

November 18, 2022

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
Saint Paul, MN 55101-2147

RE: In the Matter of the Petition of CenterPoint Energy for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions Docket No. G-008/M-21-138

Dear Mr. Seuffert:

The City of Minneapolis (“Minneapolis”), a municipality as defined in Minn. Stat. § 216B.02, subd. 2b, respectfully submits this letter in opposition to CenterPoint Energy’s November 8, 2022 Petition for Reconsideration of the Minnesota Public Utilities Commission’s October 19, 2022 Order (“Order”) Disallowing Recovery of Certain Natural Gas Costs and Requiring Further Action, in the above-referenced matter. Minneapolis is an intervening party solely relating to CenterPoint Energy’s petition pursuant to the Commission’s October 12, 2021, Order.

In its Petition for Reconsideration, CenterPoint Energy argues the Order ought to be reconsidered because the Order is inconsistent with the prudence standard and relied on hindsight. Minneapolis disagrees.

First, CenterPoint Energy claims its planned withdrawal amount was prudent based on its knowledge at the time. However, the record reflects that CenterPoint Energy knew, or had reason to know, that daily spot gas would be significantly more expensive than their storage assets.¹ Failing to maximize their storage assets caused CenterPoint Energy incur millions in unnecessary costs – costs which they continue to ask this Commission to require ratepayers cover despite the harm to customers who are already sharing in the cost responsibility.

Second, as noted in prior filings, Minneapolis has sixteen CenterPoint accounts with interruptible gas service.² (June 3, 2022, Letter from City of Minneapolis at 1). CenterPoint Energy failed to request or invite Minneapolis to curtail at any of these locations during the pricing event.³ Minneapolis and other interruptible commercial customers were unfairly denied the opportunity to curtail and reduce costs based on pricing information for which CenterPoint’s analysts had access but customers did not.⁴ Further, CenterPoint’s decision not to call on interruptible customers to curtail led to even more unnecessary upward pressure on market pricing. Thus, by failing to call on customers to curtail or conserve, it was reasonable for the Commission to conclude that CenterPoint mismanaged the pricing event and contributed to higher wholesale prices.

Third, CNP states: *the Company’s interruptible tariff lacks any criteria such as a threshold gas price that would trigger price-based curtailment and because such price-based curtailment had never been issued by the Company, customers could not have reasonably expected to be called upon to curtail their natural gas*

¹ See DOC Ex. 506, MJK-D-2 to MJK-D-4 (King Direct). When utilities withdraw stored gas in the winter, it is charged at the weighted average summer injection prices (e.g. \$1.90/Dth (Xcel); \$1.96/Dth (CenterPoint); \$1.54 (Great Plains). See, e.g., CNP Ex. 118 at 26 (Grizzle Direct); DOC Ex. 506, MJK-D-2 to MJK-D-4 (King Direct).

² City of Minneapolis Letter, June 3, 2022, at 1.

³ *Id.*

⁴ *Id.* at 2.

usage in response to prices.

From the existing tariff definition, customers couldn't be **required** to curtail due to trigger-price based curtailment. However, the whole point of customers choosing dual-fuel or interruptible service is the customer's willingness to have a backup system in exchange for the opportunity to save money and manage rates. Therefore, it is reasonable to believe that curtailment rate customers like the City of Minneapolis would have been happy to curtail if called upon to avoid taking on excessive natural gas prices. CenterPoint's failure to call or message to offer interruptible customers the option of curtailing denied us an option to reduce CenterPoint's need to buy gas at the peak spot pricing and cost all customers, an impact that will be borne by customers for years to come.

In conclusion, the Commission correctly concluded that CenterPoint Energy failed to prove it acted prudently to allow recovery of its extraordinary costs.⁵ For that reason, Minneapolis respectfully requests the Commission deny this petition for reconsideration.

Respectfully submitted,



Kim W. Havey (He/Him)
Director
Division of Sustainability

⁵ In re N. States Power Co., 416 N.W.2d 719, 723 (Minn. 1987); In the Matter of a Commission Investigation into Xcel Energy's Monticello Life-Cycle Management/Extended Power Uprate Project and Request for Recovery of Cost Overruns, Docket No. E-002/CI-13-754, ORDER FINDING IMPRUDENCE, DENYING RETURN ON COST OVERRUNS, AND ESTABLISHING LCM/EPU ALLOCATION FOR RATEMAKING PURPOSES at 13 (May 8, 2015) [hereinafter Monticello Order"]

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