

December 16, 2015

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

RE: Response Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. G008/M-15-644

Dear Mr. Wolf:

This letter serves as the Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

A request by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint, or the Company) for approval of the Minnesota Public Utilities Commission (Commission) of a change in demand units effective November 1, 2015.

On July 1, 2015, CenterPoint filed a petition requesting a change in demand units (Petition). On August 31, 2015, the Department filed its Comments regarding the Company's Petition and recommended that the Commission:

- approve CenterPoint's proposed level of demand entitlement subject to supplemental filing(s) by the Company related to the reallocation of units between TF-12 Base and TF-12 Variable services and the final Reservation Fees cost estimate; and
- accept the design-day level proposed by CenterPoint.

The Department also requested that:

- in its Reply Comments, CenterPoint provide the percentage breakdown of the costs associated with the two new storage contracts between annual storage capacity and maximum daily quantity.

In its September 10, 2015 Reply Comments, CenterPoint accepted the Department's recommendations and responded to the Department's request to provide the percentage breakdown of the costs associated with its two newest storage contracts between annual storage capacity¹ and Maximum Daily Quantity² (MDQ). The Company replied that its BP

¹ Also called Capacity Fees.

² Also called Reservation Fees.

Storage contract does not separate pricing in this manner, but did provide that the cost for the FDD Storage on the Northern Natural Gas Company (NNG) system is split nearly 50/50 between annual capacity and MDQ. CenterPoint provided this information in response to the Department's request but stated that the Company proposes to leave the storage allocation as originally proposed.³

The Department appreciates CenterPoint providing this additional information. In the Company's previous demand entitlement, Commission Staff proposed alternative allocations for these two storage contracts,⁴ one of which would allocate costs based on annual capacity and MDQ. At its June 12, 2015 Agenda meeting, the Commission approved CenterPoint's proposed allocation, but requested further development of the issue in the Company's 2015 demand entitlement filing.

The Department would not object to Staff's alternative allocation based on annual capacity and MDQ, as it allocates more of the costs that benefit interruptible customers to commodity. Should the Commission choose to consider this option, the Department provides, as Trade Secret Attachment 1, the impact of the alternative allocation for an average user on an annual basis.

On October 30, 2015, CenterPoint filed Supplemental Information. Since July 1, 2015, the Company:

- updated its Base/Variable split;
- added 1,995 dekatherms (DT)/day units of winter entitlement on NNG to meet the Carlton obligation;
- updated the discounted winter rate with changes under the discount agreement;
- updated the NNG commodity credits;
- updated the Viking Pipeline rate;
- added 10,000 additional units of three-month winter entitlement on Viking Pipeline;
- updated the seasonal reservation schedule for the upcoming winter season; and
- updated the NGPL cost allocation between Firm and Small Volume Dual Fuel (SVDF) due to changes in sales estimates.

CenterPoint stated that NNG filed its annual update on the Carlton obligation with the FERC, increasing CenterPoint's total Carlton flow obligation as of November 1, 2015. Through an NNG open season for firm transportation earlier in the year, CenterPoint bid and was awarded 1,995 DT with a Carlton primary receipt point for the term of November 1, 2015 through March 31, 2019. The Company stated that adding these additional volumes allows CenterPoint to have sufficient primary receipt capacity to fulfill its winter 2015-2016 Carlton obligations.

³ Both contracts are currently allocated 75 percent to demand and 25 percent to commodity.

⁴ Pages 5-8, Staff Briefing Papers, filed June 12, 2015 in Docket No. G008/M-14-561.

Since its filing in July, CenterPoint purchased additional daily winter capacity on Viking for December 2015 through February 2016 for 10,000 DT/day. The Company stated that this capacity will help ensure winter peak-day capacity and increase the reserve margin while the Mankato propane air plant is unavailable for winter 2015-2016.

On November 30, 2015, the Company filed additional Supplemental Information. In this filing, CenterPoint added 390 DT/day units of winter entitlement and 195 of summer entitlement on NNG. The Company stated that this entitlement was acquired in NNG's open season for available capacity on its west leg. The term is through October 31, 2022, receipt is NBPL/NNG Aberdeen, and delivery is at Pipestone #1 town border station (TBS).

The Department has reviewed the October and November supplemental filings and concludes that the proposed changes are reasonable. These changes increased overall demand costs from June 2015 by \$0.00223 per therm (before the demand smoothing factor) and were reflected cumulatively in the Company's December 2015 PGA billing rates. The cumulative annual effect of a typical residential heating customer using 881 therms is an increase of \$1.96.

Based on its review of the Company's Reply Comments and supplemental filings, the Department recommends that the Commission:

- approve CenterPoint's proposed level of demand entitlement; and
- approve the design-day level proposed by CenterPoint.

Sincerely,

/s/ ANGELA BYRNE
Financial Analyst
651-539-1820

AB/lt

Potential Alternative Storage Allocation 1/

FDD Storage Cost	
[TRADE SECRET DATA BEGINS...]	
Reservation Fees	2/
Capacity Fees	2/
Total FDD Contract	
...TRADE SECRET DATA ENDS]	

Current Allocation	
Demand	Commodity
[TRADE SECRET DATA BEGINS...]	
...TRADE SECRET DATA ENDS]	

Alternative Allocation	
Demand	Commodity
Reservation Fees	
[TRADE SECRET DATA BEGINS...]	
...TRADE SECRET DATA ENDS]	
Capacity Fees	
[TRADE SECRET DATA BEGINS...]	
...TRADE SECRET DATA ENDS]	
Total	
[TRADE SECRET DATA BEGINS...]	
...TRADE SECRET DATA ENDS]	

Potential Demand Adjustment
[TRADE SECRET DATA BEGINS...]
3/
4/
5/
6/
...TRADE SECRET DATA ENDS]

Notes:

- 1/ Per CenterPoint's September 10, 2015 Reply Comments, BP doesn't separate the pricing of its storage based on annual capacity and MDQ. Therefore, only FDD Storage is shown in this attachment.
- 2/ From CenterPoint's September 10, 2015 Reply Comments, Exhibit B.
- 3/ Additional costs that would be allocated from demand to commodity.

[TRADE SECRET DATA BEGINS...]

...TRADE SECRET DATA ENDS]

- 4/ Annual demand volume in therms.
- 5/ Demand rate reduction per therm.
- 6/ Estimated annual effect for average use of 881 therms.

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
Response Comments**

Docket No. G008/M-15-644

Dated this **16th** day of **December 2015**

/s/Sharon Ferguson

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	OFF_SL_15-644_M-15-644
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_15-644_M-15-644
James J.	Bertrand	james.bertrand@stinson.com	Stinson Leonard Street LLP	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-644_M-15-644
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave FL 14 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-644_M-15-644
James	Canaday	james.canaday@ag.state.mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota St. St. Paul, MN 55101	Electronic Service	No	OFF_SL_15-644_M-15-644
Jerry	Dasinger	jerry.dasinger@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No	OFF_SL_15-644_M-15-644
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-644_M-15-644
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service 1400	No	OFF_SL_15-644_M-15-644
Marie	Doyle	marie.doyle@centerpointenergy.com	CenterPoint Energy	800 LaSalle Avenue P O Box 59038 Minneapolis, MN 554590038	Electronic Service	Yes	OFF_SL_15-644_M-15-644
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-644_M-15-644

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_15-644_M-15-644
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	OFF_SL_15-644_M-15-644
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	OFF_SL_15-644_M-15-644
Mary	Holly	mholly@winthrop.com	Winthrop & Weinstine, P.A.	225 S Sixth St Ste 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-644_M-15-644
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street St. Paul, MN 551012134	Electronic Service	No	OFF_SL_15-644_M-15-644
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_15-644_M-15-644
Peter	Madsen	peter.madsen@ag.state.mn.us	Office of the Attorney General-DOC	Bremer Tower, Suite 1800 445 Minnesota Street St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_15-644_M-15-644
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_15-644_M-15-644
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_15-644_M-15-644
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-644_M-15-644

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
LauraSue	Schlatter	LauraSue.Schlatter@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 55164-0620	Paper Service	No	OFF_SL_15-644_M-15-644
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Frwy Bloomington, MN 55431	Electronic Service	No	OFF_SL_15-644_M-15-644
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	800 LaSalle Avenue PO Box 59038 Minneapolis, MN 554590038	Electronic Service	No	OFF_SL_15-644_M-15-644
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	OFF_SL_15-644_M-15-644
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_15-644_M-15-644
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_15-644_M-15-644