

APPROVAL OF CUSTOMER NOTICE

Issued: September 20, 2017

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

PUC Docket Number/s: G-008//GR-17-285

Case Background: On August 2, 2017, CenterPoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint”), filed a request to increase rates for natural gas service in Minnesota that included a proposed customer notice for interim rates. CenterPoint worked with Commission staff in the revision of this notice to develop a final revised customer notice for interim rates.

At its September 7, 2017 agenda meeting, the Commission required CenterPoint to include a notice of the rate change with each customer’s first bill under the interim rates schedule and delegated authority to the Commission’s Executive Secretary to approve notices for the duration of this proceeding.

CenterPoint’s revised customer notice for interim rates, as attached, is approved.

Submit Public Comments: Visit mn.gov/puc, select *Speak Up!*, find this docket, and add your comments to the discussion.

- *If you wish to include an exhibit, map or other attachment, please send your comments via U.S. Mail.*

Alternatively, send e-mail to: consumer.puc@state.mn.us, or

Send U.S. Mail to Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul MN 55101.

Please include the Commission’s docket number in all communications.

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission’s electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: mn.gov/puc, select *eFiling*, and follow the prompts.

Full Case Record: See all documents filed in this docket via the Commission’s website - mn.gov/puc, select *Search eDockets*, enter the year (17) and the docket number (285), select *Search*.

Subscribe to receive email notification when new documents are filed in this docket at mn.gov/puc, select *Subscribe*, and follow the prompts.

Questions about this docket or Commission process and procedure? Contact Commission staff, Jorge Alonso, at jorge.alonso@state.mn.us or 651-201-2258.

Change your mailing preferences: Email docketing.puc@state.mn.us or call 651-201-2204

To request this document in alternative formats, such as large print or audio, call 651-296-0406 (voice). Persons with a hearing or speech impairment may call us through their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

Attachment

NEW INTERIM RATES EFFECTIVE OCTOBER 1, 2017

CenterPoint Energy Minnesota Gas has asked the Minnesota Public Utilities Commission (MPUC) for approval to increase rates for natural gas distribution service. The requested increase is for \$56.5 million, or about 6.4 percent per year. The requested increase would add about \$4.45 to a typical residential customer's monthly bill.

State law allows CenterPoint Energy Minnesota Gas to collect higher rates on a temporary basis while the MPUC reviews CenterPoint Energy Minnesota Gas' request. The temporary rate increase is \$47.8 million or about 5.4 percent more than current rates. The increase shows on your bill as Interim Rate Adjustment.

The MPUC will likely decide on our requested rate increase in the summer of 2018. If final rates are lower than interim rates, we will refund customers the difference with interest. If final rates are higher than interim rates, we will not charge customers the difference.

Why is CenterPoint Energy Minnesota Gas asking for an increase?

Our last request for a rate increase for natural gas distribution service was in 2015. Since that time, we have made and continue to make significant investments to serve our customers. These investments, such as our ongoing pipeline replacement programs, maintain the safety and reliability of our natural gas system and benefit our customers and communities.

We are improving and modernizing natural gas pipelines and distribution mains throughout several neighborhoods in our service areas.

Here's how the rate change will affect monthly bills:

Customers' bills contain three parts: Basic Charge, Delivery Charge and Cost of Gas. The proposed Basic Charges and Delivery Charges cover the cost of delivering natural gas service to our customers – about 40 percent of the bill. The Cost of Gas covers wholesale gas costs – about 60 percent of the bill. The Cost of Gas is passed through directly to customers without mark-up. The proposed rate changes will affect individual monthly bills differently depending on natural gas use and customer type. Bills will also vary because the wholesale cost of natural gas changes each month. This rate increase does not affect the Cost of Gas.

The chart below shows an example of the current and proposed rates for each customer type:

Customer Type (usage in therms)	Avg monthly usage in therms	Avg monthly bill: current rates	Avg monthly bill: interim rates	Avg monthly bill: proposed rates
Residential	72	\$56	\$60	\$61
Commercial/Industrial				
up to 1,500/year	65	\$57	\$61	\$62
1,500 to 5,000/year	234	\$164	\$172	\$173
5,000 or more/year	1,402	\$881	\$916	\$910
Small Volume Dual Fuel Sales Service				
up to 120,000/year	3,539	\$1,761	\$1,826	\$1,816
120,000 or more/year	14,322	\$6,861	\$7,088	\$7,049
Large Volume Dual Fuel Sales Service	59,449	\$26,452	\$27,127	\$27,154
Large General Firm Sales Service	38,061	\$17,399	\$18,060	\$18,195
Demand charge (per Peak Day)	298			

* Figures above are rounded (to the nearest whole number).

Proposed changes for residential monthly service

Basic Charge and Delivery Charge

Customers are billed for natural gas delivery service in two ways. The first way is a monthly Basic Charge, which pays for a portion of fixed costs that do not change with the amount of natural gas used. The second way is the Delivery Charge, a per therm charge which pays for the costs not recovered in the Basic Charge. The total Delivery Charge amount changes each month based on the amount of natural gas used.

CenterPoint Energy Minnesota Gas is asking to increase the Basic Charge and the Delivery Charge for most of its customers. CenterPoint Energy proposes to increase the residential Basic Charge from \$9.50 to \$11.00 per month and to increase the Delivery Charge from \$0.21110 per therm to \$0.25200 per therm.

This chart shows an example of the current and proposed Basic Charge and Delivery Charge for each customer type:

Customer type (usage in therms)	Current monthly basic charge	Proposed monthly basic charge	Current delivery charge/therm	Proposed delivery charge/therm
Residential	\$9.50	\$11.00	\$0.21110	\$0.25200
Commercial/Industrial				
up to 1,500/year	\$15.00	\$17.50	\$0.21120	\$0.25232
1,500 to 5,000/year	\$21.00	\$24.50	\$0.17202	\$0.19785
5,000 or more/year	\$43.00	\$47.50	\$0.15891	\$0.17622
Small Volume Dual Fuel Sales Service				
up to 120,000/year	\$50.00	\$55.50	\$0.12455	\$0.13842
120,000 or more/year	\$80.00	\$88.50	\$0.11453	\$0.12709
Large Volume Dual Fuel Sales Service	\$800.00	\$900.00	\$0.07257	\$0.08269
Large General Firm Sales Service	\$800.00	\$900.00	\$0.07719	\$0.08722
Demand charge (per Peak Day)			\$0.42539	\$0.49166

* The current and proposed per therm delivery charges include the per therm charge for the Gas Affordability Service Program (residential and commercial/industrial customers). The current and proposed delivery charges do not include the per therm Conservation Improvement Program Adjustment Rider.

What is the process for reviewing CenterPoint Energy Minnesota Gas' request?

The MPUC, the Minnesota Department of Commerce, the Office of the Attorney General – Residential Utilities and Antitrust Division, public interest groups, and customers have the opportunity to review and comment on our proposal.

The MPUC will hold public hearings for customers to speak and will ask for written comments about our rate increase request. You may add verbal comments, written comments, or both into the record. Notice of the public hearing dates and locations are published in local newspapers, in bill inserts, and at [CenterPointEnergy.com/RateCase](https://www.centerpointenergy.com/ratecase).

HOW TO LEARN MORE

CenterPoint Energy Minnesota Gas' current and proposed rate schedules are available at:

CenterPoint Energy

505 Nicollet Mall

Minneapolis MN 55402

Phone: 612-372-4727 or 1-800-245-2377

Web: [CenterPointEnergy.com/RateCase](https://www.CenterPointEnergy.com/RateCase)

Minnesota Department of Commerce

85 7th Place East, Suite 500

St. Paul MN 55101

Phone: 651-539-1534

Web: <https://www.edockets.state.mn.us/EFiling/search.jsp>

Select 17 in the year field, type 285 in the number field, select Search, and the list of documents will appear on the next page

Questions about the Minnesota Public Utilities Commission's review process?

Minnesota Public Utilities Commission

121 7th Place East, Suite 350

St. Paul MN 55101

Phone: 651-296-0406 or 800-657-3782

Email: consumer.puc@state.mn.us

Citizens with hearing or speech disabilities may call through their preferred Telecommunications Relay Service.

