



505 Nicollet Mall
PO Box 59038
Minneapolis, MN 55459-0038

May 15, 2015

Mr. Daniel Wolf
Minnesota Public Utilities Commission
Suite 350
121 7th Place East
St. Paul, MN 55101-2147

**RE: Reply Comments: Annual Automatic Adjustment Report - CenterPoint Energy
Docket No. G999/AA-14-580**

Dear Mr. Wolf:

CenterPoint Energy submits its reply comments to the review of the 2013-2014 Annual Automatic Adjustment Reports by the Minnesota Department of Commerce (Department or DOC) dated May 5, 2015

CenterPoint Energy thanks the Department for its thorough review of the Company's true-up and AAA filings and agrees with the Department's recommendation to accept the true-up related to the 2013-2014 gas year. We provide the requested additional information in order to complete the record in this matter.

If you have any questions regarding the information provided in this filing, please contact me at (612) 321-5078.

Sincerely,

/s/ Marie Doyle
Rate Analyst

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Heydinger
Nancy Lange
Dan Lipschultz
John Tuma
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

Annual Automatic Adjustment Report and
True Up Filing for 2013-2014

Reply Comments
Dockets G999/AA-14-580
and G-008/AA-14-752

CenterPoint Energy (“CPE” or “the Company”) submits to the Minnesota Public Utilities Commission (or “PUC”) these Reply Comments in response to the Department of Commerce’s (“Department” or “DOC”) May 5, 2015 Review of 2012-2013 Annual Automatic Adjustment Report.

In its comments regarding the 2013-2014 AAA/True-up filing made by CenterPoint Energy, the DOC recommends that the Commission:

- A. Accept CenterPoint Energy’s FYE14 true up, Docket No. G008/AA-14-752; and
- B. Allow CenterPoint Energy to implement its true up as shown in Department Attachment G10 of the *AAA Report*.

CenterPoint Energy agrees with the recommendations to accept the FYE14 true up and to allow the Company to implement the true up as filed.

Curtailment Matters – Background

The Department discussed curtailment penalty revenue and how Minnesota natural gas utilities managed the interruptible customer curtailment events during the 2013-14 heating season. As noted by the Department, compared to prior years, there were more curtailment events during the 2013-14 heating season, due to the extreme cold weather. The Department recommended that specific language be included in all tariffs and requested additional information/discussion from gas utilities on curtailment policies.

CenterPoint Energy agrees with the Department goal to hold interruptible customers accountable and, in fact, our tariffs already address the concepts that the Department

describes. That said, while common language and a “bright line test” among utilities sound good, it is rather impractical due to the differences among utilities’ distribution systems and such an approach can lead to more problems than pro-actively engaging with customers to determine root causes and solutions. Where a utility, such as CenterPoint Energy, has a very small amount of unauthorized gas use, making such changes is unnecessary.

Unauthorized gas use is Not a significant Issue for CenterPoint Energy

CenterPoint Energy experienced a very minimal amount of unauthorized gas use from interruptible customers during the extremely cold periods of the 2013-2014 winter and it did not cause operational harm nor create major issues. Unauthorized gas use as a percentage of total throughput on days of curtailment was less than 1%.

Customers are Charged at Incremental Cost of Gas plus Penalties

Per our current tariffs, unauthorized gas use was billed to customers at our highest incremental cost of gas for the day plus a \$10 or \$20 per Dekatherm (Dth) penalty. During the curtailment periods of the polar vortex winter of 2013-2014, unauthorized gas use for certain days was billed at \$50+/Dth plus either a \$10 or \$20/Dth penalty. Given this tariffed approach, our other customers using system gas are not being harmed and it provides a strong incentive for interruptible customers to curtail.

Customer Engagement is Very Important

The Company communicates each fall with its Dual Fuel customers about curtailment procedures and tariffed penalties for non-compliance, including the Company’s right to shut off service. CenterPoint Energy encourages its interruptible customers to have a curtailment plan that includes updating their curtailment contact information, conducting maintenance checks of its back-up equipment, training of operators, and arranging for alternate fuel supply. In addition, CenterPoint Energy annually sends out a request to interruptible customers to update their curtailment contacts.

Per our tariffs, CenterPoint Energy has the right to move customers from interruptible service to firm service for non-compliance, however, we believe that the root causes regarding why individual customers didn’t comply with a curtailment request need to be explored before decisions are unilaterally made. Engaging customers in discussions regarding their reasons for non-compliance with a curtailment request can clear up misunderstandings and achieve resolutions with customers that achieve future compliance. After customer engagement, if it is determined that customers will not comply, moving them to firm service, can be the solution.

CenterPoint Energy's Tariff already address the Department's Concepts

The Department recommends that the Commission require that all utility tariffs have a provision which gives the utilities the right to revoke interruptible customer class status for non-compliant interruptible customers by discontinuing service or moving the customer to firm service. CenterPoint Energy has such provisions in the Special Conditions section of its tariffs for interruptible service and in Sections 1.2 and 3 of its agreements for interruptible service that provide the Company with the right to immediately discontinue service to any interruptible customer that does not curtail use of system supplied natural gas after being requested to do so. Therefore, no further action is necessary for CenterPoint Energy.

Responses to Department Questions

- **What anticipated effects would the above recommended change to tariff language have on the utilities' demand entitlements?**

Response

Our tariffs already recognize the Department's concepts.

Moving a customer from interruptible sales service to firm sales service may necessitate an increase in the Company's demand entitlements. Since this is a minimal issue for CenterPoint Energy, it becomes a question of when small incremental firm service loads will be cumulatively large enough to necessitate increased demand entitlements.

- **When should a utility remove a customer from interruptible service? Immediately? The following November 1? A different date?**

Response

The Company will typically reclassify customers from interruptible sales service to firm sales service outside of the November-March heating season.

While the Company has the right under our tariff's to immediately discontinue service to any interruptible customer that does not curtail use of system supplied natural gas after being requested to do so, we prefer to impose tariffed charges for unauthorized gas usage and work with the customer to bring them into tariff compliance during or after the heating season. We believe this holistic approach to working with such customers best balances the protections for all customers.

- **What notice, if any, is required from the utility to give to a customer before moving the customer to a different rate class? If none is required, how should notice be given?**

Response

The Company's practice is to give customers a 30 day written notice.

- **What are the specific triggers for a utility to remove a customer from interruptible service? Unauthorized usage over a pre-determined amount of dekatherms? A percentage of winter sales? Non-compliance with called curtailments more than once?**

Response

CenterPoint Energy follows up with customers who have significant amounts of unauthorized use of gas. Using this approach allows us to engage customers with significant amounts of unauthorized gas use in a meaningful discussion regarding the reason for non-compliance and next steps.

- **How long would a customer be excluded from interruptible service before it could be reinstated into that rate class?**

Response

Typically one year.

- **What amount should be charged to be reinstated and what types of costs would be included in the charge?**

Response

Any customer that moves from firm sales service to interruptible sale service would be required to reimburse the company for all costs associated with that change in service including telemetering equipment pursuant to tariff.

- **The Department also requests that the utilities provide discussion in Reply Comments on the Department's suggested \$5.00 per therm penalty and**

related tariff language discussed in section III.F.1.c. Demand Cost of Gas and Curtailment Penalties.

Response

The Company's current tariff language provides for a customer using unauthorized gas to be charged a delivery charge plus the highest incremental cost of gas for the day plus a penalty of \$10/Dth for a first violation and \$20/Dth for any subsequent violation. Using January 28, 2014 as an example, the highest incremental cost of gas for that day was ~\$55 per Dth. As a result, any customer using unauthorized gas on that day would have incurred a charge of ~\$65 per Dth for a first violation and ~\$75 per Dth for a second violation. For perspective, during January 2014, the Company's PGA charge was \$5.30 - \$6.10 per Dth. In other words, the unauthorized gas use charges under our current tariff were more than 10 times the standard PGA charge that month. We believe this approach recognizes economic reality by charging customers the incremental costs they imposed on the system with and the tiered penalty approach encourages compliance. We feel that our existing tariff provisions should be retained.

Conclusion

In summary:

- Unauthorized gas use is not a significant issue for CenterPoint Energy
- Customers are Charged at Incremental Cost of Gas plus Penalties
- Customer Engagement is Very Important to achieve reasonable solutions
- CenterPoint Energy's current Tariff already address the Department's Concepts

CenterPoint Energy believes that it has sufficient tariff language to effectively manage issues around unauthorized gas use and no further action is necessary.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street Bismarck, ND 585014092	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580
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	Yes	OFF_SL_14-580_G999-AA-14-580
Marie	Doyle	marie.doyle@centerpointenergy.com	CenterPoint Energy	800 LaSalle Avenue P O Box 59038 Minneapolis, MN 554590038	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580
Michael	Greiveldinger	michaelgreiveldinger@alliantenergy.com	Interstate Power and Light Company	4902 N. Biltmore Lane Madison, WI 53718	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main Street P.O. Box 68 Le Sueur, MN 56058	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580
Amber	Lee	ASLee@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th Street West Rosemount, MN 55068	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580
Paul J.	Lehman	paul.lehman@xcelenergy.com	Xcel Energy	414 Nicollet Mall Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580
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	Yes	OFF_SL_14-580_G999-AA-14-580
Regulatory	Records	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_14-580_G999-AA-14-580

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_14-580_G999- AA-14-580