

April 23, 2021

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G008/GR-19-524

Dear Mr. Seuffert:

Attached are the Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department), related to the March 12, 2021 compliance filing submitted by CenterPoint Energy Minnesota Gas in the following matter:

Application of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota.

The filing was submitted by:

Andrew Sudbury
Manager, Regulatory Portfolio Management
CenterPoint Energy
505 Nicollet Mall
PO Box 59038
Minneapolis, MN 55459-0038

The Department recommends **approval**, and is available to answer any questions that the Minnesota Public Utilities Commission may have in this matter.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/ja
Attachment



Before the Minnesota Public Utilities Commission

Response Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G008/GR-19-524

I. INTRODUCTION

On October 28, 2019, CenterPoint Energy Minnesota Gas (CenterPoint, CPE, or the Company) filed a general rate case (the 2019 General Rate Case) requesting approval from the Minnesota Public Utilities Commission (Commission) to increase its natural gas rates.

On September 17, 2020, the parties to CenterPoint's 2019 General Rate Case jointly filed an Offer of Settlement (Settlement) that resolved all issues in the case, except for the tariffed on bill program proposed by the City of Minneapolis. Overall, the parties agreed to reduce the proposed increase in CenterPoint Energy's annual revenue requirement from \$62.0 million, a 6.8% increase, to \$38.5 million, a 4.2% increase.

On March 1, 2021, the Minnesota Public Utilities Commission (Commission) issued its Order Accepting and Adopting Agreement Setting Rates, and Initiating Development of Conservation Programs for Renters (Rate Case Order) in CenterPoint's 2019 General Rate Case. Ordering Paragraph No. 4 of the Commission's Order required CPE to make a compliance filing within 30 days of the Order, including certain, specified information, discussed in greater detail below. Ordering Paragraph No. 5 of the Rate Case Order set a 30-day comment period on all compliance filings made by CPE pursuant to Ordering Paragraph No. 4.

On March 12, 2021, CPE submitted its Compliance Filing in accordance with Ordering Paragraph No. 4 of the Commission's Rate Case Order. The Company's Compliance filing also addressed requirements imposed by Ordering Paragraph No. 3, related to the value of gas storage inventory and its service extension tariff, also discussed in greater detail below.

On April 12, 2021, the Minnesota Department of Commerce, Division of Energy Resources (Department), filed Comments requesting additional information from CenterPoint related to the Company's interim rate refund calculations. The Department stated that it would provide final recommendations on CenterPoint's interim rate refund plan after it reviewed the Company's Reply Comments. In addition, the Department offered final recommendations to the Commission related to all other aspects of CenterPoint's Compliance Filing, except for the base cost of gas, which the Department addresses separately in Docket No. G008/MR-21-182.

On April 19, 2021, the Company filed Reply Comments addressing the issues raised in the Department's Comments regarding its interim rate refund calculations. CenterPoint also agreed with the Department's final recommendations on the other aspects of the Company's Compliance Filing, and provided.

II. DEPARTMENT ANALYSIS

Ordering Paragraph No. 4(E) of the Commission's Rate Case Order required CenterPoint to include in its Compliance Filing a proposal to make refunds of interim rates, including interest to affected customers. In its Comments, the Department noted that the interim rate refund factor derived in Schedules E and E-1 through E-6 of the Compliance Filing appeared to exclude interest, and requested that the Company clarify in reply comments whether and how interim rate refunds would include interest, as required.

In its Reply Comments, the Company explained that interim rate refunds are calculated and applied in a multi-step process in its billing system. Refunds excluding interest are calculated first, using the interim rate refund factor derived in Schedule E-2 of the Company's Compliance Filing. Interest is then applied in separate step. Attachment 2 of the Company's Reply Comments provides an illustrative example of the refund calculations for a hypothetical residential customer.

The Department reviewed CPE's explanation of its interim rate refund calculations, as well as the example provided in Attachment 2, and concludes that the Company's process includes interest as required by the Rate Case Order. The Department appreciates CenterPoint's clarifications.

Regarding the timing of its interim rate refund plan, in its Compliance Filing, CenterPoint stated:

For every customer assessed an interim rate charge, a refund will be calculated based on each customer's assessed interim rate charge multiplied by approximately 25% (see Supporting Schedule E-2). Applicable franchise fees and sales taxes will be applied to the refund amount, as appropriate. Existing customers will receive a bill credit. Customers due a refund who are no longer CenterPoint Energy customers will receive a check. CenterPoint Energy will handle the refunds in accordance with the Minnesota Uniform Disposition of Unclaimed Property Act, Minn. Stat. §§ 345.31-345.60.

Refunds will be credited to accounts, or checks issued, as close as possible to the time when final rates are implemented for all eligible customers. It is anticipated that interim rate refunds will be applied to accounts starting the first week of June 2021.

Minn. Stat. § 216B.16, subd. 3(c) requires interim rate refunds to commence within 120 days of the final order in a rate case. Because the 2019 Rate Case Order was issued March 1, 2021, CenterPoint is required to begin providing refunds by June 29, 2021, and the Company's proposal to apply refunds starting the first week of June 2021 complies with this requirement.

In addition, in its Compliance Filing, the Company noted that its interim rate refund schedules included estimates of interim rate revenues for March, April, and May, and that the schedules would be updated just prior to the refund to reflect actual interim revenues billed.

Based on its review, the Department concludes that CenterPoint's proposed interim rate refund plan is reasonable and recommends that the Commission approve it. Additionally, the Department recommends that the Commission require CPE to submit, within 10 days of the completion of the refund for all of its customers, a compliance filing that separately shows the actual refunds and interest paid by rate class including supporting calculations.

III. CONCLUSION

Based on the analysis described in the Department's Comments and above, the Department recommends that the Commission:

- 1) approve CenterPoint's proposed Conservation Cost Recovery Charge of \$0.2372 per dekatherm (or \$0.02372 per therm);
- 2) require CenterPoint to resubmit the CIP tracker account (including rates, revenues, expenses, and ending balance) based on actual data for the entire period that interim rates were in effect, within 10 days after the actual date final rates become effective;
- 3) approve the proposed tariffs provided in CenterPoint's March 12, 2021 Compliance Filing, with the exception of Twentieth Revised Page 13 of Section V;
- 4) approve the revised tariff sheet, provided in CenterPoint's Reply Comments, for Twentieth Revised Page 13 of Section V, reflecting a Conservation Cost Recovery Charge of \$0.2372 per dekatherm;
- 5) approve CenterPoint's proposed refund plan; and
- 6) require CPE to submit, within 10 days of the completion of the refund for all of its customers, a compliance filing that separately shows the actual refunds and interest paid by rate class including supporting calculations.

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/GR-19-524

Dated this 23rd day of April 2021

/s/Sharon Ferguson

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_19-524_GR-19-524 Official CC Service List
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Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Lane PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_19-524_GR-19-524 Official CC Service List
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Jocelyn	Bremer	jocelyn.bremer@minneapolismn.gov	City of Minneapolis	350 S Fifth St Ste 210 Minneapolis, MN 55415	Electronic Service	No	OFF_SL_19-524_GR-19-524 Official CC Service List
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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	Yes	OFF_SL_19-524_GR-19-524 Official CC Service List
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Steve W.	Chriss	Stephen.chriss@walmart.com	Wal-Mart	2001 SE 10th St. Bentonville, AR 72716-5530	Electronic Service	No	OFF_SL_19-524_GR-19-524 Official CC Service List
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-524_GR-19-524 Official CC Service List
Dean	Dalzell	ddalzell@caphennepin.org	Community Action Partnership of Hennepin County	8800 Highway 7 Ste 401 St. Louis Park, MN 55426	Electronic Service	No	OFF_SL_19-524_GR-19-524 Official CC Service List
Richard	Dornfeld	Richard.Dornfeld@ag.state.mn.us	Office of the Attorney General-DOC	Minnesota Attorney General's Office 445 Minnesota Street, Suite 1800 Saint Paul, Minnesota 55101	Electronic Service	No	OFF_SL_19-524_GR-19-524 Official CC Service List
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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_19-524_GR-19-524 Official CC Service List
Annete	Henkel	mui@mutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-524_GR-19-524 Official CC Service List
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Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_19-524_GR-19-524 Official CC Service List
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Eric	Lipman	eric.lipman@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	Yes	OFF_SL_19-524_GR-19-524 Official CC Service List
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Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_19-524_GR-19-524 Official CC Service List
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-524_GR-19-524 Official CC Service List
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