



KEITH ELLISON
ATTORNEY GENERAL

STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

SUITE 1400
445 MINNESOTA STREET
ST. PAUL, MN 55101-2131
TELEPHONE: (651) 296-7575

April 8, 2019

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

**Re: In The Matter Of A Petition By CenterPoint Energy To Introduce A
Renewable Natural Gas Pilot Program
Docket No. G-008/M-18-547**

Dear Mr. Wolf:

The Office of the Attorney General—Residential Utilities and Antitrust Division (“OAG”) hereby submits this Response Letter following the Commission’s March 29, 2019 Notice of Comment Period, which requested additional comments on CenterPoint Energy’s Renewable Natural Gas (“RNG”) Pilot proposal following the modifications made by the Company in recent filings. For the reasons stated below, the OAG continues to believe that approval of the RNG Pilot, even with modifications, would not result in just and reasonable rates and the Commission should thus deny the pilot.

In its January 8, 2019 Initial Comments, the OAG argued that approval of the RNG Pilot would not result in just and reasonable rates because the cost of RNG is approximately ten-times higher than conventional natural gas and because of the inclusion of deferred accounting for marketing and administrative costs and a shareholder financial incentive.¹ The OAG also argued that the pilot’s implementation would unnecessarily shift risk onto ratepayers since most costs were to be recovered by non-participants and there was no mandate or requirement for the filing of such a pilot.² In summary, the RNG Pilot, as filed, would create unnecessary risk and shift it onto ratepayers.

CenterPoint proposed several modifications in its March 1, 2019 Reply Comments. Most significantly, it proposed to have its shareholders cover all excess pilot costs and it withdrew its

¹ OAG Initial Comments at 5–12.

² OAG Initial Comments at 12–21. The OAG also questioned whether there was actual customer demand for such a product, as survey results from the Company indicated that many respondents were generally open to a “green” tariff option, but at a much lower cost than the RNG product that was actually proposed by CenterPoint. *Id.* at 19–21.

proposed shareholder incentive and deferred accounting requests.³ The Company also submitted draft communication and tariff documents on March 25, 2019.

The Company's modifications were responsive to some of the significant concerns held by the OAG and other stakeholders, but the underlying cost of the program and its flat-fee rate design still prevent the resulting rate from being just and reasonable.

If CenterPoint executives wish to promote RNG in other venues in order to "move Minnesota and the country in the right direction"⁴ with respect to the nascent technology, they do not need Commission approval to do so. But the Commission regulates natural gas utilities "in order to provide the retail consumers of natural gas . . . service in this state with adequate and reliable services at reasonable rates"⁵ CenterPoint's RNG Pilot would not result in a reasonable rate. Rather, according to the Company, its proposal is intended to "answer customer demand for renewable options for their homes and businesses and to start a broader effort to increase utilization of RNG resources and reduce the environmental impact of natural gas use."⁶ This may be a laudable corporate goal, but the resulting tariff proposal simply does not comport with the Commission's statutory obligation in setting rates.

Even after modification, it would still cost roughly \$280 per month for an average customer to offset an entire month of gas usage via the proposed RNG Pilot.⁷ While the OAG appreciates CenterPoint's efforts to remove non-participant harm and a shareholder incentive from the proposal, these changes do not alter the underlying cost of RNG, today, in Minnesota. Until fundamental changes to the nationwide RNG market occur, it is not in the public interest for the Commission to approve such an unreasonably costly program.

Sincerely,

s/ **Joseph A. Dammel**

JOSEPH A. DAMMEL

Assistant Attorney General

(651) 757-1061 (Voice)

(651) 296-9663 (Fax)

joseph.dammel@ag.state.mn.us

³ CNP Reply Comments at 4.

⁴ CNP Reply Comments at 8.

⁵ MINN. STAT. § 216B.01 (2018).

⁶ CNP Reply Comments at 7.

⁷ OAG Initial Comments at 7.

AFFIDAVIT OF SERVICE

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Docket No. G-008/M-18-547**

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

JUDY SIGAL hereby states that on April 8, 2019, I e-filed with eDockets a ***Letter from the Office of the Attorney General—Residential Utilities and Antitrust Division*** and served the same upon all parties listed on the attached service list by email, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

s/ Judy Sigal
Judy Sigal

Subscribed and sworn to before me
This 8th day of April, 2019.

s/ Patricia Jotblad
Notary Public

My Commission expires: January 31, 2020.

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	OFF_SL_18-547_M-18-547
James J.	Bertrand	james.bertrand@stinson.com	Stinson Leonard Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-547_M-18-547
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-547_M-18-547
Melodee	Carlson Chang	melodee.carlsonchang@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-547_M-18-547
Steven	Clay	Steven.Clay@CenterPointEnergy.com	CenterPoint Energy Minnesota Gas	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-547_M-18-547
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	Yes	OFF_SL_18-547_M-18-547
Ian	Dobson	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_18-547_M-18-547
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_18-547_M-18-547
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	OFF_SL_18-547_M-18-547
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_18-547_M-18-547

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Erica	Larson	erica.larson@centerpointenergy.com	CenterPoint Energy	505 Nicollet Avenue P.O. Box 59038 Minneapolis, Minnesota 55459-0038	Electronic Service	No	OFF_SL_18-547_M-18-547
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_18-547_M-18-547
Nick	Mark	nick.mark@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_18-547_M-18-547
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_18-547_M-18-547
David	Moeller	dmoeller@allte.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_18-547_M-18-547
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-547_M-18-547
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_18-547_M-18-547
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No	OFF_SL_18-547_M-18-547
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-547_M-18-547

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	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-547_M-18-547
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_18-547_M-18-547
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_18-547_M-18-547