

August 1, 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-14-650

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 Resources Corp d/b/a CenterPoint Energy Minnesota Gas (CenterPoint or the Company) for Approval of a Tariff Revision.

The *Petition* was filed on July 31, 2014 by:

Pamela Thomas
Regulatory Financial Analyst
CenterPoint Energy
800 LaSalle Avenue
Minneapolis, MN 55402

As discussed in greater detail in the attached *Comments*, the Department recommends that the Minnesota Public Utilities Commission (Commission) **approve CenterPoint's *Petition***. The Department is available to answer any questions that the Commission may have in this matter.

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-14-650

I. BACKGROUND

On August 30, 1995, the Minnesota Public Utilities Commission (Commission) approved CenterPoint Energy Resources Corp d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint or the Company) request to add a New Area Surcharge Rider to its tariff.¹ CenterPoint's New Area Surcharge Rider enables the Company to extend service into a new area it would be uneconomic to serve at tariffed rates. CenterPoint's New Area Surcharge Rider allows the term of service to vary from area to area, depending on the project; however, the maximum surcharge term is 15 years.

On January 30, 2014, Governor Mark Dayton issued Emergency Executive Order 14-02 and released a statement in response to the propane supply issues due to the polar vortex conditions that gripped the state. This statement listed steps that had been taken to alleviate the propane issues within the state and steps being taken to prevent future propane shortages.²

On March 24, 2014, the Minnesota Department of Commerce, Division of Energy Resources (Department) submitted testimony in Docket No. G011/GR-13-617 recommending that Minnesota Energy Resources Corporation (MERC) pursue in a separate filing a tariff revision to extend the maximum term of service for a New Area Surcharge to some period such as the length of the expected lives of the new facilities or a period agreed to by customers in the new area.³

¹ Docket No. G008/M-94-1075

² See Attachment 1

³ *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, 2014).

On July 31, 2014 CenterPoint Energy submitted a filing (*Petition*) to the Commission to modify the Company's New Area Surcharge tariff sheet to allow a New Area Surcharge to remain in effect for a term not to exceed thirty (30) years. CenterPoint noted the Department's recommendation that MERC modify its New Area Surcharge to allow a longer surcharge term and Governor Mark Dayton's Emergency Executive Order 14-02 as justification for the filing.

II. THE DEPARTMENT'S ANALYSIS

The Department supports CenterPoint's proposal to modify the New Area Surcharge Rider to allow costs to be recovered over a maximum of 30 years, as opposed to the current maximum of 15 years. As noted by CenterPoint, and above, the Department originally suggested the tariff change to MERC as a reasonable method of reducing Minnesota's reliance on propane for winter heating, since propane supply may be unreliable; thus it is a logical extension to support similar changes requested by other gas utilities in the State of Minnesota.

The service life of the installed equipment is likely to exceed 30 years. Therefore, the Department concludes that a maximum of 30 years is a reasonable term for a new area surcharge. The longer allowable term may result in more affordable surcharges which may allow CenterPoint to make more service extensions, thus reducing the number of people affected by propane shortages in the future. Thus the Department recommends that the Commission approve CenterPoint's proposed extension of the maximum term for its New Area Surcharge Rider.

III. DEPARTMENT'S RECOMMENDATIONS

The Department recommends that the Commission approve CenterPoint's request to allow a New Area Surcharge Rider term of up to 30 years.

/ja

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.

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
Comments**

Docket No. G008/M-14-650

Dated this 1st day of August 2014

/s/Sharon Ferguson

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