

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Joseph K. Sullivan	Vice-Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
John Tuma	Commissioner

In the Matter of the Petition by CenterPoint Energy for Approval of a Rate Stabilization Plan

MPUC DOCKET NO. G-008/M-21-755

**INITIAL COMMENTS OF THE
SUBURBAN RATE AUTHORITY**

INTRODUCTION

The Suburban Rate Authority (“SRA”) appreciates the opportunity to comment on the CenterPoint Energy (“CPE”) Rate Stabilization Plan (“Plan”) offered as an alternative to its November 1, 2021-filed rate case seeking an increase to based rates of \$67 million with the immediate requested interim rate increase \$51.8 million.¹ Notably, the Plan seeks a Commission-approved base rate increase of \$39.67 million, 23% lower than the interim rate request, and a promise not to file a rate case until November 2023.²

The vast majority of the SRA’s 32 member cities³ are served by CPE and Xcel Energy. Thus, both the CPE rate petition and Plan are important considerations for SRA members in the face of rising natural gas prices in the coming heating season, ongoing CPE recovery of extraordinary natural gas costs from the February 2021 gas price spike event (“Market Event”), and the concurrent Xcel Energy electric rate petition that will impose interim rate increases as high as 9.2% on January 1, 2022. Clearly “rate shock” utility pricing as of January 1, 2022, is presented

¹ *In the Matter of the Application of CenterPoint Energy Resources Corp d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Natural Gas Rates in Minnesota*, MPUC Docket No. G-008/GR-21-435, (Nov. 1, 2021).

² *In the Matter of the Petition by CenterPoint Energy for Approval of a Rate Stabilization Plan*, MPUC Docket No. G-008/M-21-755, (Nov. 1, 2021).

³ SRA Member List attached.

to residential and other rate classes receiving both CPE gas and Xcel electric service. Therefore, rate relief offered by the Plan merits careful review.

COMMENTS

Several of the Plan provisions appear quite beneficial to customers including:

- Extension of the recovery period, without CPE carrying costs, from the Market Event from the Commission-ordered 27 months to 63 months;
- Continued deferral of the Covid-19 regulatory asset; and
- Continuation of the property tax tracker without amortization in 2022 or 2023⁴

The \$39.67 million Commission-granted base rate increase, tied to CPE's transmission and distribution integrity management program investments, has an added, near-term rate mitigation effect when compared to the higher but refund-eligible interim rate increase starting on January 1. It further has an asymmetrical capital true-up. If CPE fails to invest at the level authorized with the \$39.76 million increase, customers will receive a credit but if CPE exceeds the authorized capital amount no surcharge can be added to customer bills on that basis.

This proposal is also appealing to the SRA, with the additional information noted below. The SRA notes that its members highly-value CPE facility infrastructure improvements for the safer and more efficient delivery of natural gas to customers in SRA cities. Further, SRA public works departments have sought to have and largely achieved a mutually cooperative relationship with CPE in combining CPE's installation of such capital improvements with city public works projects. Thus, the SRA welcomes continued, prudent CPE infrastructure improvement as part of the Plan. The SRA is interested the comments of the Department and OAG, however, regarding

⁴ Docket No. G-008/M-21-755, Petition for Approval of a Rate Stabilization Plan, p. 3 (Nov. 1, 2021). The filing references and Property Tax Tracker regulatory asset balance of \$3.6M, but then references a tracker balance of \$7.4M per year. Schedule 3 shows a reduction in the amortization of the property tax balance of \$1.82M/yr which over two years is approximately equal to \$3.6M. The source of the \$7.6M/per yr is unclear.

implications of such an approved rate increase under the Plan, without the rigor of rate review and CPE's burden of proof thereunder. As a practical matter, the SRA notes that the \$39.67 million appears roughly proportionate to , though not obviously lower than, final Commission rate orders in comparison to previous CPE rate petitions. The precedent for approvals similar to the Plan is of interest to the SRA as it affects ratepayer protections generally. Also, prior to approval of the Plan, the SRA asks for clarification of the following:

- Is the entirety of this request for capital spending or will any of this \$39M request go towards Distribution O&M costs?
- Can CPE provide an estimated breakdown of capital spending by category and the associated revenue requirements for these investments?
 - If some of this \$39M will go towards distribution O&M spending, can CPE provide a breakdown by category?

The SRA seeks further clarification and comment on CPE's proposed Income Tax Rider. State and Federal income taxes are beyond the control of the utility and are passed through to customers. Upon review of the Zarumba Testimony⁵ it appears that CPE is proposing a rider that would gross up base rate charges by a percentage (defined as the Tax Ratio) based on changes to the utility revenue requirement resulting from changes in income tax rates. Prior to approval of this Rider as part of the Plan, however, the SRA is interested in answers to the following questions:

⁵ Docket No. G-008/GR-21-435, Zarumba Testimony, p. 74 (Nov. 1, 2021).

- Will this Rider be adjusted on a prospective leading basis or on a lagging basis?
 - What are the mechanics and timelines between the implementation of this Rider and changes in effective income tax rates for the utility?
- Will this percentage increase be reflected directly in base rates or as a separate bill line item?
 - Is a Rider more efficient than an automatic adjustment to the Base Rates themselves?

On page 10 of its Rate Stabilization Plan filing, CPE proposes several environmental initiatives, but does not provide details related to the cost of these programs. The SRA further welcomes environmentally based programs from CPE as part of the Plan. It is not clear, however, whether CPE has a revenue requirement associated with these initiatives for which CPE is requesting approval in this proceeding.

For the foregoing reasons, the SRA is favorably disposed towards supporting CPE's Plan in lieu of the added customer rate burdens and administrative proceeding costs of litigating CPE's rate petition in 2022. The SRA awaits party comments and/or clarification from CPE on matters identified above while acknowledging CPE's attempt to address rate relief to a rate stressed customer base through the Plan.

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Respectfully submitted,

Dated: November 10, 2021

KENNEDY & GRAVEN, CHARTERED

By: /s/ James M. Strommen

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ATTORNEYS FOR THE
SUBURBAN RATE AUTHORITY

SUBURBAN RATE AUTHORITY MEMBER CITIES

2021

Bloomington	Minnetonka
Brooklyn Park	Mound
Burnsville	Orono
Carver	Plymouth
Chanhassen	Robbinsdale
Circle Pines	Rogers
Deephaven	Roseville
Eden Prairie	St. Anthony Village
Edina	St. Louis Park
Fridley	Shakopee
Golden Valley	Shoreview
Hastings	Spring Lake Park
Hopkins	Spring Park
Lauderdale	Victoria
Maple Grove	Wayzata
Maplewood	Woodbury



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November 10, 2021

VIA ELECTRONIC FILING

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

Re: *In the Matter of the Petition by CenterPoint Energy for Approval of a Rate Stabilization Plan*
MPUC Docket No. G-008/M-21-755

Dear Mr. Seuffert:

On behalf of the Suburban Rate Authority, attached for filing in the above-referenced docket please find the Initial Comments of the Suburban Rate Authority. This document has been served on the parties on the attached Service List. A Certificate of Service is also attached.

Very truly yours,

KENNEDY & GRAVEN, CHARTERED

/s/ James M. Strommen

James M. Strommen

Attachment

cc: Service List

Re: *In the Matter of the Petition by CenterPoint Energy for Approval of a Rate Stabilization Plan*
MPUC Docket No. G-008/M-21-755

CERTIFICATE OF SERVICE

I, Lisa Larson, hereby certify that I have this day served copies of the following document:

Initial Comments of the Suburban Rate Authority

on:

the list of persons on the attached Service List

by electronic filing and serving in the e-Dockets system, and/or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at Minneapolis, Minnesota.

Dated this 10th day of November, 2021.

/s/ Lisa Larson _____
Lisa Larson

List Name	Description	Docket Number	Owner	Type	Status	Created On
21-755	21-755	21-755	PUC	Official Service List	Inactive	11/10/2021
M-21-755	G008/M-21-755	21-755	DOC	Official Service List	Inactive	11/02/2021