

**State of Minnesota  
Before the Public Utilities Commission**

Katie Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

In the Matter of the Petition of CenterPoint Energy for  
Approval of a Recovery Process for Cost Impacts Due to  
February Extreme Gas Market Conditions

Docket No. G-008/M-21-138

**Joint Comments of the Energy CENTS Coalition and Citizens Utility Board of Minnesota**

**Introduction**

On March 16, 2021, CenterPoint Energy (the “Company”) filed a petition (the “Petition”) seeking to recover an estimated \$500 million in costs the Company incurred between February 12 and February 22, 2021 (the “February Market Event”) to purchase gas supplies for its Minnesota customers.<sup>1</sup> The Company seeks Commission approval to recover these costs over a two-year period starting on May 1, 2021, or as soon as possible.

On March 22, 2021, the Minnesota Public Utilities Commission (the “Commission”) filed a notice of comment period requesting comments on how, procedurally, the Commission should address the Company’s Petition. The Citizens Utility Board of Minnesota (“CUB”) and Energy CENTS Coalition (“ECC” and, collectively with CUB, “we”, “our”, “us”) submit these joint comments in response to the Commission’s request.

For the reasons discussed below, we recommend that the Commission: (1) not consolidate this matter into its broader investigation in Docket No. G-999/CL-21-135; (2) request comments in this docket on the merits of CenterPoint’s Petition with sufficient time to allow interested parties to engage in discovery; and (3) not refer this matter for a contested case proceeding.

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<sup>1</sup> CenterPoint Energy, Petition of CenterPoint Energy for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions, Docket No. G-008/M-21-138 (March 15, 2021) (the “CenterPoint Petition”).

## Discussion

1. This matter should not be consolidated into the Commission's investigation regarding the impact of the February 2021 severe weather event.

On March 10, 2021, the Commission filed a notice (the "Notice of Investigation") in Docket No. 21-135 requiring each Minnesota rate-regulated natural gas utility impacted by the February Market Event (each, an "Impacted Utility") to file information on how it was affected by, and responded to, the February Market Event.<sup>2</sup> Specifically, the Commission identified 15 questions and topics that Impacted Utilities must address in an initial filing due on April 9, 2021.<sup>3</sup> The Commission subsequently identified an additional topic to be addressed in Impacted Utilities initial filings, as noted in the Commission's request and notice filed on April 1, 2021.<sup>4</sup>

We anticipate that these initial filings will show that the February Market Event affected each Impacted Utility differently, and that each Impacted Utility has identified different strategies and proposals for recovering from that event. On one hand, we think it is important for the Commission, the Impacted Utilities, and interested stakeholders to thoroughly assess these various impacts and strategies in a consolidated docket (Docket No. 21-135). Doing so will help the Commission assess its role in ensuring the Impacted Utilities are better equipped to navigate unusual fluctuations in the gas market in the future and will help the Commission understand how choices made by the various Impacted Utilities affected the ultimate costs of the February Market Event. On the other hand, we understand that the Company feels a sense of urgency to recover (subject to the Commission's authorization) costs incurred as a result of the February Market Event to help mitigate its ongoing effects upon the Company and its ratepayers.

For cost recovery proposals, we think it is important for the Commission to assess each Impacted Utility's strategies and proposals on an individual, case-by-case basis. Doing so will enable the Commission to better understand the differing circumstances surrounding each utility's proposal. Maintaining separate dockets will also allow the Commission to act more nimbly, when appropriate, than it could if considering each Impacted Utility's cost recovery proposal in the context of a broader investigation.

Therefore, we recommend that the Commission assess the Company's Petition in this docket separately from the broader investigation in Docket No. 21-135. That said, because the Company's filings submitted in Docket No. 21-135 will also be relevant to this docket, we recommend that the Commission require the Company to cross file all filings made in Docket No. 21-135 in the present docket, as well.

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<sup>2</sup> Minnesota Public Utilities Commission, Request for Initial Filings and Notice of Comment Period, Docket No. G-999/CI-21-135 (March 10, 2021).

<sup>3</sup> Id.

<sup>4</sup> Minnesota Public Utilities Commission, Request for Supplemental Initial Filings and Notice of Comment Period, Docket No. G-999/CI-21-135 (April 1, 2021).

2. The Commission should request comments on the merits of CenterPoint's request.

The Company raises several issues in its Petition that we think warrant additional comment from interested parties. We recommend that the Commission open an additional comment period on, at minimum, the following questions:

- A. Did the Company act reasonably and prudently during the February Market Event when purchasing gas at inflated prices on the spot market?
- B. Did the Company act reasonably and prudently prior to and during the February Market Event to mitigate and avoid costs it now seeks to recover? (Responses to this question should consider, without limitation, the Company's strategies involving hedging, storage, peak shaving, curtailing, conservation planning, and any other mitigation strategies identified in the Company's Petition and/or Initial Report filed in Docket No. 21-135.)
- C. Is the amount of the Company's additional gas costs – approximately \$500 million – incurred during the February Market Event reasonably accurate?
- D. Is the Company's proposal to recover 50 percent of the standard residential customer non-low-income surcharge from Gas Affordability Program (GAP) participants reasonable?
- E. Does the Company's proposal to discount the surcharge for GAP customers provide sufficient bill impact mitigation for the Company's residential customers?
- F. Is the Company's proposal to recover its costs via a fixed surcharge (as adjusted for qualifying low-income customers) reasonable? (Responses to this question should consider, without limitation, whether it is reasonable for the surcharge (i) to be phased in over two years with variable summer and winter rates, and (ii) to be collected as a fixed rather than a volumetric charge.)
- G. Is it reasonable for the Company to recover "financing costs" (as that term is used in the Company's Petition) from ratepayers? If so:
  - (i) should the Commission impose any limitations on the amount or nature of financing costs that are recoverable?
  - (ii) what is a reasonable interest rate for the Company to offer or pay if that interest is included in financing costs recoverable from ratepayers?
- H. How will additional assistance from the State or other sources, if granted, complement cost recovery under the Company's proposal?

For parties to meaningfully comment upon these questions, we believe the comment period must be long enough to allow for discovery. Therefore, we also recommend that the deadline established for initial

comments in this docket be no earlier than May 15, 2021 or such later date that is at least four weeks from the subsequent notice of request for comments the Commission issues in this docket.

3. This matter should not be referred to the OAH for a contested case proceeding.

Finally, we are concerned that drawing out this matter too long could further harm the Company's ratepayers – particularly if the Company is ultimately permitted to recover the financing costs it incurs before a contested case proceeding concludes. We believe it is in ratepayers' interests for the Commission to make a timely decision in this docket, but to also consider the topics and questions we identify in Section 2, above – topics that may not be considered as part of a contested case proceeding. Therefore, we recommend that the Commission not refer this matter to the Office of Administrative Hearings for a contested case proceeding.

Thank you for your consideration of these comments.

Sincerely,

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April 2, 2021

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