

November 13, 2020

PUBLIC DOCUMENT

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **PUBLIC Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G-022, G-008/C-20-795

Dear Mr. Seuffert:

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

Formal Complaint and Petition for Relief by Greater Minnesota Gas, Inc. Against CenterPoint Energy Resources Corp. d/b/a/ CenterPoint Energy Minnesota Gas.

On October 1, 2020, the Minnesota Public Utilities Commission (Commission) issued a *Notice of Comment Period* seeking comment on whether the Commission has jurisdiction over the subject matter, whether it is in the public interest for the Commission to investigate, and if so, what procedures should be used, and whether the principles set forth in the Commission's September 19, 2018 Order in Docket G999/CI-17-499 have been met. Initial comments were filed on November 6, 2020; reply comments are due November 16, 2020.

As discussed in the attached Reply Comments, the Department recommends that the Commission continue to investigate the complaint while narrowing its focus to three proposed facilities that are disputed. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst
MS/ar
Attachment



Before the Minnesota Public Utilities Commission

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

Docket No. G-022, G-008/C-20-795

I. PROCEDURAL HISTORY

On October 19, 2020, Greater Minnesota Gas, Inc. (GMG) submitted to the Minnesota Public Utilities Commission (Commission) a formal complaint (Complaint) against CenterPoint Energy Minnesota Gas (CenterPoint). The Complaint alleges that CenterPoint plans to extend natural gas service to several premises that are currently receiving natural gas service from GMG and one new commercial premise (TriFecta Truck Stop). GMG alleges that CenterPoint's actions are inconsistent with the provisions of Minn. Stat. § 216B.01 and the Commission Order in Docket No G999/CI-17-499 (17-499 Order) regarding unnecessary duplication of facilities to serve another utility's existing customers.¹ GMG also posits that it has the exclusive right to provide natural gas service to all the premises that it is currently serving.

On October 20, 2020 CenterPoint filed a letter responding to GMG's Complaint. CenterPoint concluded that current Minnesota Statutes and the Commission's 17-499 Order allows CenterPoint to serve the new commercial premise (TriFecta Truck Stop). CenterPoint indicated that a decision as to which utility should serve 3625 Hoffman Road is not yet ripe, since neither utility has received an application for service and no facilities to serve the customer have been constructed. Finally, CenterPoint indicated that it will cease construction associated with extending service to existing buildings along 192nd Lane that are currently being served by GMG (buildings owned by Web Construction and a residence). CenterPoint asked that GMG withdraw its Complaint.

On October 23, 2020, the Commission issued a *Notice of Comment Period*. The Notice provided for an initial comment period that closed on November 6, 2020 as well as a Reply Comment period that closes November 16, 2020.

On November 5, 2020 the Department filed comments recommending that the Commission investigate the Complaint and be guided by the framework provided by the Commission's 17-499 Order. The Department was particularly interested in the location of CenterPoint's existing facilities in the disputed area and the potential for the duplication of facilities that might result from either utility serving the customers in question.

¹ ORDER ADOPTING STANDARDS GOVERNING COMPETITION AMONG NATURAL GAS UTILITIES issued September 19, 2018 in Docket No. G999/CI-17-499.

On November 6, 2020 CenterPoint filed its comments and recommended that the Commission dismiss the Complaint. CenterPoint also included a significant amount of information in its comments on the location of its existing facilities in the affected area. CenterPoint designated all of this information concerning the location of its existing facilities as trade secret.

Also, on November 6, GMG filed its comments and recommended that the Commission investigate and use the framework identified in the Commission's 17-499 Order.

II. ANALYSIS

GMG requested that the Commission issue an Order that GMG had the exclusive right to provide natural gas service to the customers on 192nd Lane, Mankato and on the property located at 3625 Hoffman Road, Mankato. GMG identified five customer sites that it is currently serving on 192nd Lane.

1. A residence owned by Mr. Jerry Williams.
2. Shop #1 owned by Web Construction.²
3. Shop #2 owned by Web Construction.
4. Unnamed Residence #1.
5. Unnamed Residence #2.

GMG also stated that it was informally notified that CenterPoint was planning to serve Mr. Williams' residence and the two shops owned by his construction firm, Web Construction.

CenterPoint stated in its letter dated October 20, 2020 that it "will cease the installation of facilities to the existing buildings located along 192nd Lane that are currently being served by GMG." Hence, it appears that the conflicts regarding these five existing customer sites have been resolved.

That apparent resolution does not extend to new customer facilities. CenterPoint noted in its letter dated October 20, 2020 that it had entered into an agreement with Web Construction to provide natural gas service to a third building being constructed and owned by that entity.³ In its Comments dated November 6, 2020 CenterPoint stated its intent to serve Web Construction's new facility.⁴ GMG also identified another existing customer site where it believed that CenterPoint could be in violation of the Commission's 17-499 Order and Minnesota statute regarding the duplication of facilities. That address is 3625 Hoffman Road, Mankato. GMG stated that it provided service to a residence at this address until early in 2020 at which point the property was sold. GMG also stated that the new owner had notified GMG that it was planning to replace the existing home with a memory

² Mr. Williams also owns Web Construction.

³ CenterPoint letter to the Commission dated October 20, 2020, page 3.

⁴ As discussed in the CenterPoint's Letter, both companies have well-developed gas infrastructure in the area to serve new and existing customers, and construction of new facilities would be required of either utility in order to serve the new warehouse building on 192nd Lane.

care facility. GMG confirmed that it could serve the new facility and would work with the contractor to complete this task. On October 2, 2020 the new owner advised GMG that it wanted the gas line cut and capped because it would be receiving service from CenterPoint. GMG maintained that it has the right to continue to serve this customer and supported this position by noting that CenterPoint would need to provide new facilities to the customer site which could lead to an unnecessary duplication of facilities.

CenterPoint's position appears to be that "it is uncertain whether the site would qualify as an existing GMG customer after the existing home on the site is demolished, but regardless, no construction of facilities to serve the customer has occurred". Indeed, to CenterPoint Energy's knowledge, the customer has yet to request gas service from either utility."⁵

GMG also identified a third potential customer in its Complaint, the TriFecta Truck Stop which would be located at the intersection of Adams and County Road 12 in Mankato. GMG stated that it has facilities installed in 2018 that are ready to serve the potential customer. GMG also stated that it had been contacted by the construction firm responsible for building the facility regarding natural gas service in July 2020. In mid-September the construction firm responsible for building the facility notified GMG that CenterPoint was awarded the opportunity to serve the truck stop. GMG claimed that CenterPoint will have to construct parallel facilities, and potentially duplicate facilities to GMG's in order to serve the TriFecta Truck Stop. CenterPoint provided information in its November 6th Comments in TRADE SECRET Exhibits A and B stating that **[TRADE SECRET DATA HAS BEEN EXCISED]**. Given that GMG filed this Complaint on October 19, 2020 and requested in the Complaint that CenterPoint cease all new construction in the locations identified in the Complaint, the Department requests that CenterPoint verify the construction timeline for the record.

As noted in the Department's November 5, 2020 comments, the Commission's 17-499 Order delineated an approach for determining whether a utility is duplicating a second utilities facilities.⁶

- Determining whether a utility is duplicating the facilities of another will be based on the nature, size and physical proximity of the new facilities relative to the other utility's existing infrastructure, as well as the extent to which the existing facilities need to be expanded to serve the customer.
- To establish that its duplication of existing facilities is necessary, a utility must show that (a) customer cannot obtain the natural gas service they need from the utility with the existing facilities; or (b) such duplication furthers the public interest based on (i) the needs of the customers who would be served by the utility extending service; (ii) the incremental capital expenditures associated with duplicating the existing facilities compared to any incremental capital expenditures needed to expand the existing facilities to serve the customers in question; (iii)

⁵ CenterPoint's November 6, 2020 Comments at page 2.

⁶ ORDER at page 11.

any safety concerns associated with constructing and operating duplicative facilities; and (v) any other factors showing that the duplication would advance the public interest in adequate, reliable and economical access to natural gas service.

The information CenterPoint provided in Trade Secret Attachments A through D of its comments suggests that it has extensive existing facilities in the area. The Department has issued discovery regarding the information in Trade Secret Attachments A through D and will provide our review of CenterPoint's responses to that discovery in subsequent comments. We hope that this information will provide a sufficient basis to make a recommendation on the Complaint.

III. RECOMMENDATIONS

The Department recommends that the Commission continue to investigate the Complaint but to narrow its focus to the three customers or potential customers – 1) Web Construction's new warehouse; 2) the potential memory care facility at 3625 Hoffman Road, and 3: the new TriFecta Truck Stop.

/ar

CERTIFICATE OF SERVICE

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, 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 – REPLY COMMENTS

Docket Nos. **G022,G008/C-20-795**

Dated this **13th** day of **November, 2020**.

/s/Linda Chavez

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Lane PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-795_Official
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-795_Official
Cody	Chilson	cchilson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-795_Official
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_20-795_Official
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_20-795_Official
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-795_Official
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-795_Official
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-795_Official
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-795_Official
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_20-795_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-795_Official