

July 31, 2014

—VIA ELECTRONIC FILING—

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

**RE: PETITION OF CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY MINNESOTA GAS FOR APPROVAL OF TARIFF REVISION
DOCKET No. G008/M-14-_____**

Dear Dr. Haar:

Enclosed, for the Minnesota Public Utilities Commission's review and approval, is CenterPoint Energy Resources Corp, d/b/a CenterPoint Energy Minnesota Gas's ("CenterPoint Energy") Petition for Approval of a Tariff Revision related to Section V New Area Surcharge Rider of CenterPoint Energy's tariffs (Section V, pages 10-10.c).

Approval of this Tariff Revision would allow CenterPoint Energy to make extensions more affordable by offering alternative surcharge options and extending the surcharge period.

Copies of this Petition have been served on the Department of Commerce and the Office of the Attorney General and a summary on all other parties on the attached service list. If you have any questions or require additional information, please contact me at pamela.thomas@centerpointenergy.com or 612-321-5140.

Sincerely,

Pamela Thomas
Regulatory Financial Analyst

Enclosures
cc: General Service List

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Pamela Thomas, being first duly sworn on oath, deposes and says she served the attached Petition by CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing or by placing in the U.S. Mail at the City of Minneapolis, Minnesota.

/s/ _____
Pamela Thomas
Regulatory Financial Analyst
CenterPoint Energy

Subscribed and sworn to before me
this 31st day of July, 2014

/s/ Mary Jo Schuh _____
Notary Public
My Commission Expires on January 31, 2015.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
James J.	Bertrand	james.bertrand@leonard.com	Leonard Street & Deinard	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave FL 14 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Jerry	Dasinger	jerry.dasinger@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, 1400 BRM Tower St. Paul, MN 55101	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Paper Service	No	GEN_SL_CenterPoint Energy_General Service List
Elizabeth	Goodpaster	bgoodpaster@mncenter.org	MN Center for Environmental Advocacy	Suite 206 26 East Exchange Street St. Paul, MN 551011667	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Paula	Johnson	paulajohnson@alliantenergy.com	Alliant Energy-Interstate Power and Light Company	P.O. Box 351 200 First Street, SE Cedar Rapids, IA 524060351	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Fwy Bloomington, MN 55431	Paper Service	No	GEN_SL_CenterPoint Energy_General Service List
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	800 LaSalle Avenue PO Box 59038 Minneapolis, MN 554590038	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_CenterPoint Energy_General Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF CENTERPOINT ENERGY
RESOURCES CORP., D/B/A CENTERPOINT
ENERGY MINNESOTA GAS FOR APPROVAL TO
REVISE TARIFFS

DOCKET NO. G008/M-14-_____

**PETITION FOR APPROVAL OF
TARIFF REVISION**

Summary of Filing

Pursuant to Minnesota Rules Part 7829.1300, Subp. 1, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy") submits to the Minnesota Public Utilities Commission ("Commission") this Petition for approval to revise its New Area Surcharge Rider tariff to allow a New Area Surcharge to remain in effect for a term not to exceed thirty (30) years.

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF CENTERPOINT ENERGY
RESOURCES CORP., D/B/A CENTERPOINT
ENERGY MINNESOTA GAS FOR APPROVAL TO
REVISE TARIFFS

DOCKET NO. G008/M-14-_____

**PETITION FOR APPROVAL OF
TARIFF REVISION**

INTRODUCTION

Pursuant to Minnesota Rules Part 7829.1300, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy”) submits this miscellaneous tariff filing to the Minnesota Public Utilities Commission (“Commission”) for Approval to:

1. Allow a New Area Surcharge to remain in effect for a term not to exceed thirty (30) years

This filing includes the following;

- One paragraph summary of the filing in accordance with Minn. R. 7829.1300, subp.1
- Petition for Approval to Modify CenterPoint Energy’s New Area Surcharge Rider tariff
- Attachment A – Statement from Governor Dayton Regarding Propane Emergency
- Attachment B – Proposed legislative strike-out format Tariff Sheets

I. Summary of Filing

Pursuant to Minn. R. 7829.1300, subpt. 1, a one-paragraph summary of the filing accompanies this petition.

II. Service on Other Parties

Pursuant to Minn. R. 7829.1300, subpt. 2, CenterPoint Energy has electronically filed copies of this petition on the Department of Commerce and on the Office of Attorney General. A summary of the filing has been provided to all parties on the attached service list.

III. General Filing Information

Pursuant to Minn. R. 7829.1300, subpt. 3, CenterPoint Energy provides the following information.

A. Name, Address, and Telephone Number of Utility

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas
800 LaSalle Avenue
P.O. Box 59038
Minneapolis, MN 55459-0038
(612) 321-4976

B. Name, Address, and Telephone Number of Utility Attorney

Brenda A. Bjorklund
CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas
800 LaSalle Avenue
P.O. Box 59038
Minneapolis, MN 55459-0038
(612) 321-4976

C. Date of Filing and Date Proposed Tariff Change Will Take Effect

Date Filed: July 31, 2014
Proposed Effective Date: Upon Commission approval

D. Statute Controlling Schedule for Processing the Filing

Under Minn. R. 7829.0100, subp.11, this petition is a “miscellaneous” filing because no determination of CenterPoint Energy’s general revenue requirement is necessary. Comments on a miscellaneous filing are due within 30 days of filing, with replies due 10 days thereafter. Minn. R. 7829.1400, Subp. 1,4.

E. Signature and Title of Utility Employee Responsible for Filing

/s/ _____

Pamela Thomas
Regulatory Financial Analyst
CenterPoint Energy
800 LaSalle Avenue
Minneapolis, MN 55402
(612) 321-5140

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF CENTERPOINT ENERGY
RESOURCES CORP., D/B/A CENTERPOINT
ENERGY MINNESOTA GAS FOR APPROVAL TO
REVISE TARIFFS

DOCKET NO. G008/M-14-_____

**PETITION FOR APPROVAL OF
TARIFF REVISION**

Introduction

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy” or the “Company”) submits to the Minnesota Public Utilities Commission (“Commission”) for approval a miscellaneous rate change filing to modify its New Area Surcharge Rider tariff to allow a New Area Surcharge to remain in effect for a term not to exceed thirty (30) years.

In Docket No. G-008/M-94-1075 the Commission approved CenterPoint Energy’s New Area Surcharge. The New Area Surcharge Rider enables natural gas service to be extended to an area where the revenues would have been insufficient under the Company’s current rates and service extension policy. This is accomplished by setting a fixed monthly surcharge at a level which will bring the Net Present Value of the project to approximately \$0 over the life of the project. The term of service under this rate schedule can vary from area to area, depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed fifteen (15) years.

Proposal

CenterPoint Energy submits this Petition in order to modify its New Area Surcharge Rider tariff to allow a New Area Surcharge to remain in effect for a term not to exceed thirty (30) years. The modification to CenterPoint Energy’s New Area Surcharge Rider tariff will provide CenterPoint Energy the ability to lower the fixed monthly surcharge under the current tariff by extending the surcharge period. At this time CenterPoint Energy is proposing to use the current New Area Surcharge Revenue Requirements Model.

Justification

In an effort to extend natural gas service to more customers in areas where the current New Area Surcharge likely prohibits customers from using natural gas due to high monthly fixed charges and to assist in alleviating the propane emergency declared by Governor Dayton where propane suppliers has significant difficulty meeting the needs of their customers during the 2013-2014 heating season¹. CenterPoint Energy proposes the New Area Surcharge be allowed to remain in effect for a term not to exceed thirty (30) years.

In Minnesota Energy Resource Corporation's (MERC) most recent rate case in Docket No. G011/GR-13-617, the Department of Commerce - Division of Energy Resources (Department) recommended MERC modify its New Area Surcharge to allow a longer surcharge term.²

The extension of the surcharge term to thirty (30) years will result in lower monthly surcharges, which should increase customer participation in a New Area Surcharge, in turn reducing the number of customers affected by propane shortages in the future.

The Tariff pages that the Company proposes to change are included in legislative strike-out format in Attachment B.

Conclusion

CenterPoint Energy respectfully requests approval of its proposed tariff changes.

¹ Attachment A

² In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota, Docket No. G011/GR-13-617, Direct Testimony and Attachments of Michael N. Zajicek at 11-13 (March 24, 014).

Statement from Governor Dayton Regarding Propane Emergency

January 30, 2014

This afternoon, Governor Mark Dayton and several other Midwest Governors spoke with Texas Governor Rick Perry via telephone about the propane emergency in Minnesota. Last Thursday, January 23rd, Governor Perry waived trucking restrictions in the State of Texas, which increased the flow of propane to Minnesota and other states. That waiver was set to expire on Wednesday, February 5th. Governor Dayton thanked Governor Perry today for his previous assistance, and asked him to extend that waiver when it expires next week.

Following the call, Governor Dayton said: **“I told Governor Perry how important his previous waiver had been to Minnesotans, who are suffering severely from this propane crisis. He very graciously agreed to extend the waiver when it expires next week.”**

Steps Taken to Relieve the Propane Shortage

Propane Shortage Hotline – Today, the State of Minnesota [established a toll-free hotline](#) that Minnesotans affected by the propane shortage can use to ask questions or seek assistance in this time of emergency. Minnesotans with questions about the current propane situation or who are in danger of running out of heating fuel should call (800) 657-3504 in Greater Minnesota, or (651) 297-1304 in the Twin Cities. The hotline will operate Monday through Friday, from 9:00am to 4:30pm.

Emergency Executive Order – On Monday of this week, Governor Dayton issued [Emergency Executive Order 14-02](#), declaring a Peacetime State of Emergency in Minnesota in response to a severe shortage of propane and home heating fuels statewide. The Governor has [called an emergency meeting of the state’s Executive Council](#) on Friday to consider extending that state of emergency for up to 30 days.

Protecting Consumers from Price Gouging – The Governor has also directed the Commissioner of Commerce to use his consumer protection authority [to help guard Minnesotans from potential price gouging activities](#). On Wednesday, January 29, Commissioner Mike Rothman sent a letter to the propane industry concerning skyrocketing prices. It stated that he will take all necessary steps to protect consumers from potential price gouging and unlawful market manipulation. Consumers who believe they may have been the victim of price gouging are encouraged to contact the Minnesota Department of Commerce's Consumer Help Line at (651) 539-1500 or toll-free at (800) 657-3602.

Additional Financial Assistance for Consumers – Consumers who need financial assistance to pay their heating bills may also qualify for help through the Low Income Heating Energy Assistance Program (LIHEAP). The Minnesota Department of Commerce recently announced that LIHEAP crisis payments would increase from \$500 to \$1,000 for applicants who heat their homes with propane and heating oil. Qualifying families must apply for assistance at the local service provider in their area; Minnesota has 32 local service providers. A list of local service providers and information on applying for assistance is available [on the Minnesota Department of Commerce website](#) or by calling 1-800-657-3710.

Working to Increase Propane Supplies – This week, Governor Dayton met with propane industry officials to identify immediate steps that can be taken to help resolve the propane supply and price issues. The meeting included Agriculture Commissioner Dave Frederickson, Commerce Commissioner Mike Rothman, and state legislators. The Governor [also joined Minnesota’s Congressional Delegation in petitioning President Obama](#) to knock down regulatory barriers, take additional steps to alleviate the shortage, and provide expanded relief to families and agriculture producers.

Other National and Federal Measures – The American Railway Association has asked its 175 members to prioritize propane delivery by making cars available and dropping propane shipments at necessary locations. Additionally, the U.S. Department of Transportation has established a regional emergency declaration suspending the regulatory provisions pertaining to hours of service for drivers of commercial motor vehicles transporting propane to affected Midwestern states.

<http://mn.gov/governor/newsroom/pressreleasedetail.jsp?id=102-113338>

SUMMARY OF PROPOSED TARIFF PAGE CHANGES

Section V.

Updated	New Area Surcharge Rider	Pages 10 – 10.c
---------	--------------------------	-----------------

NEW AREA SURCHARGE RIDER

Availability:

Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area.

Applicability and Character of Service:

All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:

As authorized by the MPUC, the total billing rate for any customer class will be the applicable cost of gas, approved rate (monthly basic plus delivery charge) for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The New Area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes.

Method:

A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the overall rate of return authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self supporting. A total NPV of approximately zero (\$0) will show a project is self supporting.

The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be:

The actual capital costs and projected remaining capital costs for the project.

Number of customers used to calculate the surcharge revenue and the retail margin revenue;

The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.

NEW AREA ~~SURCHARGE~~**SERVICE RIDER (CONTINUED)**

Term:

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed ~~fifteen-Thirty~~ (1530) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:

The surcharge for all customers in an area subject to the New Area Service Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of ~~fifteen~~ **Thirty** (1530) years, whichever occurs first.

Revenue Requirements Model

Definitions:

All terms describe contents and general operation of the Revenue Requirements Model used to determine a New Area Surcharge Rider for a project.

Column/Description

- 1) **Time Period:** Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.
- 2) **Year.**
- 3) **Gross Plant Investment:** Cumulative plant in service at the end of the year reduced by the net present value of surcharge revenues in year 0. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators.
- 4) **Accumulated Depreciation Reserve:** Book depreciation for the current year plus all previous years.
- 5) **Net Plant In Service:** The difference between Gross Plant Investment (Column 3) and Accumulated Depreciation Reserve (Column 4).
- 6) **Average Net Plant:** Average of Column 5.
- 7) **Average Accumulated Deferred Income Taxes:** The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on contribution in aid of construction. At the end of the service life of the plant installed the balance of ADIT will be zero.
- 8) **Average Rate Base:** Total of Average Net Plant (Column 6) plus Average Accumulated Deferred Income Taxes (Column 7).

NEW AREA SURCHARGESERVICE RIDER (CONTINUED)

9) **Allowed Return:** Derived from CenterPoint Energy's most recent general rate proceeding:

Equity Ratio	X	Return on Equity	X	(1+Tax Rate)	=	Weighted Cost
Long Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
Short Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
						Allowed Rate of Return

The Allowed Rate of Return multiplied by the Average Rate Base (Column 8) equals the Allowed Return.

- 10) **Book Depreciation:** The straight line cost recovery of the life of the assets for Gross Plant Investment defined in Column (3). The depreciation factor used is based on a weighted average of depreciation rates used in CenterPoint Energy's most recent general rate proceeding.
- 11) **O & M Expense:** In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses.
 The calculation is average customers multiplied by incremental cost per customer.
- 12) **Property Tax:** In any year shall be a factor of the gross plant investment (after contribution-in-aid-of-construction). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.
- 13) **Total Revenue Requirement:** Total of Allowed Return (Column 9), Book Depreciation (Column 10), O & M Expenses (Column 11), and Property Tax (Column 12).
- 14) **Retail Revenue:** This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.
- 15) **Revenue Excess or (Deficiency):** Revenue excess or deficiency is the difference between the Total Revenue Requirement (Column 13) and the amount of Retail Revenue (Column 14). Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated.

NEW AREA SURCHARGE~~SERVICE~~ RIDER (CONTINUED)

- 16) **Present Value of Cash Flows:** The cash flows that produce either revenue excesses or deficiencies (Column 15) are discounted to a present value using a discount rate equal to the overall rate of return established in the most recent general rate proceeding.

If the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is "self supporting". That is, the customer CIAC surcharge is the proper amount of customer contributed capital necessary to support the project at the projected (or actual) level of retail revenues.