

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Marshall Johnson	Commissioner
Ken Nickolai	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of the Application of CenterPoint  
Energy for Authority to Increase Natural Gas  
Rates in Minnesota

ISSUE DATE: January 22, 2007

DOCKET NO. G-008/GR-05-1380

ORDER DENYING RECONSIDERATION

**PROCEDURAL HISTORY**

On November 2, 2005, CenterPoint Energy Minnesota Gas, a division of CenterPoint Energy Resources Corp. (CenterPoint or the Company) filed a general rate case. CenterPoint requested a rate increase of \$40,878,000, or approximately 2.4 percent over existing rates.

On November 2, 2006, the Commission issued its FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER, which authorized a rate increase of \$25,960,000, or approximately 1.6 percent to produce test year jurisdictional retail revenue (including the cost of gas) of \$1,639,954,000, based on a rate of return on common equity of 9.71 percent.

On November 21, 2006, the Office of Attorney General-Residential Utilities Division (RUD-OAG) submitted its *Petition for Reconsideration, Rehearing, and Amendment of the Findings of Fact, Conclusions of Law, And Order*. The RUD-OAG recommended the Commission reconsider its November 2, 2006 decision and lower CenterPoint's cost of gas from \$9.052 to \$7.766 per dekatherm, and lower CenterPoint's bad debt factor from 1.27 to 1.11 percent. Adjusting either, or both, would lower CenterPoint's bad debt expense.

On November 22, 2006, CenterPoint submitted a letter stating that while it disagrees with the Commission's decision on several issues, the Company believes the Commission thoroughly considered this matter and does not ask for reconsideration. CenterPoint would like to implement final rates and its low-income affordability program as soon as possible. CenterPoint also noted two minor typographical errors in the Commission's November 2, 2006 Order that could be corrected and a point of clarification (but not misunderstanding).

On December 1, 2006, CenterPoint submitted its *Reply to Petition for Reconsideration*. CenterPoint recommended that the Commission deny the RUD-OAG's request because the RUD-

OAG failed to provide any new argument or persuasive reason for reconsideration. In addition, CenterPoint argued that the RUD-OAG provided no basis for its request because RUD-OAG alleged no error of law, no fundamental misunderstanding of the underlying facts by the Commission, and no failure by the Commission to allow the RUD-OAG to make its case.

The Commission met to consider this matter on January 11, 2007.

## **FINDINGS AND CONCLUSIONS**

### **I. Petition for Reconsideration**

The Commission has carefully reviewed the entire record and concludes that the RUD-OAG's Petition for Reconsideration does not raise new issues requiring development, does not point to new and relevant evidence, does not expose errors or ambiguities in the original Order, and does not otherwise persuade the Commission that it should rethink its original decision.

The Commission concludes that its original decision is the one most consistent with the facts, the law, and the public interest and will deny the petition for reconsideration.

### **II. Typographical Errors**

On its own motion, the Commission will correct the two typographical errors brought to its attention by CenterPoint. In two instances, the final zero (0) was inadvertently omitted from the dollar amount listed: 1) in footnote 7, the dollar amount of inspection and clerical expenses that the ALJ recommended appears as \$1,991,00 and will therefore be corrected to \$1,991,000 and 2) in Order Paragraph 2, the dollar amount of the rate increase appears as \$25,960,00 and will therefore be corrected to \$25,960,000.

### **III. Clarification**

Continuing on its own motion, the Commission will identify in this Order the rate for carrying charges on deferred costs associated with the Midwest Gas service line replacement project that was omitted from the Commission's November 2, 2006 FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER. The authorized carrying charge rate is 5.78 percent, i.e. CenterPoint's authorized long-term cost of debt. This clarification is consistent with the Commission's November 2, 2006 Order and the Company's understanding of and intent to implement that Order.

## **ORDER**

1. The Commission denies the Residential and Small Business Utilities Division of the Office of the Attorney General's (RUD-OAG's) Petition for Reconsideration of the Commission's FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER issued November 2, 2006 in this matter.

2. On its own motion, the Commission corrects the two typographical errors in its FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER issued November 2, 2006 in this matter: 1) the dollar amount of inspection and clerical expenses that the ALJ recommended (\$1,991,000 in place of \$1,991,00) and 2) the dollar amount of the rate increase (\$25,960,000 in place of \$25,960,00).
3. Further on its own motion, the Commission clarifies that the rate for carrying charges on the deferred costs associated with the Midwest Gas service line replacement project is 5.78 percent, i.e., CenterPoint's authorized long-term cost of debt.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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