

State of Minnesota
Minnesota Public Utilities Commission

Utility Information Request

Docket Number: G-008/M-20-565 - Demand Entitlement
Requested From: CenterPoint Energy Minnesota Gas

Date of Request: 9/16/2021
Response Due: 9/24/2021

Analyst Requesting Information: James Worlobah

Type of Inquiry: Financial

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
PUC 01	<p>Please provide the following information in a single table:</p> <ul style="list-style-type: none">1 How will the proposed refund of \$50 million appear on ratepayer bills?1 Will the refund be a one-time refund and when will it begin?1 How will the \$50 million be allocated, by customer class?1 What is the estimated refund be for an average customer in each customer class?1 Starting in November 2021, what will the average surcharge be for an average customer in each customer class?1 Will the surcharge remain in effect for the full NNG financing period (14-15 years)?1 How will the refund and surcharge operate alongside the PGA true-up authorized to begin in September 2021 in Docket number 21-138? <p>If the requested information cannot be provided by the specified due date please provide a written explanation as to the reasons, along with the date the requested information will be available.</p> <p>Response:</p> <ul style="list-style-type: none">1 Q: How will the proposed refund of \$50 million appear on ratepayer bills? <p>A: CenterPoint Energy proposed to credit the CIAC refund (\$49,826,585) directly to the AAA True-up balance. The Company would, if approved by the Commission, then recalculate and reduce the current GCR Factors for Firm classes (who were initially billed for the CIAC) and refund the dollars over the months remaining between the date implemented (assumes November 1, 2021, in provided examples) and August 2022 based on projected sales volumes. The Company</p>

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provides Exhibit 1 to show proposed credit to the True-up factor (Originally filed in Docket No. G-008/AA-21-666, Page 10. See lines 17-18 of the model) and the restated final 10-month factors on line 19. The allocation of the CIAC refund is provided on Exhibit 2.

At the same time, if approved by the MPUC, the Demand Cost portfolio would be updated add the charges to pay for the financing of the entitlement construction over the 14-year recovery period. This will add approximately \$7.0 Million to the total annual demand cost portfolio when compared to the originally filed cost, and will increase the per-therm charge from \$0.12326 to \$0.12914 all other costs remaining the same.[\[1\]](#) This change is shown on Exhibit 3.

Q: Will the refund be a one-time refund and when will it begin?

A: CenterPoint Energy expects to receive a refund from Northern Natural Gas (NNG), and as noted above proposes to post it to the AAA balance, returning it as part of the AAA true-up factor over the months remaining until September 1, 2022.

Q: How will the \$50 million be allocated, by customer class?

A: The Company proposes to allocate the dollars to the FIRM rate classes based on the actual sales over the 2020-2021 Heating Season in a manner similar to other credits posted in the G-008/AA-21-666 True-up filing. The allocation is included in Exhibit 2 as noted above. The Company will use the sales forecast set in the 2019 (GR-19-524) case for the months remaining from November 2021 to August 2022 to set the per-unit credit against the original true-up factor.

Q: What is the estimated refund be for an average customer in each customer class?

A: See Table 1 - on tab Exhibit 3 in the file.

Q: Starting in November 2021, what will the average surcharge be for an average customer in each customer class?

A: See Table 2 for the monthly charge, Table 3 for the annual charge-- on tab Exhibit 3 in the file.

Q: Will the surcharge remain in effect for the full NNG financing period (14-15 years)?

A: Yes, if the refund of the CIAC paid originally to NNG is credited to the AAA balance, then the entitlement will need to be funded in the rates over the contract period by adding to the demand portfolio. The financing will be a part of the total demand portfolio.

Q: How will the refund and surcharge operate alongside the PGA true-up authorized to begin in September 2021 in docket number 21-138?

A: Exhibit 4 shows the billing impact for a residential account.

In the bill calculation, CenterPoint Energy provides the Cost-of-Gas components that will change, Commodity cost is fixed at the September 2020 rate of \$0.42869 per therm for comparison purposes. The February 2021 Event surcharge is billed on a separate line item at the currently authorized rates and would not be affected if the Commission were to approve this request.

In the comparison between status quo (assumes the CIAC is not refunded, the True-up factor remains as-filed, and the Demand Charge does not add the additional CIAC financing) and the revised bill (True-up factor reduced/additional CIAC financing) for the September 2021–August 2022 period.

Residential Comparison for Annual Cost-of-Gas in total:

Status Quo COG:	\$588.67
CIAC Refunded/Financed	<u>\$554.43</u>
Difference	<u>(\$ 34.24)</u>

The difference is a refund of \$39.42 to the PGA and a surcharge of \$5.19 increase in demand costs.

[1] The Seasonal Swing Reservation fees were updated for this request to currently contracted rates for the 2021-2022 heating season from original July 1, 2021, filing of Docket No. G-008/M-21-523 and the company will supplement that docket to reflect final numbers on or before November 1, 2021.