



One testifies at utility hearing

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— Most of the men in the South Central College classroom Wednesday night were wearing suits and ready to make prepared statements “for the record” about CenterPoint Energy’s plan to raise natural gas distribution rates.

Kelly McCabe was still in his work clothes. He just had a notebook listing a few complicated questions about the gas bill paid each month by the Mankato company he works for: Associated Finishing Inc.

There were a total of 10 people at the public hearing, but he was the only person there to testify as a customer. It was the fifth of six public hearings the Minnesota Public Utilities Commission has scheduled around the state to take public comments about the proposed rate hike.

According to CenterPoint estimates, average homeowners could expect their average monthly bill to increase by about \$5 per month or about \$60 per year if the increase is approved, said Jeff Daugherty, director of regulatory and legislative activities for CenterPoint in Minnesota.

The hike would increase CenterPoint revenue by \$59.8 million, or almost 4 percent annually.

Associated Finishing isn’t an average natural gas user. The business, which uses gas-fired ovens to bake paint onto metal products, uses as much gas each year as hundreds of houses.

“I’m surprised I’m the only industrial customer here,” McCabe told Steve Mihalchick, the administrative law judge appointed to oversee the public hearings and an evidentiary hearing that starts in Aug. 6.

“I think you’re the first,” Mihalchick said.

McCabe: “In the state?”

Mihalchick: “Yes. In the state.”

McCabe said he’s concerned about the fact that CenterPoint was able to start using an interim fee increase after making its request in November. He believes the money generated is being used to fund a public relations campaign justifying a permanent increase.

One of the reasons CenterPoint is citing for the need for higher fees is the fact that customers, including large customers like Associated Finishing, are reducing gas use.

About 78 percent of the average gas bill goes to pay for the cost of gas passing through the system. The remaining 22 percent goes to CenterPoint for operation costs and profits. CenterPoint wants to change its fees structure in a way that will help it continue to recover those costs even when gas usage and prices fluctuate. Another concern McCabe has is that his business and others will be losing incentives to use less gas with the change.

Adam Heinen, an analyst with the Office of Energy Security, was one of the men in suits. He said his organization is currently against the plan. He also said the OES, which he said is representing the interests of all rate payers before the Public Utilities Commission, has concluded that \$13 million of CenterPoint’s \$59 million request for increased revenues should be rejected.

Xcel Energy also has a rate increase case awaiting a ruling. The utility wants to raise rates by about 6 percent, and a decision is expected Aug. 20.

A decision for the CenterPoint request is expected in January.

McCabe said he wished more businesses and citizens would have turned out to voice their concerns. Having a room full of bureaucrats ready to answer to him had its advantages, though.

“That was pretty cool,” he said. “There was about \$400,000 in salaries in that room — and that doesn’t include mine.”

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