



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

December 17, 2025

VIA eFILING

Ms. Sasha Bergman  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101-2116

**Re: In the Matter of CenterPoint Energy Minnesota Gas' 2024 GAP Report**

**Docket No. G-008/M-25-38**

**COMPLIANCE FILING**

Dear Ms. Bergman:

On September 23, 2025, the Minnesota Public Utilities Commission (the "Commission") issued an Order in the above-referenced docket (the "Order"), through which it approved CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") 2024 Gas Affordability Program ("GAP") report and required the Company:

***...to continue Order Point 14 from the September 7, 2023 order in Docket No. G-008/M-23-84 through the next program year until the effective date of the Commission's Order on GAP reports in 2026. Specifically, CenterPoint Energy shall monitor monthly spending from and income to the GAP program. If, and when, the program is on track to deplete its balance within six months, CenterPoint Energy shall make a filing with the Commission that includes, at a minimum:***

- a. Tracker balance, income, and spending on a monthly basis for the previous six months and projected six months in the future;***
- b. An evaluation of possible modifications to avoid closure of the program, including modifying the affordability benefit and arrearage forgiveness benefit amounts for participants, changing the program funding level/surcharge, and other options the Company has considered; and***
- c. A proposal to avoid the projected negative tracker balance.***

CenterPoint Energy submits this Compliance Filing in accordance with the Commission's Order.

## I. CURRENT STRUCTURE OF THE GAP PROGRAM

CenterPoint Energy's GAP program is available to residential customers who receive Low Income Home Energy Assistance Program ("LIHEAP") assistance during the federal fiscal year, agree to be placed on a levelized payment plan, and qualify for an affordability and/or arrearage forgiveness credit under the terms of the program.<sup>1</sup> Historically, customers are removed from GAP if they fail to pay two consecutive monthly payments in full. To help maintain participation levels, after one missed payment, CenterPoint Energy contacts GAP participants as a reminder of the payment requirements for the program.<sup>2</sup>

With its September 7, 2023 Order in Docket No. G-008/M-23-84, the Commission approved CenterPoint Energy's request to begin automatically enrolling LIHEAP customers into GAP starting January 2024. In addition, the GAP program's recertification date was moved from January 1 to March 1 of each year. With this change, customers who apply for LIHEAP between October and March will be automatically enrolled in GAP. Customers who are on GAP but have yet to apply for LIHEAP have additional time to do so to remain on the program.

The GAP program year now runs from March 1<sup>st</sup>, through February 28<sup>th</sup> of the following year. The GAP cap is currently set at \$10,000,000 with a \$0.00764 per therm recovery rate. CenterPoint Energy may petition the Commission to adjust the GAP rate in order to true up the program's balance.

## II. TRACKING GAP PROGRAM BALANCE

CenterPoint Energy monitors spending from and income to the GAP program on a monthly basis; using each new month's data to update projections for the remainder of the program year. The difference between program expenses and program recovery is referred to as the "tracker balance," with the ending balance of each month carrying over to the following month.<sup>3</sup> This means that tracker balance forecasts are influenced by the ending tracker balance of previous months. As actual monthly data is reported in place of a monthly forecast, future tracker balance projections are updated.

With its 2024 GAP annual report, the Company forecasted GAP program expenses and recovery for 2025 and 2026.<sup>4</sup> Through its filing, the Company recognized that its forecast included several months in which the tracker balance ended in under-recovery, noting:

*In Compliance with Order point 14 in docket G-008/M-23-84, the Company recognizes a negative tracker balance within 6 months, at different months within the forecast, however, we would like continue to monitor the second year of auto-enrollment into GAP, the participation levels and forecasted tracker balances and make a filing in compliance with Order point 14 with modifications to the program or adjusted surcharge with a longer history*

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<sup>1</sup> CenterPoint Energy GAP tariff, Section V, p.25.

<sup>2</sup> Docket No. G-008/M-05-1380. Order Accepting Gas Affordability Program Reports and Requiring Further Action, p. 4 (December 29, 2011).

<sup>3</sup> The previous month's ending tracker balance can be found under "expenses" in row 1 – or row 11 of the worksheet - for any of the GAP forecasts included in Attachment 1.

<sup>4</sup> Docket No. G-008/M-25-38, CenterPoint Energy 2024 Annual GAP report, Schedules E and F (June 30, 2025).

on recovery and the impacts of autoenrollment to largely increased changes in participation levels.<sup>5</sup>

At the time the 2024 GAP annual report was filed, the 2025 GAP tracker forecast showed that the program would be over-recovering for the majority of the calendar year, only dipping into under recovery during the final four months 2025 before again over recovering to start 2026. This was not identified as a concern and instead was a sign of a relatively balanced program that did not consistently over or under recover funds. The Company monitors the tracker to identify deviations from its projections that result in notable streaks of projected under or over recovery over a six-month period.

Since filing the Company's 2024 GAP annual report, actual program expenses and recovery began deviating from the Company's forecast, triggering additional reviews. These reviews uncovered that the Company's GAP tracker's forecasted monthly volumes, which are used to predict program cost recovery, inadvertently included volumes for firm Market Rate customers. These customers' sales are exempt from GAP-related charges and thus should not have been included in GAP recovery forecasts. Recognizing this error, the Company updated its GAP tracker forecasts to remove projected volumes for the firm Market Rate customers. While these modifications made the GAP program's forecasts more accurate, they also reduced forecasted recovery resulting in greater projected under-recovery for the remainder of 2025 and throughout 2026.

CenterPoint Energy is currently projected to under-recover through the end of 2027.<sup>6</sup> The identified deviations from the annual report's forecast for 2025 are highlighted by Table 1 below.

**Table 1: Forecasted GAP Expenditures and Total Recovery Against Actuals**

Month	Annual Report Forecast for 2025			Today			Differences (Today - Forecast)		
	Expenditures	Total Recovery	Ending Tracker Balance	Expenditures	Total Recovery	Ending Tracker Balance	Expenditures	Total Recovery	Ending Tracker Balance
Jan.	\$341,916	\$1,802,007	-\$676,613	\$341,916	\$1,802,007	-\$676,613	\$0	\$0	\$0
Feb.	\$671,160	\$1,689,813	-\$1,695,266	\$671,160	\$1,689,813	-\$1,695,266	\$0	\$0	\$0
Mar.	\$844,687	\$1,404,816	-\$2,255,395	\$844,687	\$1,404,816	-\$2,255,395	\$0	\$0	\$0
Apr.	\$937,095	\$933,315	-\$2,251,615	\$937,095	\$933,315	-\$2,251,615	\$0	\$0	\$0
May	\$888,406	\$467,091	-\$1,830,300	\$888,406	\$467,091	-\$1,830,300	\$0	\$0	\$0
Jun.	\$946,159	\$456,253	-\$1,340,394	\$1,059,788	\$304,097	-\$1,074,609	\$113,629	-\$152,156	\$265,785
Jul.	\$1,037,915	\$406,476	-\$708,955	\$1,175,922	\$220,685	-\$119,372	\$138,007	-\$185,791	\$589,584
Aug.	\$1,107,489	\$411,822	-\$13,289	\$1,097,337	\$178,266	\$799,699	-\$10,152	-\$233,556	\$812,988
Sept.	\$994,880	\$384,472	\$597,119	\$1,046,263	\$214,703	\$1,631,259	\$51,383	-\$169,769	\$1,034,140
Oct.	\$1,059,817	\$483,854	\$1,173,082	\$1,072,001	\$262,824	\$2,440,436	\$12,184	-\$221,030	\$1,267,354
Nov.	\$976,103	\$834,615	\$1,314,570	\$895,131	\$499,015	\$2,836,552	-\$80,972	-\$335,600	\$1,521,982
Dec.	\$994,750	\$1,394,506	\$914,814	\$1,000,543	\$1,266,932	\$2,570,163	\$5,793	-\$127,574	\$1,655,349

A negative Tracker Balance represents over-recovery, while a positive tracker balance represents under-recovery.

Forecasted Values are Highlighted in Green

<sup>5</sup> Docket No. G-008/M-25-38, CenterPoint Energy 2024 Annual GAP report, p. 22 (June 30, 2025).

<sup>6</sup> See Attachment 1

GAP's projected under-recovery is driven by a combination of program expenditures above projections and program recovery below projections. The observed increase in program expenditures has been driven by increases in the affordability benefits provided by the program, and to a lesser extent an increase in the arrears forgiveness benefit. These increase expenditures are the result of increased program participation from automatic enrollment and the removal of the program waitlist which prior to automatic enrollment would activate as the program neared its cost cap.<sup>7</sup> Table 2 below displays actual and forecasted program costs from the Company's 2024 GAP Annual Report compared to actual expenditures through November 2025. The GAP program's expenses are a function of the affordability benefit, arrears forgiveness benefit, and admin costs, which include employee costs and GAP-related mailers and communications.

**Table 2: Change in GAP Expenditures**

Yr.	Month	Annual Report Forecast for 2025				Today				Differences (Today - Forecast)			
		Affordability	Arrears	Admin	Total	Affordability	Arrears	Admin	Total	Affordability	Arrears	Admin	Total
2025	Jan	\$311,376	\$9,634	\$20,906	\$341,916	\$311,376	\$9,634	\$20,906	\$341,916	\$0	\$0	\$0	\$0
	Feb	\$618,804	\$32,294	\$20,062	\$671,160	\$618,804	\$32,294	\$20,062	\$671,160	\$0	\$0	\$0	\$0
	Mar	\$770,092	\$54,141	\$20,453	\$844,686	\$770,092	\$54,141	\$20,453	\$844,686	\$0	\$0	\$0	\$0
	Apr	\$835,057	\$80,180	\$21,858	\$937,095	\$835,057	\$80,180	\$21,858	\$937,095	\$0	\$0	\$0	\$0
	May	\$763,616	\$99,915	\$24,875	\$888,406	\$763,616	\$99,915	\$24,875	\$888,406	\$0	\$0	\$0	\$0
	Jun	\$811,110	\$112,643	\$22,407	\$946,159	\$894,688	\$144,648	\$20,452	\$1,059,788	\$83,578	\$32,005	-\$1,955	\$113,629
	Jul	\$874,725	\$140,782	\$22,407	\$1,037,915	\$984,999	\$169,446	\$21,477	\$1,175,922	\$110,274	\$28,664	-\$930	\$138,007
	Aug	\$929,367	\$155,715	\$22,407	\$1,107,489	\$921,657	\$154,218	\$21,462	\$1,097,337	-\$7,710	-\$1,497	-\$945	-\$10,152
	Sep	\$843,753	\$128,720	\$22,407	\$994,880	\$903,820	\$127,750	\$14,691	\$1,046,261	\$60,067	-\$970	-\$7,716	\$51,381
	Oct	\$904,850	\$132,560	\$22,407	\$1,059,817	\$929,764	\$114,357	\$27,880	\$1,072,001	\$24,914	-\$18,203	\$5,473	\$12,184
	Nov	\$839,002	\$114,694	\$22,407	\$976,103	\$789,033	\$90,769	\$15,329	\$895,131	-\$49,969	-\$23,925	-\$7,078	-\$80,972
	Dec	\$872,289	\$100,054	\$22,407	\$994,750	\$893,976	\$85,912	\$20,655	\$1,000,543	\$21,687	-\$14,142	-\$1,752	\$5,793
2026	Jan	\$781,170	\$96,778	\$22,084	\$900,031	\$845,955	\$104,875	\$20,842	\$971,672	\$64,785	\$8,097	-\$1,242	\$71,641
	Feb	\$820,320	\$104,040	\$22,182	\$946,541	\$866,605	\$111,474	\$20,836	\$998,915	\$46,285	\$7,434	-\$1,346	\$52,374

Forecasted Values are Highlighted in Green

As it stands, the program forecast displays that GAP will provide over \$11.7 million in customer benefit, with total program costs just under \$12 million for the current program year (March 2025 through February 2026).

GAP's lower than forecasted recovery was traced back to lower than anticipated volumes. Total volumes (Dt) of gas sold in a given month are multiplied by the current GAP recovery rate of \$0.0764 to calculate the total recovery for that month. With multiple months of lower than forecasted volumes resulting from the erroneous inclusion of Market Rate customer volumes in GAP forecasts, the GAP tracker trended further toward under-recovery. Table 3 below displays the

<sup>7</sup> CenterPoint Energy may now petition the Commission to adjust the GAP recovery rate to true up the program balance in the tracker. All program costs are subject to regulatory review.

difference between the forecasted volumes for 2025 included in the Company's 2024 GAP annual report and actual volumes through November.

**Table 3: Difference between Forecasted Volumes (Dt) and Actuals**

Month	Annual Report Forecast for 2025	Today	Difference (Today - Forecast)
January	23,586,479	23,586,479	0.00
February	22,117,971	22,117,971	0.00
March	18,387,644	18,387,644	0.00
April	12,216,165	12,216,165	0.00
May	6,113,757	6,113,757	0.00
June	5,971,903	3,980,327	-1,991,576
July	5,320,372	2,888,547	-2,431,824
August	5,390,343	2,333,325	-3,057,018
September	5,032,350	2,810,249	-2,222,101
October	6,333,168	3,440,105	-2,893,063
November	10,924,282	6,531,610	-4,392,671
December	18,252,690	16,582,882	-1,669,808

Forecasted Values are Highlighted in Green

Given this deviation from the annual report's forecast, CenterPoint Energy now makes this filing pursuant to Order Paragraph 4 of the Commission's September 23, 2025 Order. Consistent with that Order, the Company provides the following information in the sections below:

1. Tracker balance, income, and spending on a monthly basis for the previous six months and projected six months in the future;
2. An evaluation of possible modifications to avoid closure of the program, including modifying the affordability benefit and arrearage forgiveness benefit amounts for participants, changing the program funding level/surcharge, and other options the Company has considered; and
3. A proposal to avoid the projected negative tracker balance.

### III. TRACKER BALANCE, INCOME, AND SPENDING

The Commission's Order requires the Company to provide:

1. Tracker Balance for the previous six months and projected six months in the future
2. Income for the previous six months and projected six months in the future
3. Spending on a monthly basis for the previous six months, and projected six months in the future.

CenterPoint Energy has provided this information through Attachment 1 of this filing. Attachment 1 displays the Company's actual GAP expenses and recovery to date using the modified forecast that removes volumes from Market Rate customers from the GAP recovery calculation.

#### **IV. EVALUATING POSSIBLE MODIFICATIONS TO AVOID PROGRAM CLOSURE**

CenterPoint Energy does not support the closure of GAP and does not believe the current situation would necessitate program closure in the near future, but recognizes that the current rate of under-recovery is not sustainable. Through its Order, the Commission required CenterPoint to evaluate possible modifications to GAP to avoid program closure, including modifying the affordability benefit and arrearage forgiveness benefit amounts for participants, changing the program funding level/surcharge, and other options the Company has considered. CenterPoint Energy provides the required analysis in this section.

While the Company is required to consider the impact of modifying the affordability and arrearage forgiveness benefits offered through GAP, it cautions against taking such action at this time. The Company intended to collect a full year of GAP data under the new automatic enrollment policy and use that data to inform recommendations for future program modifications. Although auto enrollment began with the 2024/2025 program, customers who had applied for LIHEAP and were approved in the months prior to January 2024 were not automatically enrolled in GAP for the 2024/2025 program year. Because of this, the 2024/2025 program year data may have excluded a number of customers who would have otherwise been automatically enrolled in GAP in future years. Therefore, the data from that program year may not accurately reflect what a full year of automatic enrollment would look like. The information gathered from the 2025/2026 program year will provide the context necessary to evaluate the impact of automatic enrollment.

CenterPoint Energy believes the automatic enrollment policy may result in notable changes in GAP customer behavior, including changes to the timing and extent of customer cancelations and/or changes to seasonal payment patterns. To identify the impact automatic enrollment has had on GAP, it is necessary to ensure that other aspects of the program remain consistent with prior years. If the Company were to further modify GAP during this period of data collection, it would not be able to delineate the impact each individual change had on program performance and program costs.

The Company believes that making significant programmatic changes now would be premature as the GAP tracker's forecasts may not fully capture the new dynamics introduced by automatic enrollment. Should customer behavior shift with the implementation of automatic enrollment, program expenses could diverge from current projections. Moreover, altering GAP's benefits without accounting for these impacts could risk an overcorrection or under correction, creating unnecessary instability and the potential need for additional interventions in the future.

##### **a. Option 1: Modify the program funding level/surcharge**

The Company's preferred option at this time is to increase the program's funding level and surcharge amount. The objective of this change would be to ensure a tacker balance of \$0 by the

end of the 2026/2027 program year. This option avoids the need to reduce or eliminate<sup>8</sup> the benefits provided to low-income customers at a time in which the Company is attempting to increase participation through automatic enrollment. Further, this option allows the company to gather the data it needs to properly assess the impact automatic enrollment has had on the program.

Assuming no change in program expenditures, the Company would recommend increasing the GAP cost cap to \$12 million to reflect the increase in anticipated expenditures for both 2025 and 2026 resulting from automatic enrollment.

To achieve a \$0 tracker balance by the end of the 2026/2027 program year,<sup>9</sup> the Company would need to set its GAP surcharge based on the anticipated date of a Commission Order approving this modification. Without knowing how long it might take for this issue to get brought before the Commission and for the resulting Order to be filed, CenterPoint Energy proposes two options:

1. Assuming a Commission Order by March 2026: \$0.10078 / Dt
2. Assuming a Commission Order by May 2026: \$0.10927 / Dt

**b. Option 2: Modify the affordability benefit and arrearage forgiveness benefit amounts**

GAP provides a benefit to low-income customers in the form of an affordability benefit, and an arrearage forgiveness benefit. The affordability benefit is structured to limit customer payments to a percentage of the household's income determined by the utility. Specifically, the affordability credit is equal to the difference between the utility's estimate of the customer's annual gas bill and a percentage of the customer's annual household income, divided across the twelve months of a year. Currently, CenterPoint limits GAP participant's utility payments to 2% of their household income. In the years before the COVID-19 pandemic, this percentage was set at 4%, meaning GAP customers generally received a smaller benefit from program participation and customers whose gas bills were equal to or less than 4% of their annual income would not have received a benefit at all.<sup>10</sup>

The arrearage forgiveness credit is separate from the affordability credit, and is designed to retire pre-program arrears over a twelve-month period. This credit is calculated such that the amount a customer contributes toward pre-program arrears is 1% or less of their annual household income – while also factoring in energy assistance. Before program modifications were made in response to the COVID-19 pandemic, GAP's arrearage forgiveness credit was calculated so that a customer would contribute no more than 2% of their annual household income toward pre-program arrears.

To resolve GAP's forecasted under-recovery, CenterPoint Energy could consider modifying the affordability benefit and arrearage forgiveness benefits provided to customers by either:

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<sup>8</sup> In some instances depending on a GAP participant's annual income, increasing the GAP Program's income cost cap could result in some GAP participants no longer receiving a benefit through the program.

<sup>9</sup> The end of the 2026/2027 program year is February 2027.

<sup>10</sup> CenterPoint acknowledges that an income cap of 4% is used by other utilities. However, the Company stands by its decision to provide its low-income customers with an increased affordability benefit during what has been a financially turbulent start to the present decade.

- increasing the percent of household income used to determine each benefit
- increasing the arrearage forgiveness timeframe from 12 months to 24 months.

Taking either of these actions would reduce the GAP's monthly expenses while maintaining program recovery. While this could resolve the program's forecasted under-recovery, they would do so at the expense of the benefits provided to program participants.

**i. Increasing the % of household income used to determine customer benefits**

Today, GAP limits the amount participants' pay for their gas bills to no more than 3% of their income (2% for the affordability credit and 1% for the arrears forgiveness credit). In the years before COVID, the GAP program limited the amount participants paid for their gas bills to 6% of their income (4% for the affordability credit and 2% for the arrears forgiveness credit).

When the Company previously evaluated the impact of lowering GAP's income cap from 6% to 3%, it reviewed what impact such a change would have had on the previous year's expenses to predict the impact of the change going forward as follows:<sup>11</sup>

1. Actual 2020 program expenses = **\$3,671,320**
2. Total Customer Payments 2020 = **\$1,397,636**
3. One-half total customer payments 2020 = **\$698,818** [this accounts for the total amount customers were expected to pay decreasing from 6% to 3%]
4. Line 1 + Line 3 gives anticipated total program expenses for 2020 if the increased benefits had been applied = **\$4,370,138**

To now evaluate the impact of increasing GAP's income cap from 3% to 6%, CenterPoint Energy applied this same methodology in reverse for years 2022, 2023, and 2024. The result of this effort is displayed in Table 4 below:

**Table 4: Difference in Annual GAP Program Costs with a 6% or 3% Income Cost Cap**

Year	Affordability Payments	Arrears Payments	Total Payments	Affordability Credits	Arrearage Forgiveness Credits	Administrative Costs	Total Program Costs at 6% income cap	Total Program Costs at 3% income cap	Percent Change
2022	\$460,616	\$23,714	\$484,330	\$4,612,392	\$257,793	\$251,905	\$4,637,760	\$5,122,090	-9.5%
2023	\$752,382	\$109,525	\$861,907	\$5,300,875	\$715,745	\$236,380	\$5,391,093	\$6,253,000	-13.8%
2024	\$1,307,795	\$150,471	\$1,458,266	\$5,738,467	\$1,113,868	\$225,715	\$5,619,784	\$7,078,050	-20.6%

Green highlights annual program costs if the income cap had been 6% instead of 3% for the years indicated

Because the Company's GAP forecasts do not include forecasted customer payments, it was not possible to apply this methodology to the 2026/2027 forecast to predict the impact of increasing the

<sup>11</sup> CenterPoint Energy Reply Comments, Docket No. G-008/M-21-218, June, 14, 2021

income cap on the GAP tracker balance. Instead, the Company calculated the percent change in program expenses for 2022 – 2024 had the program’s income cost cap been set at 6% instead of 3%. These percent change values were then applied to the roughly \$12 million in anticipated expenses for the 2026/2027 program year, providing a range of anticipated program expenses associated with the increased program cost cap which were then used to forecast the ending tracker balance for the 2026/2027 program year. The results of this effort are displayed in Table 5 below:

**Table 5: Anticipated Range of 2026/2027 Program Year End Tracker Balances with GAP Income Cost Cap Set to 6%**

<b>Total Program Cost % Change</b>	<b>Associated Reduction in 2026 GAP Expenditures</b>	<b>2026 Year-End Tracker Balance</b>
-9.50%	\$1,138,837	2,011,866
-13.80%	\$1,654,310	1,496,392
-20.60%	\$2,469,478	681,225

A negative Tracker Balance represents over-recovery, while a positive tracker balance represents under-recovery.

Calculations assume no modifications to forecasted recovery and a 2026 beginning tracker balance of \$1,038,002. All calculations made using GAP tracker projections from Attachment 1.

Table 5 displays that – based on historic data – reducing GAP program benefits by increasing the program’s income cost cap from 3% to 6% would not result in a near-zero tracker balance by the end of the 2026/2027 program year. However, this change could stabilize GAP recovery in that project spending would near, or be just below, the current program cost cap of \$10 million. This would cause the 2026/2027 year-end tracker balance to be comparable to the 2025/2026 program year-end tracker balance. Without any other modifications, the Company would be unable to recoup its under recovered costs.

CenterPoint Energy does not support reducing the benefits provided to low-income customers on GAP. The increase in GAP expenses is a sign that the automatic enrollment policy succeeding in its objective to provide more customers with the financial assistance they require. Reducing the benefits provided by GAP, thereby eliminating the benefits provided to a subset of current GAP customers, runs counter to the primary objectives of the recent automatic enrollment policy.

The Company believes it best to seek a resolution to its current negative tracker balance without modifying GAP’s benefits. Without data from all of program year 2025/2026, the Company will not be able to accurately assess the impact automatic enrollment has had on GAP. Making modifications to GAP’s benefits without having first evaluated the program’s “new normal” under automatic enrollment risks those modifications being over corrections, or otherwise unnecessary. The Company does not take lightly decisions that would raise utility costs for its most vulnerable customers, and thus supports options to resolve its current negative tracker balance that do not reduce the benefits provided to customers on GAP.

## **ii. Increase the arrearage forgiveness timeframe from 12 months to 24 months**

CenterPoint Energy recognizes that its arrearage forgiveness timeframe is shorter relative to other utilities' affordability programs. However, the Company stands by this factor which distinguishes GAP from other utility programs. By offering customers with an opportunity to resolve arrears within a 12-month timeframe, the Company reduces the time required to make consistent payments before arrears are forgiven. This minimizes opportunities for the customer to fall off the GAP program – due to financial hardships or as a result of other personal factors that may impact a customer's ability to make regular payments – and results in customers getting themselves out of debt in a shorter amount of time.

By increasing the arrearage forgiveness timeframe from 12 months to 24 months, the Company would spread out its arrearage forgiveness costs for each customer across two years instead of one. This modification would effectively cut the Company's arrearage forgiveness expenditures in half. For the 2025/2026 program year, GAP's anticipated arrearage forgiveness expenditures equal \$1,337,685.<sup>12</sup> Subtracting half of this value (\$668,843) from the roughly \$12 million in forecasted expenses for program year 2026/2027 would still result in expenses greater than \$11 million. Without any other program modifications, the Company would anticipate sliding deeper into under-recovery over time. This result is consistent with the Company's earlier understanding that GAP's arrearage forgiveness benefit is not a significant driver of program costs at present.

As with other programmatic modifications impacting the benefits provided to GAP customers, CenterPoint Energy does not support increasing its arrearage forgiveness timeframe from 12 to 24 months for the purpose of resolving its current negative tracker balance. The Company has identified that the impact of this change on its negative tracker balance is minimal. Further, should the initial wave of automatically enrolled customers remain on GAP for a full year, the Company may see arrears-related expenses decrease as customers have their arrears forgiven.

Extending the arrearage forgiveness timeframe would double the period of time that customers must maintain consistent payments to achieve forgiveness, increasing the risk of customers falling off the program and delaying the forgiveness of their arrears. The Company does not see this result as being in the best interest of its customers.

## **V. A PROPOSAL TO AVOID THE PROJECTED NEGATIVE TRACKER BALANCE**

After considering the options discussed above, CenterPoint Energy recommends:

1. Modifying the GAP program's funding level to \$12 million to account for the increased program expenditures resulting from the automatic enrollment policy.
2. Increasing the GAP surcharge to \$0.10927 per Dt.
3. Going forward, allow CenterPoint Energy to true-up its GAP tracker and program cost recovery through its annual reports and remove this filing requirement..

As noted previously, although the current rate of under recovery is not sustainable in the long term the Company does not support the closure of GAP, nor did it anticipate this issue resulting in program closure ahead of its next annual report. Going forward, the Company would prefer to

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<sup>12</sup> Sum of Table 2 arrearage expenditures (Today) between March 2025 and February 2026.

address issues such as this through its annual reporting process, unless the situation demands more immediate attention.

CenterPoint Energy emphasizes the need for any proposed modifications to GAP's benefits to account for the impact of automatic enrollment to avoid overcorrections, under corrections, or unnecessary changes. Automatic enrollment represents a significant programmatic shift that has resulted in increased participation and expenditures. Implementing additional changes before the Company has fully evaluated the impact of automatic enrollment would be uninformed, could undermine program objectives, and may negatively impact customer's experience with the program.

The Company also cautions against implementing modifications to GAP during the 2025/2026 program year. To isolate the impact of automatic enrollment, other aspects of GAP must remain consistent with previous program years. Introducing additional changes to the program during this period of data collection would make it challenging, if not impossible to isolate the influence of automatic enrollment from other programmatic modifications, thereby compromising the integrity of future analysis and decision making.

The automatic enrollment policy may lead to changes in customer behavior, including new seasonal payment patterns or the timing and extent of customer cancellations, which may result in program expenditures deviating from historic trends. The potential for automatically enrolled customers to behave differently creates uncertainty for the GAP forecast, which were developed under assumptions that may no longer hold true. Adjusting program benefits without first confirming the ongoing reliability of our forecasts would be premature.

CenterPoint Energy does not support increasing the arrearage forgiveness timeframe from 12 months to 24 months as a resolution for the under-recovered tracker balance. Although this change would reduce expenses related to customer's arrearage forgiveness benefit, the impact on overall program expenditures would be marginal. Moreover, extending the arrearage forgiveness timeframe would double the period of time that customers must maintain consistent payments to achieve forgiveness increasing the risk of customers falling off the program and delaying the forgiveness of their arrears, which is not in the best interest of the Company or its customers. Further, to the extent that a significant number of automatically enrolled customers remain on GAP for a full year, the Company may see arrears-related expenses decrease as these customers begin to have their arrears forgiven.

By instead modifying the GAP funding level and surcharge to address the issue of under-recovery, CenterPoint Energy would preserve existing and critical affordability benefits for low-income customers while allowing time to gather information on the impact of automatic enrollment. At a time in which the Company is implementing automatic enrollment in an effort to increase program participation, it would be counter intuitive to simultaneously reduce program benefits in such a way that would eliminate the benefits provided to a subset of program participants whose income exceeds a certain threshold.

The Company remains open to working with the Commission, the Department, and other interested parties to ensure the GAP program delivers meaningful benefits to low-income customers at a reasonable cost. The Company would be willing to continue to monitor its GAP tracker balance and propose modifications to its GAP surcharge through its GAP annual reports in the event that the program begins to consistently over-recover funds.

## VI. CONCLUSION

CenterPoint Energy thanks the Commission for its consideration of this issue. Modifying the GAP program's funding level and surcharge allows the Company to continue delivering support to the customers who need it the most, while allowing time to evaluate the need for program modifications in response to the automatic enrollment policy's impact on the program. With its next GAP annual report, the Company would be happy to provide additional information evaluating the impact of automatic enrollment so that this information may be used to inform any future discussions.

CenterPoint Energy respectfully requests that the Commission:

1. Modify the GAP program's funding level to \$12 million to account for the increased program expenditures resulting from the automatic enrollment policy.
2. Increase the GAP surcharge to \$0.10927 per Dt through the end of the 2026/2027 GAP program year – assuming a Commission Order by May 2026 – thereby allowing CenterPoint Energy to true-up its GAP tracker balance.
3. Going forward, allow CenterPoint Energy to address issues related to its GAP tracker and program cost recovery through its annual reports, unless a filing is necessary to avoid program closure.

If you have questions, please contact me at [Trey.Harsch@centerpointenergy.com](mailto:Trey.Harsch@centerpointenergy.com) or 612-321-5191.

Sincerely,

*/s/ Trey Harsch*

Manager, Regulatory Affairs

Attachment

C: Service List

## CERTIFICATE OF SERVICE

I, Christina Benning, certify that on Wednesday, December 17, 2025, I served the attached Compliance Filing of CenterPoint Energy in Docket No. G-008/M-25-38 to all persons at the addresses indicated on the attached service list by having the document delivered via electronic filing.

/s/ Christina Benning

Senior Regulatory Paralegal  
CenterPoint Energy

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission	121 7th PI E Ste 350 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-38
2	Mike	Bull	mike.bull@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-38
3	John	Coffman	john@johncoffman.net	AARP		871 Tuxedo Blvd. St. Louis MO, 63119-2044 United States	Electronic Service		No	M-25-38
4	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-38
5	Brandon	Crawford	brandonc@cubminnesota.org	Citizens Utility Board of Minnesota		332 Minnesota St Ste W1360 St. Paul MN, 55101 United States	Electronic Service		No	M-25-38
6	Ron	Elwood	relwood@mnlisap.org	Legal Services Advocacy Project		970 Raymond Avenue Suite G-40 Saint Paul MN, 55114 United States	Electronic Service		No	M-25-38
7	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	M-25-38
8	Annie	Levenson Falk	annief@cupminnesota.org	Citizens Utility Board of Minnesota		332 Minnesota Street, Suite W1360 St. Paul MN, 55101 United States	Electronic Service		No	M-25-38
9	Chris	Osowski	chris_osowski@usc.salvationarmy.org	Salvation Army		2080 Woodlynn Avenue Maplewood MN, 55109 United States	Electronic Service		No	M-25-38
10	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-25-38
11	Emily	Suppes	emily.suppes@centerpointenergy.com	CenterPoint Energy Minnesota Gas		505 Nicollet Mall Minneapolis MN, 55402 United States	Electronic Service		No	M-25-38