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April 8, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G008/M-14-258

Dear Dr. Haar:

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

Petition of CenterPoint Energy for Approval of a Miscellaneous Rate Change Related to Transportation Service Daily Balancing Charges.

The *Petition* was filed on March 28, 2014 by:

Marie Doyle
Rates Analyst
CenterPoint Energy
800 LaSalle Avenue
PO Box 59038
Minneapolis, Minnesota 55459-0038

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** CenterPoint Energy's filing and is available to answer any questions that the Commission may have.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rates Analyst

MNZ/ja
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. G008/M-14-258

I. SUMMARY OF CENTERPOINT'S FILING

On March 28, 2014, CenterPoint Energy (CenterPoint or the Company) submitted a filing (*Petition*) with the Minnesota Public Utilities Commission (Commission) requesting approval of a miscellaneous rate change related to transportation service daily balancing charges in the Company's tariff. CenterPoint states that its transportation service tariffs are designed to mirror the applicable interstate pipeline changes for daily balancing charges. The Company also states that Northern Natural Gas Company's (Northern) daily balancing charges, as approved by the Federal Energy Regulatory Commission (FERC), will change effective April 1, 2014. Thus, CenterPoint requests Commission approval to change its tariffs to reflect Northern's changes effective May 1, 2014, or the first day of the next month following Commission approval.

II. DEPARTMENT ANALYSIS

A. BACKGROUND

Under the Company's approved transportation tariff, a transportation customer is responsible for scheduling deliveries that accurately reflect the customer's expected total daily consumption, and for balancing gas deliveries to the Company's distribution system with volumes consumed at the delivery point. The Commission approved these requirements for CenterPoint's transportation customers to assist in the maintenance of the operational integrity of the Company's distribution system. The Commission also approved the Company's use of Northern's FERC-approved tariff to provide financial incentives for CenterPoint's transportation customers to fulfill these responsibilities. One of these financial incentives is daily balancing charges, which are designed to encourage a transportation customer's use of natural gas to stay in balance with the customer's scheduled deliveries to CenterPoint's system on a daily basis.

B. CENTERPOINT ENERGY'S PROPOSED TRANSPORTATION SERVICE DAILY BALANCING CHARGES

Table 1 below, reflecting an increase of \$0.00005 per therm in Northern's daily balancing charges effective April 1, 2014, summarizes CenterPoint's proposed changes to its transportation service daily balancing charges.

Table 1: CenterPoint Energy's Proposed Changes to its Transportation Service Daily Balancing Charges

| | Approved Charges (\$ per therm) | Company Proposed Charges as of May 1, 2014 (\$ per therm) | Change from Approved Charges (\$ per therm) | Percent Change from Approved Charges |
|--|------------------------------------|---|--|--|
| Non-System Underrun Limitation (Non-SUL), Non-System Overrun Limitation (Non-SOL), and Non-Critical Days ¹ (November-March) | \$0.06081 | \$0.06086 | \$0.00005 | 0.082% |
| Non-SUL, Non-SOL, and Non-Critical Days (April-October) | \$0.02502 | \$0.02507 | \$0.00005 | 0.200% |

CenterPoint requests that the Commission approve the Company's proposed changes to its daily balancing charges, as identified above in Table 1. The Minnesota Department of Commerce, Division of Energy Resources (Department) confirmed that CenterPoint correctly calculated its proposed rates based on the FERC-approved Northern tariffs.² The requested changes to the daily balancing charges would apply to four customer classes: Small Volume Firm Transportation Service, Large Volume Firm Transportation Service, Small Volume Dual Fuel Transportation Service, and Large Volume Dual Fuel Transportation Service.

CenterPoint requests an effective date of May 1, 2014, or the first day of the next month following Commission approval. The Company states that Transportation customers are billed by calendar month. Therefore, if the effective date for the proposed charges is the first day of a month only one rate will apply to service during a billing period. By having only one rate in

¹ SUL Days, SOL Days, and Critical Days are defined as follows:

- an SOL Day is a day on which the operating integrity of Northern's system is threatened because more gas is being delivered to customers than is being received on the system, which can threaten the reliability of the system;
- an SUL Day is a day when gas receipts on Northern's system exceed deliveries, resulting in increasing pipeline pressures which threaten continued safe operation of the system; and
- a Critical Day is a day on which the operating integrity of Northern's system is threatened due to gas deliveries exceeding receipts. (An SOL Day will always be called before a Critical Day.)

² See Exhibit A and Exhibit B of the Company's *Petition*.

effect during a month, bills are easier for customers to understand and for CenterPoint to administer.

CenterPoint does not retain revenues associated with daily balancing charges. These revenues are credited to CenterPoint system customers in the Annual Automatic Adjustment Filing. Even though the effective date of Northern's daily balancing charges (April 1, 2014) does not coincide with CenterPoint Energy's requested effective date (May 1, 2014 or the first of the next month following Commission approval), any differences in revenue received in the interim under the existing tariff and revenue that would have been received under the proposed tariff will be credited to system customers in CenterPoint Energy's Annual Automatic Adjustment Filing. Thus, the Company neither gains nor loses revenue from the daily balancing charges, regardless of the effective date of the change in charges.

Therefore, the Department recommends that the Commission approve CenterPoint's proposed daily balancing charges, as identified above in Table 1, effective on May 1, 2014 or the first day of the next month following the Commission's *Order* in the present docket.

III. DEPARTMENT RECOMMENDATIONS

Based on the analysis provided above, the Department recommends that the Commission approve CenterPoint Energy's proposed daily balancing charges, as identified above in Table 1, effective on May 1, 2014 or the first day of the next month following the Commission's *Order* in the present docket for gas service rendered by the Company on or after that date. The Department also recommends that the Commission require CenterPoint Energy to submit, as a compliance filing within 10 days of the date of the Commission's *Order* in the present docket, the relevant tariff sheets that comply with the Commission's determination on this matter.

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