

May 7, 2019

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket Nos. G008/M-19-255

Dear Mr. Wolf:

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

The Annual Gas Affordability Program (GAP) Report for:

- CenterPoint Energy Minnesota Gas

The Petition was filed on April 1, 2019 by:

CenterPoint Energy Minnesota Gas
Amber S. Lee, Director of Regulatory Affairs
505 Nicollet Mall
PO Box 59038
Minneapolis, MN 55459
(612) 321-4625

The Department filed comments on the natural gas utilities' annual GAP reports on April 29, 2019, but inadvertently neglected to provide an analysis of CenterPoint Energy Minnesota Gas' request to adjust its GAP surcharge. The Department apologizes for this oversight and requests that the Minnesota Public Utilities Commission (Commission) accept these supplemental comments.

The Department recommends that the Commission **approve CenterPoint's proposal, with modification**. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ DANIELLE WINNER
Rates Analyst

/s/ MICHAEL ZAJICEK
Rates Analyst

/s/ GEMMA MILTICH
Financial Analyst

DW/MZ/GM/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G008/M-19-255

I. INTRODUCTION

On April 1, 2019, CenterPoint Energy Natural Gas (CenterPoint or the Company) filed its annual Gas Affordability Program (GAP) compliance filing in Docket No. G008/M-19-255 (*Petition*). This corresponded with annual GAP filings made by Xcel Energy (Docket No. G002/M-19-242), Great Plains Natural Gas (Docket No. G004/M-19-247), Minnesota Energy Resources Corporation (MERC) (Docket G011/M-19-241), and Greater Minnesota Gas, Incorporated (Docket No. G022/M-19-236).

In addition to reporting its annual GAP data, CenterPoint also proposed to adjust its GAP surcharge, and to continue to do so on an annual basis. These Supplemental Comments respond to CenterPoint’s proposal.

II. CENTERPOINT’S PROPOSAL

CenterPoint proposed to reduce its GAP surcharge rate from \$0.0441/Dth to \$0.0001/Dth, to be effective beginning October 2019. This goal of this reduction is to bring the Company’s GAP tracker balance closer to zero.

To support this proposal, the Company provided its projected GAP tracker for each month of 2019 and 2020 in Attachments E and F to its *Petition*. With the current GAP surcharge rate, CenterPoint estimates that the GAP tracker balance will be over-recovered by \$6,936,361 by the end of May 2019, and will be over-recovered by \$6,067,122 by end the of September 2019.

Under CenterPoint’s proposal, the Company projects that the tracker balance will be over-recovered by only \$1,407,720 by the end of December 2020. CenterPoint does not charge carrying charges for over- and under-recoveries in the GAP tracker. The effect of the proposed change is shown in the following table.

Description	Time Period	Amount
Beginning Balance – Under/(Over) Recovered	October 1, 2019	(\$6,067,122)
GAP Program Expenses	October 1, 2019 – December 31, 2020	\$4,673,340
GAP Surcharge Recoveries	October 1, 2019 – December 31, 2020	(\$13,940)
Ending Balance – Under/(Over) Recovered	As of December 31, 2020	(\$1,407,722)

CenterPoint proposed charge a rate of \$0.0001/Dth rather than \$0.0000/Dth so that the GAP surcharge will continue to appear on customer bills. The Company stated that this will avoid changes to its billing procedures and will help reduce customer confusion.

Additionally, CenterPoint proposed to begin treating the GAP surcharge as an annual adjustment mechanism, based on forecasted GAP expenditures and rate-case approved sales. The goal of this would be to help better align costs with recoveries and prevent customers from getting over- or under-charged for GAP costs.

III. DEPARTMENT ANALYSIS

While the Department is not strongly opposed to CenterPoint's proposal to set the GAP surcharge at \$0.0001/Dth, the Department notes that setting the GAP surcharge at \$0.0000/Dth would expedite the process of bringing the tracker balance closer to zero. If the Company were to implement a \$0.0000/Dth GAP surcharge in October 2019 instead of the proposed \$0.0001/Dth, the estimated Ending Balance on December 31, 2020 would be (\$1,393,782) instead of (\$1,407,722). This is admittedly a fairly minor difference. However, these figures assume an effective date of October 2019; if the implementation date were earlier, the impact on the CIP tracker balance would be greater.

The recommendation to set the GAP surcharge at \$0.0000/Dth is supported by public policy considerations. First, due to turnover in CenterPoint's customer base, the ratepayers receiving the benefit of the lower GAP surcharge in 2019 will be somewhat different from the set of ratepayers whose contribution lead to the over-recovery of the tracker balance in the years prior to 2019. Second, CenterPoint will be filing a general rate case in the fall of 2019. Customer rates and bills will be increasing shortly thereafter due to the likely approval of interim rates. Lowering the GAP surcharge to \$0.0000/Dth would provide a small offset to the likely increase in CenterPoint's base rates. Finally, this change may provide the Company with an incentive to manage the tracker balance more proactively in the future.

Finally, the recommendation to set the GAP surcharge at \$0.0000/Dth is consistent with past Commission action. The Commission's September 25, 2015 Order in Docket No. G011/M-15-539 (MERC's 2015 Evaluation of its Gas Affordability Program), the Commission directed MERC to set its GAP surcharge rate at \$0.00 per therm in order to correct for an over-recovered tracker balance.

In regards to the Company's proposal to review the GAP surcharge on an annual basis, and to set this surcharge based upon forecasted sales and expenditures, the Department is supportive. This treatment will help avoid high tracker balances in the future, will better align costs and recoveries, and is consistent with other tracker-based riders such as the Conservation Improvement Program Rider.

IV. RECOMMENDATION

While not strongly opposed to CenterPoint's proposal, the Department recommends that the Commission direct CenterPoint to set the GAP surcharge at \$0.0000/Dth, to become effective no later than the month after the Commission's Order in this matter.

Further, the Department supports CenterPoint's proposal to begin reviewing the GAP surcharge on an annual basis.

/ar

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, 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
Supplemental Comments**

Docket No. G008/M-19-255

Dated this 7th day of May 2019

/s/Sharon Ferguson

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