



505 Nicollet Mall
P.O. Box 59038
Minneapolis, MN 55459-0038

September 26, 2025

Ms. Sasha Bergman
Acting Executive Secretary, General Counsel
Minnesota Public Utilities Commission
121 East 7th Place, Suite 350
St. Paul, MN 55101-2147

VIA E-FILING
Public Document
Trade Secret Information Excised

**RE: CenterPoint Energy 's Request for Change in Demand Units
Docket No. G008/M-25-72 – REPLY COMMENTS**

Dear Ms. Bergman:

On April 1, 2025, CenterPoint Energy (the “Company”) petitioned for a change in contract demand entitlement to be effective April 1, 2025.

On September 16, 2025, the Department of Commerce, Division of Energy Resources (the “Department”) filed Comments regarding the Company’s petition. The Department had outstanding questions that they would like a response from the Company prior to making recommendations on Docket 25-72. The Company appreciates the Departments review and is always willing to answer any questions that the Department may have in their research of reports submitted by the Company. This letter includes a response to each of the Department’s concerns listed below:

1. TFX Northern Lights -The Department requests that, in its reply comments, the Company explain the basis for the discrepancy between the conditionally approved 2025 NNG CIAC cost of \$13.3 million and the **[TRADE SECRET BEGINS... ...TRADE SECRET ENDS]** cost for the 2025 Northern Lights project identified in the Company’s response to IR 8.

Due to the timing of the 2023 Rate Case (Docket No. 23-173), filed in November of 2023, and the bidding process, there was a change in the costs and the capacity needed. As the Company finalized the contract with Northern Natural Gas for incremental capacity in concurrence with projected LNG/Peaking facility expansion upgrades, CenterPoint Energy felt the \$13.3 million figure for capacity was a reasonable estimate at the time of the rate case filing. Below is further information that was provided in Docket 24-146:

CenterPoint Energy elected to participate in Northern Lights 2025 Open Season in June 2023. The Company evaluated what our growth needs are, where these growth needs are at, what are the costs associated with the expansion, what is the projected reserve margin, and what alternate means of supply sources could potentially be available beginning Winter 2027-2028. CenterPoint Energy went through several rounds with NNG before agreeing to the final bid for 2025 Northern Lights Open Season. The below summary illustrates the analysis of the

Company's final decision:

- Case 1 cost estimate for 49,500 Dth/day was ~\$133 million. Given the high-cost estimate CenterPoint Energy re-evaluated alternative capacity options and future reserve margin estimates.
- Case 2 cost estimate for 32,500 Dth/day was ~\$80 million. CenterPoint Energy was able to reduce to allow for LNG expansion.
- Revised Case 2 cost estimate for 32,500 Dth/day was ~\$68 million. CenterPoint Energy realigned capacity at delivery points associated with higher expansion costs.
- Case 3 results were revisions to previous cost estimates provided due to NNG identifying an alternate design model resulting in a significant costs savings. The new model eliminated the need for a new compressor station and resulted in more cost-effecting looping.
- Case 3A cost estimate for 32,500 Dth/day was ~\$37 million (updated cost estimate for revised Case 2 volumes).
- Case 3B cost estimate for 26,500 Dth/day was ~\$25 million. CenterPoint again realigned capacity at delivery points associated with higher expansion costs.
- Case 4 cost estimate for 15,000 Dth/day was ~\$3 million. This capacity included expansion which will increase storage withdrawal deliverability at the Company's Medford storage field and addressed near-future mandatory growth needs at Mankato delivery point.

The significant amount of time and effort devoted to this process by CenterPoint Energy was to ensure the Company was making the most prudent and favorable decision for its customers with the information presented and available at the time of election. CenterPoint Energy elected to submit an offer of and was awarded Case 4 volumes of 15,000 Dth/day of additional NNG capacity effective November 1, 2025, which resulted in an overall reduction in expansion cost of ~\$130 million (Case 1 of ~\$133 million to Case 4 of ~\$3 million). This additional capacity allows for an adequate amount of reserve margin for Winter seasons 2025-2026 and 2026-2027 and gives the company time to evaluate alternate capacity options which could be less costly for customers before elections for 2027 Northern Lights Open Season commence.

2. Trailblazer - The Department requests that in its reply comments, the Company explain the rationale for initiating a **[TRADE SECRET BEGINS... ...TRADE SECRET ENDS]**.

The agreement the Company continues to renew with Trailblazer provides transportation entitlement from Natural Gas Pipeline of America (NGPL) to Northern Natural Gas Pipeline (NNG). This transportation capacity is critical because it allows the Company to withdrawal our maximum deliverability from NGPL storage and transport the molecules to our Town Border Stations on NNG. Without the Trailblazer transportation capacity, the Company would be at risk of stranded storage on NGPL which would impact rate stabilization for our customers.

3. Tenaska/CPE AMA - The Department requests that in its reply comments, the Company explain provide additional detail and examples of two defined terms in the AMA with Tenaska and provide an explanation of comments included in IR 17.

As mentioned in the Company's response to Department Information Request number 17, the Company pursued entering into the AMA knowing it would at minimum receive a Company Guaranteed Optimization Value of ~\$2.6 million, which is equal to what was received in Summer 2024 through capacity release revenues. The daily average demand rate for the released volume in Summer 2024 was \$0.25. Being the significant increase in total dollars the Company realized in Summer 2024 from Summers 2022 and 2023 through capacity releases, the Company felt it was a prudent decision to enter into the AMA structured where the Company at minimum received revenues which matched those of Summer 2024 and potential for additional costs savings with the 60/40 revenue sharing component. It is important to take into account Viking capacity is annual entitlement the Company cannot necessarily utilize during the Summer months or on warmer Winter days. Therefore, any credits realized from either capacity releases or revenue sharing components through an AMA on Viking are Company efforts/initiatives to reduce costs for its customers.

4. NNG 2025 FERC Rate Case - The Department requests that in its reply comments, the Company explain provide additional detail regarding the status of NNG's 2025 FERC Rate Case.

On July 1, 2025, NNG filed a \$1.1 billion rate case. CenterPoint Energy intervened in the case and is actively participating. The pretrial was held September 11 and top sheets are expected November 6. There is a settlement hearing scheduled for November 20. If no settlement is reached by January 1, 2026, interim rates will go into effect.

5. DEMAND COST RECOVERY PROPOSAL – The Department requests additional information from CenterPoint in its reply comments.

Exhibit B4 reflects the commodity cost of gas, the demand cost of gas, as well as the Commodity Margin. The Commodity Margin was impacted by the settlement of the 2023 rate case (Docket No. 23-173). The Commodity Margin will be updated in the November 1, 2025, supplemental filing to reflect the 2023 rate case settlement values. Commodity Margin will include the base rate, NGIA, CCRC, and CCRA.

The Company appreciates the analysis and Comments provided by the Department and is willing to provide any information that the Department may need to complete its review.

If you have any questions or require additional information, please contact me at 612.321.4677 or Donald.Wynia@CenterPointEnergy.com.

Sincerely,

/s/

Donald W. Wynia
Regulatory Analyst

cc: Service List

CERTIFICATE OF SERVICE

Donald Wynia served the above Reply Comments in response to the September 16, 2025, *Comments* filed by the Minnesota Department of Commerce (Docket No. G-008/M-25-72) to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/
Donald W. Wynia
Regulatory Analyst, Regulatory Services
CenterPoint Energy

Date: September 26, 2025