



505 Nicollet Mall
PO Box 59038
Minneapolis, MN 55459-0038

August 12, 2021

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

RE: In the Matter of the Petition of CenterPoint Energy for Approval for Recovery of a Natural Gas Extension Project Costs through Rate Base Treatment and for a New Area Surcharge for the Lake Jessie Project

Docket No. G008/M-21-383

Reply Comments

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, ("CenterPoint Energy" or the "Company") respectfully submits these reply comments in response to the Comments of the Minnesota Department of Commerce ("Department") filed August 2, 2021.

Please contact Amber Lee at (612) 321-4625 (Amber.Lee@CenterPointEnergy.com) with any questions regarding this filing.

Sincerely,

/s/ Amber S. Lee

Director Regulatory Affairs

C: Service List

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Katie Sieben
Valerie Means
Matt Schuerger
Joseph Sullivan
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition of CenterPoint Energy
For Approval for Recovery of a Natural Gas Extension
Project Costs through Rate Base Treatment and for a
New Area Surcharge for the Lake Jessie Project

Docket No. G008/M-21-383

REPLY COMMENTS

Introduction

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) respectfully submits the following Reply Comments to the Comments of the Minnesota Department of Commerce (“Department”) filed on August 2, 2021.

In the Department’s Comments, the Department requested that the Company explain why the New Area Surcharge (“NAS”) rates identified in Table 2 of the Department’s Comments, calculated over a 30-Year period and excluding Natural Gas Extension Project (“NGEP”) rider recovery, would result in a significantly lower number of customers signing up for service in the Lake Jessie Project area. Additionally, the Department recommended that the Minnesota Public Utilities Commission (“Commission”) take the following action:

- Require CenterPoint to provide, in future rate case in which the Company includes Lake Jessie Project costs for recovery, a discussion demonstrating that the Lake Jessie Project costs included in for recovery in base rates were reasonably and prudently incurred.
- Approve CenterPoint’s proposed customer notice, updated as necessary with the applicable effective date and approved NAS Rider rates.
- Require CenterPoint to file by March 1 of each year a report on the Lake Jessie Project that includes the following information:
 - The number of customers, divided by classes, used to calculate the NAS Rider surcharge revenue and the retail margin revenue; and

- The actual NAS Rider surcharge and retail revenue received to date, projected surcharge revenue for the remaining term of the surcharge, and the actual project capital costs and forecasted remaining capital costs.

Impact of a 30-Year NAS, excluding NGEP, on customer signups.

In Table 2 of the Department's Comments, the Department provided NAS rates for the Lake Jessie Project calculated over a 30-Year period excluding NGEP recovery as compared to the approved NAS rates in the Company's Nowthen Project. Table 2 shows that the Lake Jessie Project with a 30-Year NAS excluding NGEP recovery would result in monthly rates less than those approved in the Nowthen Project,¹ and the Department raises the question as to why these lower rates would result in lower customer signups for the Lake Jessie Project.

One significant difference between the rates identified in Table 2 of the Department's filing and the approved Nowthen rates is the timeframe for which these rates will occur. The Lake Jessie project at 30 years would result in a total NAS of \$6,563 per residential customer for the life of the project, while the approved Nowthen NAS at a time period of 16 years will result in a total expected NAS per residential customer of \$4,426. The total cost of the NAS is a factor that potential NAS project customers are aware of, and take into account, when making the decision to switch to natural gas.

Department Conclusion and Recommendations

The Department made the following recommendations in their August 2, 2021 Comments:

- Require CenterPoint to provide, in future rate case in which the Company includes Lake Jessie Project costs for recovery, a discussion demonstrating that the Lake Jessie Project costs included in for recovery in base rates were reasonably and prudently incurred.
- Approve CenterPoint's proposed customer notice, updated as necessary with the applicable effective date and approved NAS Rider rates.
- Require CenterPoint to file by March 1 of each year a report on the Lake Jessie Project that includes the following information:
 - The number of customers, divided by classes, used to calculate the NAS Rider surcharge revenue and the retail margin revenue; and
 - The actual NAS Rider surcharge and retail revenue received to date, projected surcharge revenue for the remaining term of the surcharge, and the actual project capital costs and forecasted remaining capital costs.

The Company agrees with each of these recommendations.

¹ *In the Matter of the Petition of CenterPoint Energy (CenterPoint) for Approval for Recovery of Natural Gas Extension Project Costs through a Rider or in the Alternative for Regulatory Asset Treatment and for a New Area Surcharge for the Nowthen Project*, Docket No. G-008/M-19-840, Order (Aug. 4, 2020).

Conclusion

The Company appreciates the opportunity to respond to the Comments of the Department. The Company is requesting this Docket be put on the Commission's agenda as soon as possible to allow the Company to extend natural gas service to these customers before the 2021-2022 heating season. The Company asks the Commission to approve the Company's NAS and NGEF calculations and allow the Company to recover the NGEF via base rates.

Please contact Amber Lee at (612) 321-4625 (Amber.Lee@CenterPointEnergy.com) with any questions regarding this filing.

Sincerely,

/s/ Amber S. Lee

Director Regulatory Affairs

C: Service List

CERTIFICATE OF SERVICE

Wakila Johnson served the above Comments of CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/ _____

Wakila Johnson
Regulatory Analyst Assistant
CenterPoint Energy

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	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
James J.	Bertrand	james.bertrand@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Marie	Doyle	marie.doyle@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall P O Box 59038 Minneapolis, MN 554590038	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
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	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019