

The Commission met on **Thursday, September 12, 2013**, with Chair Heydinger, and Commissioners Boyd, Lange, O'Brien, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

E-290, E-002/SA-13-503

In the Matter of the Joint Request of the City of Owatonna and Interstate Power and Light Company for Approval of an Adjustment of Their Contiguous Service Territory Boundaries

E-002,221/SA-13-543

In the Matter of the Joint Request of Northern States Power Company d/b/a Xcel Energy and the City of Buffalo Municipal Utilities for Approval of a Service Territory Compensation and Orderly Transfer Agreement between the Parties

E-299,132/SA-13-555

In the Matter of the Joint Request of the Rochester Public Utilities and Peoples' Energy Cooperative for Approval of Fifteen Service-By-Exception Agreements

Commissioner Boyd moved to approve the requested changes in the service territories of 1) the City of Owatonna and Interstate Power and Light Company and 2) Xcel Energy and the City of Buffalo Municipal Utilities, and to approve the fifteen Service-By-Exception Agreements of the Rochester Public Utilities and Peoples' Energy Cooperative.

The motion passed 5-0.

G-008/GR-13-316

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

Commissioner Lange moved to take the following actions:

1. Accept the filing as being in proper form and substantially complete as of August 2, 2013.
2. Suspend the proposed final rates until the commission makes its final determination in this matter.
3. Request the ALJ's report within eight months of the date of the Commission's acceptance of this filing, i.e. on or before April 2, 2013. If the statutory deadline for the Commission's decision is extended beyond the normal ten months at any point during this proceeding for any reason, request the ALJ's report at least two months before the extended deadline for the Commission's decision.

4. Require CenterPoint to submit the following supplemental testimony or exhibits:
 - A. Any subsequent responses to the warning letters and notices of probable violation issued by the Minnesota Office of Pipeline Safety under the Minnesota Office of Pipeline Safety Case No. 1299473-1 (2011-2013) and No. 1307070-2 (2013);
 - B. Any updated sales forecasts from its general rate case in its per dekatherm demand cost of gas rate. Updates should be filed in this docket as well as Docket No. G-008/MR-13-674; and
 - C. An analysis and discussion of the potential impacts of various decoupling scenarios.
5. Accept the Company's proposal to provide supplementary testimony regarding the following issues by October 11, 2013:
 - What is the appropriate number to be used for 2012 operating income in the rate case – the number included in Schedule C-2(b) of the Company's rate case filing (\$33, 947,000), or the number included in the company's 2012 Jurisdictional Annual Report (\$36,900,000) filed in Docket No. E, G-999/PR-13-04?
 - How much of CenterPoint's aging infrastructure scheduled to be replaced will be abandoned, and how will that comply with current regulations?
 - What is the design of the Company's billable hourly rate as it relates to corporate costs? The Commission also asks for an explanation of the billable hourly rate's component parts.
 - What additional information does CenterPoint have regarding the Company's rate case expense recovery tracking and the handling of the over-collection of such expenses arising from its last rate case – Docket NO. G-008/GR-08-1075?
 - What is the financial impact to ratepayers, based upon the Company's actual experience, of CenterPoint's extended or shortened billing periods due to accelerated or delayed meter readings?
6. Authorize CenterPoint Energy to implement interim rates for service rendered on an after October 1, 2013.
7. Approve an annual interim rate revenue deficiency of \$42.917 million, or 4.88 percent.
8. Approve CenterPoint's proposed interim cost of capital for setting interim rates.
9. Approve CenterPoint's request to collect the \$4.917 million interim rate increase as a uniform 4.88 percent interim rate adjustment to the base rate portion of customer bills, i.e. the basic service charge, the delivery charge (excluding the conservation cost recovery adjustment (CCRA), the gas affordability program (GAP) adjustment, and the base cost of gas. And to display the interim rate increase on customer bills using a single, line-item interim rate adjustment.

10. Approve CenterPoint's request to assess but forgo collection of the interim rate increase from its market rate service (flexible rate) rider customers, and to not seek recovery of the difference from its other customers.
11. In the Notice and Order for Hearing, require the following:
 - A. This Order will be served on the Company, which shall mail copies of the Order to all municipalities, counties, and local governing bodies in its Minnesota service area.
 - B. Public Hearings shall be held in this matter at locations within the service area of the Company.
 - C. The Company shall give the following notices of the evidentiary and public hearings:
 - Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings;
 - Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in the Company's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings;
 - Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within the Company's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which shall appear in bold face type no smaller than 30 points; and
 - The Company shall submit proposed notices for Commission approval prior to publication or service. and
12. In the Order Setting Interim Rate require the following:
 - A. Order the Company to file with the Commission and the Department of Commerce-Division of Energy Resources interim rate tariff sheets and supporting documentation reflecting the decisions herein. The Company's filing should also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
 - B. Order the Company to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund. Any refund should be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission.
 - C. Order the Company to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, the Company shall certify this fact to the Commission.
 - D. Require CenterPoint to maintain records of CIP costs and collection through the interim period so that it can be ascertained that recoveries dedicated to CIP are properly recorded as CIP.

13. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of the proceeding.

The motion passed 5-0.

G-008/MR-13-674

In the Matter of a Petition by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas to Establish a New Base Cost of Gas and Reset the Purchased Gas Adjustment to Zero, to Coincide with the Implementation of Interim Rates in the General Rate Case Filing

Commissioner Wergin moved to take the following actions:

1. Approve CenterPoint Energy's Base Cost of Gas as filed by the Company.
2. Require CenterPoint Energy to update the commodity cost of gas. Direct the Company to work with the Department and Commission staff to determine the time increments. Updates should be filed in both the instant docket and the general rate case Docket N. G-008/GR-13-316.

The motion passed 5-0.

G-999/AA-12-756

In the Matter of the 2011-12 Annual Automatic Adjustment Reports

G-011/AA-12-940

In the Matter of the 2011-2012 True-Up Filing of Minnesota Energy Resources Corp. PNG

G-007/AA-12-941

In the Matter of the 2011-2012 True-Up Filing of Minnesota Energy Resources Corp. NMU

G-008/AA-12-942

In the Matter of the 2011-2012 True-Up Filing of True-Up Filing of CenterPoint Energy

G-004/AA-12-944

In the Matter of the 2011-2012 True-Up Filing of Great Plains Natural Gas Company

G-002/AA-12-945

In the Matter of the 2011-2012 True-Up Filing of Xcel Energy – Gas Utility

G-001/AA-12-948

In the Matter of the 2011-2012 True-Up Filing of Interstate Power and Light Company – Gas Utility

G-022/AA-12-949

In the Matter of the 2011-2012 True-Up Filing of Greater Minnesota Gas, Inc.

Commissioner Wergin moved to do the following regarding Greater Minnesota Gas (GMG):

1. Accept GMG's Fiscal Year End 2012 (FYE12) true up as filed in Docket No. G-022/AA-12-949.
2. Allow GMG to implement its true up adjustment, as shown in the comments of the Minnesota Department of Commerce (the Department) (January 4, 2013), Attachment G5, page 1.
3. Do not require GMG to cease using its Agricultural-Interruptible Gas Service Agreement at this time, but require GMG to supplement its tariff.
4. Require GMG, beginning with its September 2013 true-up filing, to revert back to using its former method of calculating true-up factors in which the commodity true-up amount was determined as the difference between the commodity revenues collected by class and the actual commodity costs incurred by class.
5. Grant GMG a variance (to not separately calculate and surcharge/refund approximately \$3,237) to Minn. R. 7825.2700, Subp.7, for the FYE12 true-up factors implemented September 2012 through August 2013 because the *de minimis* sums involved do not warrant a refund.

Chair Heydinger proposed to amend paragraph 5 to grant GMG a variance (to not separately calculate and surcharge/refund approximately \$3,237) to Minn. R. 7825.2700, Subp.7, for the FYE12 true-up factors implemented September 2012 through August 2013 because the *de minimis* sums involved do not warrant a recalculation ~~refund~~.

Commissioner Wergin accepted the amendment.
The amended motion passed 5 – 0.

Commissioner Wergin moved to do the following:

1. Accept the FYE12 annual reports as filed by the gas utilities as being complete as to Minn. R. 7825.2390 through 7825.2920.
2. Require each utility that hedges (including physical and financial) to continue to provide a post-mortem analysis, in a format similar to what was provided in this docket, in subsequent annual automatic adjustment (AAA) filings.
3. Great Plains Natural Gas Co., a Division of MDU Resources, Inc. (Great Plains):
 - A. Accept Great Plains' FYE12 true up as filed in Docket No. G-004/AA-12-944.
 - B. Allow Great Plains to implement its true ups, as shown in Department comments (January 4, 2013), Attachment G6.
4. Interstate Power and Light Co., an Alliant Energy Company – Gas Utility (Interstate Gas):
 - A. Accept Interstate Gas' FYE12 true up filed in Docket No. G001/AA-12-948.
 - B. Allow Interstate Gas to implement its true up, as shown in Department comments (January 4, 2013), Attachment G7.

5. Minnesota Energy Resources Corporation (MERC)-PNG:
 - A. Accept MERC-PNG's FYE12 true ups as filed in Docket No. G-011/AA-12-940.
 - B. Allow MERC-PNG to implement its true-up adjustments as presented in Department comments (January 4, 2013), Attachment G8.
6. MERC-NMU:
 - A. Accept MERC-NMU's FYE12 true up as filed in Docket No. G-007/AA-12-941.
 - B. Allow MERC-NMU to implement its true-up adjustment as presented Department comments (January 4, 2013), Attachment G9.
7. CenterPoint Energy:
 - A. Accept CenterPoint Energy's FYE12 true up in Docket No. G-008/AA-12-942.
 - B. Allow CenterPoint Energy to implement its true up, as shown in Department comments (January 4, 2013), Attachment G10.
8. Northern States Power Company d/b/a Xcel Energy (Xcel Gas):
 - A. Accept Xcel Gas' FYE12 true up in Docket No. G002/AA-12-945.
 - B. Allow Xcel Gas to implement its true up, as shown in Department comments (January 4, 2013), Attachment G11.
 - C. Approve a variance to Minn. R. 7825.2700, subp. 7 for the FYE12 true-up period to include a credit of \$566,469.30 to offset the storage expense allocation error included in Xcel Gas' FYE11 true-up.
 - D. Allow Xcel Gas to discontinue reporting on the compliance item for Docket No. G-002/AI-00-1702 in future AAA reports; and
 - E. Approve Xcel Gas' proposal to continue to directly assign interruptible capacity or overrun purchases associated with on-curtailment days to the interruptible classes.¹
9. Balancing Service Costs and Revenue Credits:
 - A. Require all regulated natural gas utilities to recover balancing service costs in the commodity portion of the purchased gas adjustment (PGA).
 - B. Require balancing service revenue to be credited to the commodity portion of the PGA.
 - C. Require balancing penalty revenue credits to be credited to the commodity portion of the PGA.

¹ In Docket No. G-999/AA-11-792, the Commission at its July 17, 2013 meeting, in its review of the FYE11 AAA reports and annual true-ups, again approved Xcel Gas' proposal to directly assign any interruptible capacity or overrun purchases associated with on-curtailment days to the interruptible classes (Docket No. E,G-002/M-09-852, *In the Matter of Xcel Energy's Request for Approval of a Proposed Accounting Treatment for a Natural Gas Capacity Use plan for Xcel's Gas distribution and Electric Generation Business Units*).

- D. Require the above treatment of balancing service costs and revenue credits to be implemented on a prospective basis effective with the first monthly PGA for costs [November 2013] or first true-up filing [FYE14] for revenues that can reasonably be executed following the issuance of the order in this docket.

- 10. Require MERC, if it again reports negative amount of lost and unaccounted for gas (LUF) in its 2013 AAA report, to provide in the 2013 AAA docket a detailed description and calculations explaining and showing the manner in which transportation customers and sales result in negative LUF on MERC's system.

The motion passed 5 – 0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: October 9, 2013



Burl W. Haar, Executive Secretary