

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Ken Nickolai
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of an Application by CenterPoint Energy Minnegasco, a Division of CenterPoint Energy Resources Corp., for Authority to Increase Natural Gas Rates in Minnesota

ISSUE DATE: August 16, 2005

DOCKET NO. G-008/GR-04-901

ORDER AMENDING JUNE 8 ORDER AND SETTING RESIDENTIAL RECONNECTION CHARGE AT \$22.50

PROCEDURAL HISTORY

On June 8, 2005, the Commission issued an Order in this general rate case accepting, with one modification, a settlement resolving all issues.¹ The modification was to the settlement's treatment of the monthly, residential customer charge, which the Commission set at \$6.50, instead of the \$8.00 proposed in the settlement.

On August 4, 2005, after notice to all parties, the Commission took up on its own motion under Minn. Stat. § 216B.25, the issue of whether the settlement's treatment of the residential service reconnection charge was fair, reasonable, and in the public interest. The settlement had changed that charge from a fixed charge of \$15.00 to an indeterminate charge of "all costs of disconnection and reconnection."

The following persons appeared in response to the notice: the Company, the Minnesota Department of Commerce, the Residential and Small Business Utilities Division of the Office of the Attorney General (RUD-OAG), and the Energy Cents Coalition. At the close of oral argument, the parties requested a recess to attempt to resolve the issue.

When the hearing resumed, the parties jointly recommended replacing the new tariff language with the old tariff language, but raising the fixed charge of the old tariff from \$15.00 to \$22.50, in recognition of cost increases.

FINDINGS AND CONCLUSIONS

The Commission concurs with the parties that the proposed residential reconnection charge of \$22.50 is fair, reasonable, and in the public interest.

¹ ORDER ACCEPTING AND MODIFYING SETTLEMENT AND REQUIRING COMPLIANCE FILINGS, this docket.

Although Company cost studies indicate that the \$22.50 charge does not recover the cost of residential reconnection,² there are clear public policy justifications for setting this rate below cost. The Public Utilities Act explicitly authorizes the Commission to consider ability to pay in setting rates; it also highlights the public interest in ensuring “affordable, reliable, and continuous service to low-income utility customers.”³ The residential reconnection charge has a critical impact on low-income customers’ ability to maintain affordable, reliable, and continuous service, and setting that rate below cost, thereby allocating the remainder to the general body of ratepayers, is clearly consistent with these statutory provisions.

Second, lower residential reconnection rates not only reduce the financial stress on disconnected, low-income households, but help stretch the limited public and private funds available to assist low-income households facing energy crises.

Finally, a fixed reconnection rate is more efficient than an indeterminate rate, especially in residential disconnection situations, where individuals and families may be working with third-party payers to secure reconnection. Ease of administration is a cardinal goal in residential ratemaking, and the fixed rate recommended by the parties will further that goal.

For all these reasons, the Commission will revise the June 8 Order as recommended by the parties.

ORDER

1. The June 8 Order in this case is hereby amended to set the standard residential reconnection rate at \$22.50 and to reinstate the pre-rate-case tariff language regarding reconnection rates in cases requiring extraordinary measures.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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² Company cost studies set the estimated costs of residential reconnection at \$46 to \$51 for locked meters and \$63 to \$67 for plugged meters, the two types of reconnection subject to the fixed charge under the tariff language.

³ Minn. Stat. § 216B.16, subd. 15 (a).