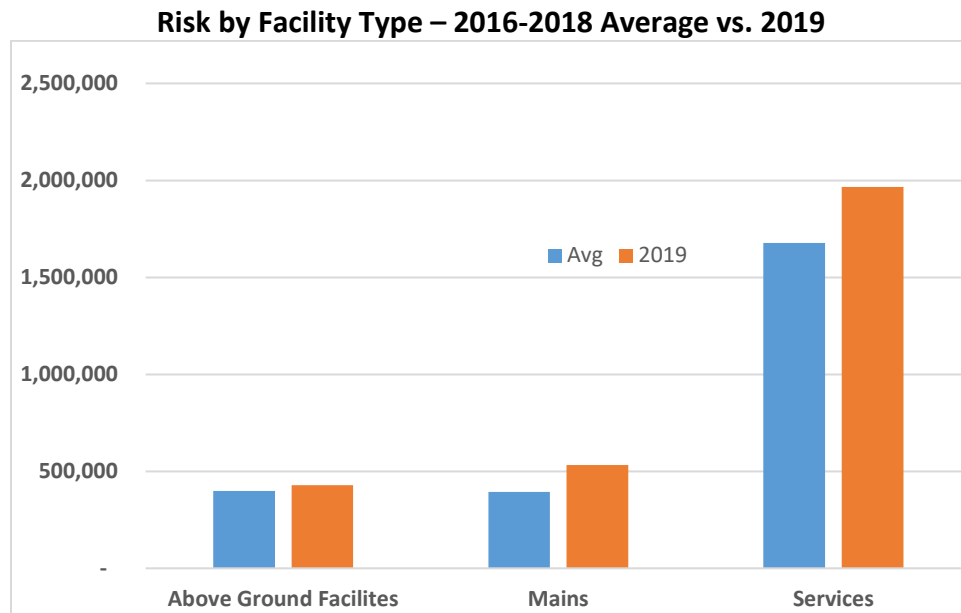
Although the Department has not verified the information supporting the Company's claims regarding the 2019 increases in unit costs versus the three-year average, we conclude that CenterPoint's discussion is adequate support for the purposes of this proceeding.

G. AVERAGE RISKS AND COSTS OF LEAKS

CenterPoint explained in its reply comments that it was unclear as to what additional information the Department was requesting regarding the average risks and costs of leaks. CenterPoint clarified in subsequent communications that although the Company had changed its method for calculating the average risk calculation required by Federal regulation in 2019, CenterPoint had updated all of its analyses with the new method in its May 1 filing. The Department completed a trend analysis using the information included in the filing and includes a summary in Table 1 (below).

¹ www.naturalgas.picarro.com

This analysis suggests that the risks associated with mains and services was higher in 2019 than the three-year average. The Department asks that CenterPoint provide some additional information before the Commission's meeting regarding this filing as to why the 2019 risk estimates are higher than the previous three-year average.



Aside from this issue, the Department concludes that the Company met all of the Commission's reporting requirements pursuant to its Order in Docket No. G008/M-18-312 and the reporting metrics developed pursuant to the Commission's Order in Docket No. G008/AI-18-517.

H. CONTINUED REPORTING OF ITEMS REQUIRED IN ITEM 3 OF THE COMMISSION'S ORDER DATED APRIL 12, 2019

The Company agreed to continue to report on the following items:

- a. the utility's filing under 49 CFR 192.1007 (e): integrity management plan performance measures; monitoring results; and evaluation of effectiveness in a manner to establish a baseline for ongoing reporting.
- b. a summary of any 2018 emergency response violations cited by MNOPS along with a description of the violation and remediation in each circumstance.
- c. the number of violation letters received by the utility from MNOPS during the year in question.
- d. a discussion of how to provide ongoing monitoring and metrics towards the deployment of Excess Flow Valves and manual service line shutoff valves pursuant to the Commission's order in Docket No. G-999/CI-18-41.

The Department appreciates CenterPoint's willingness to provide this information.

III. DEPARTMENT RECOMMENDATIONS

Based on its review, the Department concludes that the Company has met all the applicable reporting requirements and recommends that the Commission accept CenterPoint's 2019 Annual Service Quality Report.

The Department also recommends that the Commission require CenterPoint to report the metrics a-d listed above from item 3 of the Commission *Order* in Docket No. G008/M-18-312, issued April 12, 2019, with any clarifications necessary and to provide a consistent approach to its risk comparison for the three-year average and its risk figures for 2020.

Finally, the Department recommends that CenterPoint provide additional information before the Commission's meeting regarding this filing as to:

- how CenterPoint's identifies the difference between a compromise and an agreement, and
- why the 2019 risk estimates are higher than the previous three-year average.

/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
Response Comments**

Docket No. G008/M-20-453

Dated this 9th day of **September 2020**

/s/Sharon Ferguson

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_20-453_M-20-453
James J.	Bertrand	james.bertrand@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-453_M-20-453
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-453_M-20-453
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-453_M-20-453
Marie	Doyle	marie.doyle@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall P O Box 59038 Minneapolis, MN 554590038	Electronic Service	No	OFF_SL_20-453_M-20-453
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_20-453_M-20-453
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	OFF_SL_20-453_M-20-453
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	OFF_SL_20-453_M-20-453
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_20-453_M-20-453
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_20-453_M-20-453

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Moeller	dmoeller@allte.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_20-453_M-20-453
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-453_M-20-453
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_20-453_M-20-453
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-453_M-20-453
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-453_M-20-453
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_20-453_M-20-453
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No	OFF_SL_20-453_M-20-453
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-453_M-20-453
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-453_M-20-453

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	No	OFF_SL_20-453_M-20-453