

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
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Chair
Commissioner
Commissioner
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Commissioner

In the Matter of an Application by CenterPoint Energy Minnegasco, a Division of CenterPoint Energy Resources Corp., for Authority to Increase Natural Gas Rates in Minnesota

ISSUE DATE: July 7, 2006

DOCKET NO. G-008/GR-04-901

ORDER ACCEPTING 2005 QUARTERLY REPORTS AND REQUIRING ADDITIONAL INFORMATION IN 2006 QUARTERLY REPORTS

PROCEDURAL HISTORY

On June 8, 2005, the Commission issued its Order accepting the settlement of CenterPoint's 2004 rate case, and, with modification, CenterPoint's service quality reporting plan.¹ In its Order, the Commission directed CenterPoint's as follows:

(1) CenterPoint shall provide the information contained in its Minn. Rules, Part 7820.0500 annual report on PUC "formal" complaints on a quarterly basis, and provide this same information on a quarterly basis for complaints from other state agencies and the Better Business Bureau;

(2) CenterPoint shall begin reporting (a) the total number of calls its Call Center receives, and (b) the number of these calls that come into the dedicated line for emergencies, billing inquiries, credit/payment arrangements, and service connection/disconnection requests; and

¹ See *In the Matter of an Application by CenterPoint Energy Minnegasco, a Division of CenterPoint Energy Resources Corp. for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-008/GR-04-901 ORDER ACCEPTING AND MODIFYING SETTLEMENT AND REQUIRING COMPLIANCE FILING (June 8, 2005).

(3) CenterPoint shall work with the parties on reporting more detailed information about its Call Center complaints, including its emergency response times.

On July 29, 2005, CenterPoint submitted quarterly reports for the first and second quarter of 2005.

On October 31, 2005, and January 31, 2006, CenterPoint submitted the remaining two quarterly reports for calendar year 2005.

The Commission met on May 4, 2006 to consider this matter.

FINDINGS AND CONCLUSIONS

I. CENTERPOINT'S 2005 GAS SERVICE QUALITY REPORTS

A. Telephone Response Time - 2005

CenterPoint reports the total number of utility calls answered and the average speed at which they are answered. CenterPoint reported that its customers' average wait time in 2005 was 24 seconds. CenterPoint's customers experienced the longest wait times in September (36 seconds), October (41 seconds), November (35 seconds), and December (37 seconds). CenterPoint receives approximately 3,000 calls from customers every day.

In early 2006, CenterPoint converted its billing data to a new billing system. Problems encountered in connection with that system and its implementation are being addressed pursuant to the Commission's ORDER REFERRING PRUDENCE ISSUES REGARDING BILLING SYSTEM INVESTMENT AND IMPLEMENTATION TO ADMINISTRATIVE LAW JUDGE FOR DISCOVERY AND HEARING in Docket No. G-008/GR-05-1380 issued May 17, 2006.

B. Customer Complaints - 2005

In its quarterly reports, CenterPoint reports the same information it reports to CAO on an annual basis pursuant to Minn. Rules, Part 7820.0500.

1. Informal Complaints

According to CenterPoint, it received 162 complaints in 2005. On average, it took 2.5 days to resolve each complaint. The area in which CenterPoint received the most complaints (33) was in appliance service and/or repair, a non-regulated part of the Company's business. CenterPoint reported 74 complaints involving various credit issues in the following categories: disconnection (31), disputed charges (22), payment arrangements (17), and other (4). CenterPoint also reported that 10,011 (or 1.3 percent) of its 764,027 customer were involuntarily disconnected in 2005. According to CenterPoint's report only 31 of these 10,011 customers complained about service disconnection.

2. Call Center Complaints

According to CenterPoint, the only detail the Company is currently able to report is the number of calls received by each of its dedicated trunk lines. 61.4 percent, or approximately 740,000 of the 1.2 million calls CenterPoint received last year were billing inquiries. Another 16.3 percent, or approximately 196,000 calls, involved credit and/or payment arrangements; 10.4 percent, or approximately 125,000 calls, involved service connection and disconnection requests; 7.9 percent, or approximately 95,000 calls, involved emergencies; and 4.0 percent, or approximately 48,000 calls, were made to CenterPoint's business customer hotline.

CenterPoint has agreed to work on providing better and more meaningful information in 2006 after its customer service representatives are trained-in on its new billing system. CenterPoint also indicated that it would have a better understanding of its new system's reporting capabilities at that time, e.g. how the new system can be used to categorize calls and the kinds of reports the new system can generate.

C. Mislocates

The number of mislocates is the number of times a gas line is damaged as a result of a mismarked line or the failure to mark a line, whether caused by a utility employee or by a contractor. CenterPoint reports the monthly number of locate requests they receive through the Gopher State One Call system and the number of mislocates that have resulted in damage to a gas line.

For 2005, CenterPoint's reported 190 mislocates out of a total of 321,678 locate requests: a mislocation percentage of .059 percent.

D. Gas System Damage

The gas system damage number includes hits due to mislocates (see Section C above) as well as hits due to other causes. CenterPoint's total gas system damage rate for 2005 was 4.23 hits per 100 miles of pipe, which is slightly lower than Aquila's. CenterPoint reported a damage rate for incidents under the control of third-party contractors of 0.50 hits per 100 miles of pipe, a rate for damage incidents under the control of CenterPoint employees of 0.34 hits per 100 miles of pipe, and a rate for damage caused by all others of 3.39 hits per 100 miles of pipe.

E. Gas Service Interruptions

Outages due to failures of system integrity are unplanned interruptions that are not due to damages or accidents but may be due to a failure in system design or operation. CenterPoint also reports interruptions that are due to gas system damage, and other unplanned causes. CenterPoint makes a distinction in its reports between the number of outages and the number of customers experiencing an interruption of service during an outage incident.

For 2005, CenterPoint reported that a total of 1,492 customers experienced service interruptions as a result of 442 outage incidents due to third-party damage and other unplanned causes. The

majority of these incidents were due to damage caused by a third party unrelated to CenterPoint. CenterPoint did not report any outages due to system integrity failures.

F. Customer Service Related Operations & Maintenance Expenses

CenterPoint reports its Minnesota regulated customer service related expenses based on the costs recorded in FERC account 901 and 903 plus payroll taxes and benefits. FERC account 901 is entitled “supervision” and includes “the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities.” FERC Account 903 is entitled “customer records and collection expenses” and includes “the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.”

For 2005, CenterPoint reported approximately \$17.3 million in customer service related expenses.

G. Emergency Response Time

CenterPoint reports the number of Minnesota emergency calls they responded to in less than one hour and the number of calls to which they responded in more than one hour. Emergency response time measures the elapsed time between the time CenterPoint was first notified of the emergency and the time that one of their employees who is qualified to make a decision on the appropriate action to take is on site and begins to make the area safe. More detailed emergency response time information is reported to the Minnesota Office of Pipeline Safety.

In 2005, CenterPoint agreed to begin reporting gas emergency response times for 2006, broken down between metro and outstate calls. CenterPoint uses a central state-wide dispatch system for responding to these calls.

According to CenterPoint, 79.0 percent of its emergency calls were responded to in less than an hour, and 21.0 percent of its calls took more than an hour. CenterPoint includes customer initiated gas odor calls in its reported response times.

II. COMMISSION ANALYSIS AND ACTION

The Commission has reviewed CenterPoint’s quarterly service quality reports for 2005, finds them reasonable, and will accept them.

At the same time, the Commission finds that more detailed information will be more helpful in the future. Specifically, the Commission will require CenterPoint to provide additional and more detailed information in three areas. First, for customer complaints, CenterPoint will be required to report in a manner determined in consultation with parties and Commission staff. Second, for service interruptions, the Company will be required to report in the format similar to that which

was used recently by Aquila.² Third, regarding emergency response times, the Company will be required to provide copies of CenterPoint's emergency response reports submitted to the Minnesota Office of Pipeline Safety (MOPS).

The Commission clarifies that nothing in this Order is to be interpreted as discontinuing CenterPoint's weekly status reports to the Commission's Consumer Affairs Office (CAO) regarding average call volume per day, average speed of answer, talk/work time, service level, and abandoned calls.³

Looking forward to future annual reviews, the Commission also believes that it would be helpful to receive timely comments from the Minnesota Department of Commerce and other interested parties regarding CenterPoint's service quality filings. The Commission will therefore ask the Department and any other interested party to review and comment on CenterPoint's quarterly filings each year no later than February 28.

Finally, the Commission notes that now is an appropriate time to separate CenterPoint's service quality reporting from its 2004 rate case. The Commission therefore will authorize the Company to file its 2006 quarterly reports under a new docket number.

ORDER

1. The Commission hereby accepts CenterPoint's quarterly service quality reports for 2005.
2. In future quarterly reports, CenterPoint shall provide additional and more detailed information as follows:
 - a) regarding customer complaints, the Company shall file in a manner determined in consultation with parties and Commission staff;
 - b) regarding service interruptions, the Company shall report in the format similar to that which used recently by Aquila,⁴ and
 - c) regarding emergency response times, the Company shall file with the Commission copies of the emergency response reports it submits to the Minnesota Office of Pipeline Safety.

² See Attachment A.

³ For an example of the ongoing format for this Status Report to MPUC, see Attachment B.

⁴ As an example, see Attachment A: Aquila-Minnesota, December 2004 and January 2004 Reports re: Firm Customers Lost Due to Failure in System Integrity.

3. CenterPoint shall continue making reports to the Commission's Consumer Affairs Office (CÁO) pursuant to the format shown in Attachment B.
4. The Commission requests that the Department and any other interested party review and comment on CenterPoint's quarterly filings each year no later than February 28.
5. The Commission authorizes CenterPoint to file its 2006 quarterly reports under a new docket number.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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