

## Staff Briefing Paper

Meeting Date	July 15, 2021	Agenda Item 6*	
Company	CenterPoint Energy		
Docket Nos.	<b>G-008/M-20-453</b> <b>In the Matter of CenterPoint Energy’s Natural Gas Service Quality Report for 2019</b>  <b>G-008/M-19-300</b> <b>In the Matter of CenterPoint Energy’s Natural Gas Service Quality Report for 2018</b>		
Issues	Should the Commission Accept CenterPoint Energy’s Natural Gas Service Quality Report for 2019?		
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### Relevant Documents

### Date

<i>Order</i> (Docket 19-300)	November 14, 2019
CenterPoint: Compliance Filing re: EFVs and SOVs (19-300)	December 6, 2019
<i>Order Setting Reporting Requirements</i> (19-300)	January 7, 2020
CenterPoint: Service Quality Report for 2019 (20-453)	May 1, 2020
Department: Comments (20-453)	July 31, 2020

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.



**Relevant Documents**

**Date**

CenterPoint: Reply Comments (20-453)

August 10, 2020

Department: Response (20-453)

September 9, 2020

CenterPoint: Supplemental Comments (20-453)

September 21, 2020

Department: Letter re: Excess Flow Valves (EFVs) (19-300)

May 10, 2021

CenterPoint: Letter re: EFVs (19-300)

May 17, 2021

## I. Statement of the Issues

Should the Commission accept CenterPoint Energy's Natural Gas Service Quality Report for 2019?

## II. Background

**On May 1, 2020**, CenterPoint Energy (CenterPoint) submitted its Natural Gas Service Quality Report for calendar-year 2019 (*Report*).

**On July 31, 2020**, the Department of Commerce (Department) filed comments.

**On August 10, 2020**, CenterPoint filed reply comments.

**On September 9, 2020**, the Department filed a response to CenterPoint's reply comments recommending the Commission accept the *Report*.

**On September 21, 2020**, CenterPoint filed a response to the Department.

## III. Introduction

The Commission requires five Minnesota natural gas utilities<sup>1</sup> to file annual service quality reports, and Staff has prepared Briefing Papers to address each of the five 2019 submissions. Those five Briefing Papers focus on the content of the reports and their sufficiency, going toward the ultimate question as to whether the Commission should accept the reports.

This Briefing Paper focuses on CenterPoint's *Report*. CenterPoint's *Report* comprises approximately 15 pages of discussion supported by approximately 75 pages of numerical tables.

## IV. Parties' Comments

### A. CenterPoint's *Report*

#### 1. Roadmap

The following table provides a roadmap through the *Report* and the Department's comments. For the most part the *Report* focuses on calendar-year 2019. As part of its comments the Department has tabulated figures from, in some cases, as far back as 2010. Staff has not duplicated those tables in this Briefing Paper. In subsequent sections Staff has highlighted several metrics of particular interest to the Commission in recent years. The Department is the sole party to file comments on CenterPoint's *Report*.

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<sup>1</sup> Xcel Energy, CenterPoint Energy, MERC, Greater Minnesota Gas, and Great Plains Natural Gas.

<b>Table 1: Location of Discussion in CenterPoint Report and Department Comments</b>		
<b>Quality Metrics</b>	<b>Location of Discussion in Record</b>	
	<b>CenterPoint</b>	<b>Department</b>
<b>Call Center Response Time</b>	pp. 1 & 13 and Schedules 1, 1a & 16	pp. 3-5
<b>Meter Reading Performance</b>	pp. 1-2 and Schedule 2	pp. 5-6
<b>Involuntary Service Disconnections</b>	p. 2 and Schedule 3	p. 6
<b>Service Extension Requests</b>	pp. 2-3 and Schedule 4	pp. 7-8
<b>Customer Deposits</b>	p. 3 and Schedule 5	pp. 8-9
<b>Customer Complaints</b>	pp. 3-6 and Schedules 6a-6e & 17; and Reply, pp. 2-3 and Supp. p.2	pp. 9-11 and Response, p.3
<b>Gas Emergency Telephone Calls</b>	p. 6 and Schedule 7	p. 11
<b>Gas Emergency Response Times</b>	pp. 8-9 and Schedule 12	p. 12
<b>Mislocates</b>	p. 6 and Schedule 8	pp. 12-13
<b>Damaged Gas Lines</b>	p. 6 and Schedule 9 and Reply, pp. 3-4	pp. 13-14 and Response p. 3
<b>Service Interruptions</b>	p. 7 and Schedule 10	pp. 14-16
<b>MNOPS Events</b>	pp. 7-9 and Schedules 11 & 11a	pp. 14-16
<b>Customer-Related O&amp;M Expenses</b>	p. 9 and Schedule 13	pp. 16-17
<b>Relocation Expenses</b>	pp. 12-13 and Schedules 14 & 15	p. 17
<b>Integrity Management Plans</b>	pp. 10-11 and Schedules 18a-18l and Reply pp. 4-6 and Supp. p.2	pp. 18-24 and Response pp. 3-5
<b>Excess Flow Valves (EFVs)</b>	pp. 11-12	p. 23
<b>Interim Rate Refund</b>	pp. 12-13	pp. 23-24

## 2. MN Office of Pipeline Safety (MNOPS) Events

CenterPoint noted 71 MNOPS reportable events (down from 93 in 2018), and no integrity events, in 2019.<sup>2</sup> CenterPoint received 32 MNOPS violations or requests for information in 2019, the same number it received in 2018. CenterPoint presents details of MNOPS reports in Schedules 11 and 12. In context, CenterPoint operated 26,160 miles of pipe by the end of 2019.<sup>3</sup> On average, CenterPoint served approximately 800,000 residential accounts in 2019.<sup>4</sup>

## 3. Integrity Management Plans

The Commission required CenterPoint to report on 29 metrics related to its transmission and distribution integrity management plans (TIMP and DIMP).<sup>5</sup> CenterPoint, in Schedules 18a through 18l reports on (1) leak counts by facility and material, (2) risk by facility and material,

<sup>2</sup> CenterPoint Report, p. 8.

<sup>3</sup> CenterPoint Report, Schedule 9.

<sup>4</sup> CenterPoint Report, Schedule 3.

<sup>5</sup> Order in Docket 19-300, January 7, 2020. Note that Xcel, Great Plains, GMG and MERC are subject to less involved reporting requirements.

and (3) costs to repair leaks by facility and project. In 2019 CenterPoint recorded 5,618 Above Ground Leaks, 459 leaks in Mains, and 1,425 leaks in Services.<sup>6</sup>

#### 4. Excess Flow Valves (EFVs)

In reviewing CenterPoint's Report for 2018 the Commission ordered CenterPoint to file:

- b. the uniform reporting metrics for installation of excess flow valves (EFV) and manual service line shutoff valves, to be developed as follows:  
By December 6, 2019, after consultation with the other gas utilities obligated to report EFV metrics, shall provide recommendations for uniform reporting of annual and overall EFV and manual shutoff valve installation on their distribution system. The recommendation could include:
  1. a uniform definition of the number of customers suitable for EFV;
  2. a uniform definition of the number of customers suitable for manual shut-off valves;
  3. a uniform metric to be reported as a percentage of customers with installations of both; and
  4. metrics for the number of customers receiving installations upon request prior to a system upgrade that would require the installation of EFVs.<sup>7</sup>

In its Compliance Filing of December 6, 2019,<sup>8</sup> CenterPoint defined the number of customers suitable for EFV installation as:

A customer is suitable for an EFV if they fall under the installation requirements of 49 CFR § 192.383, which is having a service operated at least 10 pounds per square inch gauge and serve a customer load not greater than 1,000 standard cubic feet per hour. However, we note that the actual number of customers (or services) with technical feasibility for an EFV installation may vary since an engineering analysis is required, on a case-by-case basis, to determine actual technical feasibility.

And CenterPoint defined the number of customers suitable for manual shut-off valve (SOV) installation as:

A customer is suitable for a manual shut-off valve if they do not meet the requirements of 49 CFR § 192.383.

In its annual *Report* CenterPoint stated that 468,670 customers were suitable for EFV installation and 193,204 EFVs have been installed to date. The Company reported that 262,962 customers were suitable for SOV installation and 1,511 had been installed. No customers had requested EFV or SOV installation.<sup>9</sup>

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<sup>6</sup> CenterPoint *Report*, Schedules 18a-18c.

<sup>7</sup> Order in Docket 19-300, November 14, 2019.

<sup>8</sup> Docket 19-300.

<sup>9</sup> CenterPoint *Report*, p. 12.

Note that CPE consulted with Xcel, Great Plains and MERC in developing the recommended definitions and reporting format.<sup>10</sup>

## 5. Interim Rate Refund

In CenterPoint's 2017 General Rate Case the Commission approved an interim rate refund plan.<sup>11</sup> Subsequently, the Department filed comments stating:

The Department requests that, for the Company's 2018 and 2019 Safety, Reliability, and Service Quality Reports, CPE provide a discussion regarding the impact of the interim rate refund issues on its service quality (as may be reflected in its customer complaint, call center response time, call center volume, and any other impacted metric).<sup>12</sup>

CenterPoint stated that it experienced an increase in call volumes in January of 2019 which led to increased call wait times. CenterPoint was unable to determine the extent to which the increases were the result of the interim rate refund or of the extreme cold weather experienced that month.<sup>13</sup>

## B. Department Comments

In response to information provided by CenterPoint in its reply comments, the Department recommends that the Commission accept the *Report* as having met the Commission's reporting requirements.<sup>14</sup>

In the context of customer complaints, the Department is concerned that the percentage of complaints resolved through agreement with the customer has decreased over the last decade while the percentage of complaints resolved through compromise has increased. The Department asked CenterPoint to clarify the difference between "agreement" and "compromise."<sup>15</sup>

With respect to the risk of leaks the Department suggests the risk of leaks has increased over the three-year average and the Department asked CenterPoint for further clarification.<sup>16</sup>

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<sup>10</sup> See the December 6, 2019, filings in Dockets 19-305 (Xcel), 19-303 (MERC) and 19-280 (Great Plains).

<sup>11</sup> Order in Docket 17-285, October 16, 2018.

<sup>12</sup> Department Comments, Docket 17-285, March 22, 2019, p. 6.

<sup>13</sup> CenterPoint *Report*, pp. 12-13.

<sup>14</sup> CenterPoint Reply Comments, August 10, 2020; Department Reply, September 9, 2020; and Department Letter, May 10, 2021 (Docket 19-300).

<sup>15</sup> Department Comments, July 31, 2020, pp. 9-10, and Department Response, September 9, 2020, p. 6.

<sup>16</sup> Department Response, September 9, 2020, pp. 4-5.

The Department recommends that the Commission continue to require reporting requirements established in the analysis of CenterPoint's Annual Quality of Service Report for 2017, specifically:<sup>17</sup>

- 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.<sup>18</sup>

### **C. CenterPoint Response**

CenterPoint agrees to continue to file the information sought in points a-d above from Docket 18-312.

With respect to leak risk, CenterPoint notes that it ...

... 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.<sup>19</sup>

With regard to customer complaints, CenterPoint describes "agreement" as complete agreement with the customer, whereas "compromise" recognizes more give-and-take. The Company attributes the increase in "compromises" in 2019 was caused in part by two customer service agents that were more likely to code "agreements" as "compromises." CenterPoint has clarified the distinction with its agents.<sup>20</sup>

### **V. Staff Analysis**

Staff agrees with the Department that CenterPoint has met the Commission's reporting requirements and recommends the Commission accept CenterPoint's *Report*.

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<sup>17</sup> Department Response, September 9, 2020, p. 5.

<sup>18</sup> Order in Docket 18-312, April 12, 2019.

<sup>19</sup> CenterPoint Reply Comments, August 10, 2020, p. 4.

<sup>20</sup> CenterPoint Supplemental Comments, September 21, 2020, p. 2.

Note that CenterPoint is unique among the five gas utilities in that it is required to file substantially more TIMP and DIMP information than the others pursuant to a Commission-approved Stipulation as part of CenterPoint's petition for approval of an Affiliated Interest Agreement between CenterPoint Energy Minnesota Gas (CPEM) and Minnesota Limited.<sup>21</sup> CenterPoint worked together with the Department and OAG to develop 29 metrics on leak counts, risks, unit-costs of projects, comparisons of budgeted costs to actual installed costs, and average annual cost to repair leaks (and updating three-year averages each year).<sup>22</sup> CenterPoint has filed that information for calendar-year 2019 in its *Report*, Schedules 18a-18l. Staff has not identified any specific concerns regarding CenterPoint's TIMP and DIMP data, although the Department has raised a question about the risk of leaks, to which CenterPoint has responded, as discussed above.

The Commission's Consumer Affairs Office (CAO) received 194 complaints from CenterPoint customers in 2019, related to billing and Cold Weather Rule payment requests.

The Department has recommended that CenterPoint be required to continue to report:

- 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.<sup>23</sup>

CenterPoint has agreed to do so. If the Commission is inclined to include the above requirement in its order Staff suggests striking the reference to "2018" in part "b". If the Commission is satisfied with CenterPoint's EFV and SOV reporting proposal, part "d" may be unnecessary.

## VI. Decision Options

1. Accept CenterPoint's *Report*.
2. Accept CenterPoint's *Report* and modify the future reporting requirements to require CenterPoint to file ...
  - a. the utility's filing under 49 CFR 192.1007 (e): integrity management plan

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<sup>21</sup> Order approving the Stipulation, Docket 18-517, January 14, 2019, p. 5.

<sup>22</sup> *Order Setting Reporting Requirements*, Docket 19-300, January 7, 2020, p.3.

<sup>23</sup> Order in Docket 18-312, April 12, 2019.

- 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.
3. Take other/additional action.