

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye  
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Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Commission Inquiry Into  
Natural Gas Distribution Company Policies  
Relating to Reconnection Fees, Deposit  
Requirements, and Related Issues for Low  
Income Customers During the 2005-2006 Cold  
Weather Rule Period

ISSUE DATE: December 8, 2005

DOCKET NO. G-999/CI-05-1832

ORDER APPROVING AQUILA'S AND  
GREAT PLAINS' TARGETED WAIVER OF  
RECONNECTION FEES AND CUSTOMER  
DEPOSITS AND REQUIRING WORK  
GROUP PROPOSALS

**PROCEDURAL HISTORY**

On October 20, 2005, the Commission held an informational meeting on natural gas costs for the 2005-2006 heating season, with presentations or comments by natural gas utilities, the Minnesota Department of Commerce (the Department), the Residential Utilities Division of the Office of the Attorney General (RUD-OAG), and the Energy Cents Coalition (ECC). In the course of that meeting, the RUD-OAG representative read a letter dated October 19, 2005 from the Minnesota Attorney General, asking natural gas utilities to "waive reconnection fees and suspend deposit requirements for customers receiving benefits through the federal Low-Income Home Energy Assistance Program (LIHEAP) during the Cold Weather Rule period."

On November 2, 2005, CenterPoint Energy (CPE) sent a letter to the Commission stating its willingness to waive reconnection fees and customer deposit requirements prospectively for customers receiving LIHEAP funds, if the Commission were to approve the waivers. The Commission assigned CPE's proposal to Docket No. G-008/M-05-1831.<sup>1</sup>

On November 18, 2005, the Commission established the current docket, Docket No. G-999/CI-05-1832, and issued a Notice requesting that other natural gas distribution utilities who intended to respond to the Attorney General's waiver suggestions do so in writing by November 29, 2005.

On November 28, 2005, responses were filed by Northern States Power Company d/b/a Xcel Energy (Xcel), Aquila, Inc. (Aquila), and Greater Minnesota Gas, Inc. (Greater Minnesota Gas).

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<sup>1</sup> The Commission issued its ORDER approving CPE's targeted waiver of reconnection fees and customer deposits in Docket No. G-008/M-05-1831 on December 7, 2005.

On November 28, 2005, Interstate Power Company (Interstate Power) filed comments.

The Commission met on December 1, 2005 to consider this matter.

## **FINDINGS AND CONCLUSIONS**

All regulated natural gas distribution companies operating in Minnesota filed responses to the Attorney General's suggestion. CPE's response is addressed in Docket No. G-999/CI-05-1831 and the responses of the other Minnesota gas distribution companies are addressed in this Order.

### **I. Xcel**

Xcel described its five-point plan to mitigate the impact of high natural gas prices on its customers, particularly its low-income customers, this heating season. Xcel stated that its plan focuses on lowering overall bills and increasing available assistance, rather than waiving fees. Xcel stated that since it believes that its plan offers a comprehensive and appropriate response to the situation, it does not plan to implement the Attorney General's requested fee waivers.

With specific regard to the recommendation to waive reconnection fees, Xcel stated that those fees were minimal compared to the outstanding balances typically due. Moreover, Xcel stated, it does not disconnect heating service between October 15 and April 15 unless the immediate health and safety needs of the customer are at risk and any prospective waiving of reconnection fees would apply to fewer than 50 customers.

As to waiving deposits, Xcel stated that there is essentially no such requirement to be waived since it does not charge deposits to residential customers except in cases where a previous outstanding bill has been discharged in bankruptcy in the prior 12 months.

### **II. Great Plains and Aquila**

Great Plains and Aquila submitted letters similar to CPE's in Docket No. G-008/M-05-1831 stating their willingness to waive reconnection fees and customer deposit requirements prospectively for customers receiving LIHEAP funds, if the Commission were to approve the waivers.

### **III. Greater Minnesota Gas**

Greater Minnesota Gas filed comments stating that it had no customers who would be eligible for such waivers, i.e. no disconnected customers who receive or have applied for benefits through LIHEAP during the Cold Weather Rule Period. The Company also stated that it did not anticipate disconnection of those customers. The Company stated that as a consequence it did not plan to pursue a waiver request in response to the Attorney General's October 19, 2005 letter.

### **IV. Interstate Power**

Interstate Power did not request authority to waive reconnection fees and deposits, as suggested by the Attorney General. The Company stated that it shared the Attorney General's concern about the dramatic rise in natural gas prices in the United States and the impact of this price increase on natural gas customers. The Company identified causes of the problem and delineated the magnitude of the impact on customers' gas bills:

Our most recent forecasts, based on these natural gas prices, project an average residential bill of \$1,289 over the heating season (November through March), up 86% from last year.

The Company stated that it welcomed the opportunity to provide information regarding how it is addressing the problem. It then described in some detail its customer information and education, payment options, payment assistance, energy efficiency initiatives, and use of physical hedging tools to help control natural gas customer costs. Interstate concluded by expressing its commitment to work with the Iowa Utility Board and others in addressing this challenge.

## **V. RUD-OAG and Energy Cents Coalition**

At the hearing, Energy Cents and the RUD-OAG, noting that not all low income persons are LIHEAP recipients, recommended that the Commission increase the scope of the waiver to include all income eligible customers rather than just LIHEAP recipients. They also suggested that the waiver should be made effective retroactive to October 15, 2005, the official beginning of the Cold Weather Season under the Cold Weather Rules. Both parties commented on the relatively small impact that the proposal would have on the status quo, i.e., the overall payment problem that low-income CPE ratepayers are facing this winter and beyond.

## **VI. Commission Analysis and Action**

The Commission appreciates the benefits of a comprehensive approach to mitigate the customer impacts caused by the significant increase in the cost of natural gas this heating season. However, an overall assessment of all the measures that may be productive and warranted under the circumstances is not before the Commission at this time. Instead, the Commission has two specific proposals before it at this time: the proposals of Aquila and Great Plains to temporarily waive reconnection fees and customer deposits, as suggested by the Attorney General.

The Commission finds that these two proposals, though limited in scope, represent a step in the right direction by these companies. The Commission therefore will approve the companies' proposals. Because the proposals by Aquila and Great Plains are in the nature of requests to change their tariffs, the Commission will direct them to make compliance filings within ten days of the order containing language to be included in their tariff books to implement the approved waivers.

In addition to these specific tariff changes, however, the Commission will direct all the utilities providing natural gas service in Minnesota to 1) participate in a general discussion regarding the payment challenges facing the utilities' low-income customers in Minnesota, 2) develop a general assessment of the problem, and 3) make such comprehensive proposals as the group deems fit. This discussion will take place in an advisory stakeholder group under the facilitation of the Department of Commerce. Composition of this stakeholder advisory group and how it will be coordinated (or not) with an existing advisory group facilitated by the Department regarding the Conservation Improvement Program (CIP) are left to the discretion of the Department.

**ORDER**

1. The Commission hereby approves the proposals by Great Plains and Aquila to waive the provisions of their tariffs relating to reconnection fees and deposits requirements for the remaining portion of the 2005-2006 Cold Weather Rule period for customers receiving LIHEAP benefits.
2. Within ten days of this Order, Great Plains and Aquila shall make compliance filings which contain language to be included in their tariff books to implement the waivers approved in Order Paragraph 1.
3. All natural gas utilities in Minnesota shall meet with interested stakeholders as convened by the Department of Commerce to develop a set of other appropriate actions to help moderate the impact of high gas costs on their low income customers.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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