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September 10, 2015

**PUBLIC DOCUMENT**  
**Trade Secret Information has been Excised**

Daniel Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
350 Metro Square Building  
121 East Seventh Place, Suite 350  
St. Paul, Minnesota 55101-2147

**Re: CenterPoint Energy's Request for Change in Demand Units 2015-2016**  
**Docket No. G008/M-15-644**  
**Reply to the DOC Response Comments of 8-31-2015**

Dear Mr. Wolf:

CenterPoint Energy has received and reviewed the August 31, 2015 Comments of the Minnesota Department of Commerce ("Department " or "DOC") on CenterPoint Energy's ("CenterPoint") Request for approval of a change in demand units effective November 1, 2015.

The DOC recommended that the Commission accept CenterPoint Energy's proposal, subject to supplemental filing(s) by the Company.

In the same filing, the Department also requested that CenterPoint provide further information in its *Reply Comments* regarding its allocation of its storage contracts where 75 percent is allocated to demand and 25 percent to commodity, as it does with reservation fees. The Department requested that CenterPoint Energy provide the percentage breakdown of the costs associated with the two new storage contracts between annual storage capacity and maximum daily quantity.

BP Storage – This contract does not separate pricing for annual storage capacity vs. Maximum Daily Quantity (MDQ.) Provided in the July 1, 2014 filing in Non-Public Exhibit C, page 1, CenterPoint Energy contracted for 5 Bcf of storage for the winter of 2014-2015 at a total demand cost of [ **Trade secret data begins** ... **Trade Secret Data ends** ], which the Company allocated 75% to Demand and 25% to Commodity as noted. The details of the contract allow:

[ **Trade secret data begins...**

**... Trade Secret Data ends].**

FDD Storage on Northern –

Under the terms of this contract, CenterPoint Energy's cost is split nearly 50% for MDQ and 50% for annual storage capacity. CenterPoint Energy provided this detail in its original filing dated July 1, 2014 in Exhibit C, page 2 and attaches a copy herein as NonPublic Exhibit B.

**[ Trade secret data begins...**

**... Trade Secret Data ends].**

CenterPoint Energy proposed the 75 percent demand / 25 percent commodity cost allocation for the two storage agreements because the estimated costs represent the fixed-cost (demand) portion of the storage services that were contracted to serve swing supplies. Under the terms of the storage contracts, gas is brought to CenterPoint Energy's distribution system as needed, just like swing supplies that have a reservation component. In the February 28, 2012 order in the G-008/M-07-561 and G-008/M-11-1078 dockets, this kind of cost was ordered to be split 75% demand and 25% commodity to reflect that some of the fixed-cost portion of the storage costs should be borne by dual fuel customers as they use some of the storage supplies throughout the winter when not required for firm supply (ordering point 7).

In the present docket, CenterPoint Energy proposes to leave the storage cost allocation as originally proposed, but provides the information requested for further review by the Department.

Sincerely,

/s/

Marie M. Doyle  
Rates Analyst  
612-321-5078

**PUBLIC DATA**  
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**Exhibit A**

CenterPoint Energy Minnesota Gas  
BP Energy Storage Contract Demand Charges  
Allocation Between Demand Costs and Commodity Costs

<b>Winter 2014-15</b>		Demand	
<b>Winter 2015-16</b>	Volumes (5Bcf)	Charge	\$
<b>[ Trade Secret Data Begins...</b>			

**...Trade Secret Data Ends ]**

CenterPoint Energy Minnesota Gas  
FDD Storage on Northern Natural Gas  
Allocation Between Demand Costs and Commodity Costs

<b>Winter 2014-15</b>	Reservation Fee (8,672 MDQx\$ 1.174)	Capacity Fee (500,000 X \$.3567) over 5 mos	Annual Cycle MMBtu	Inj/WD Rate	Inj/Withdrawal Fees	Demand Costs Per Month
[ Trade Secret Data Begins...						

**...Trade Secret Data Ends ]**



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