

**STATE OF MINNESOTA**  
**BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS**  
**FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF**  
**CENTERPOINT ENERGY RESOURCES CORP. D/B/A**  
**CENTERPOINT ENERGY MINNESOTA GAS FOR AUTHORITY TO**  
**INCREASE RATES FOR NATURAL GAS SERVICE IN MINNESOTA**

**OAH DOCKET NO. 65-2500-39699**  
**MPUC DOCKET NO. G-008/GR-23-173**

**SETTLEMENT**

**NOVEMBER 25, 2024**

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**STATE OF MINNESOTA  
BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION**

|  |   |
|--|---|
| In the Matter of the Application of<br>CenterPoint Energy Resources Corp. d/b/a<br>CenterPoint Energy Minnesota Gas for<br>Authority to Increase Rates for<br>Natural Gas Service in Minnesota | OAH Docket No. 65-2500-39699<br>MPUC Docket No. G-008/GR-23-173 |
|--|---|

**OFFER OF SETTLEMENT**

Pursuant to Minnesota Statutes Section 216B.16, subdivision 1a(b), this Offer of Settlement (“Settlement”) is entered into November 25, 2024 between CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy Minnesota Gas” or “Company”), the Department of Commerce – Division of Energy Resources (“DOC” or -Department”), the Office of the Attorney General – Residential Utilities Division (“OAG”), Suburban Rate Authority (“SRA”), Citizens Utility Board of Minnesota (“CUB”), Laborer’s District Council of Minnesota and North Dakota (“LIUNA”), and the International Union of Operating Engineers Local 49 (“Local 49”) (collectively, “Parties”) and resolves all issues in the above-referenced matter.

**I. BACKGROUND**

On November 1, 2023, CenterPoint Energy Minnesota Gas filed a petition, together with supporting testimony, schedules and workpapers for a three year multi-year rate plan (“MYRP”), seeking a general revenue increase of \$84.6 million to become effective January 1, 2024, for the 2024 Test Year, and an incremental \$51.8 million increase to become effective January 1, 2025 for the 2025 Plan Year, with rates held at the 2025 level for the 2026 Plan Year (the “Application”).

On December 28, 2023, the Minnesota Public Utilities Commission (“MPUC” or “Commission”) issued a series of Orders, including an Order Accepting Filing and Suspending Rates, a Notice and Order for Hearing referring the case to the Office of Administrative Hearings (“OAH”) for contested case proceedings, and an Order Setting Interim Rates.

The Administrative Law Judge (“ALJ”) assigned to this rate case is the Honorable Ann C. O’Reilly. A prehearing status and scheduling conference was held on January 23, 2024. The ALJ issued her First Prehearing Order on February 6, 2024, setting forth the timeline and process for this proceeding. The ALJ issued her Second Prehearing Order on August 9, 2024, indicating the dates and times for public hearings in this matter.

On October 7, 2024, DOC, OAG, CUB and SRA filed Direct Testimony.

On October 17, 2024, the Parties met for initial settlement discussions and continued those discussions over the following weeks. Through those discussions, the Parties resolved all issues in this proceeding and set forth the terms of their agreement in this Settlement.

## **II. OVERALL DESCRIPTION OF SETTLEMENT**

The Parties, through this Settlement, intend to resolve all issues between all parties in this rate case. To that end, the Parties have agreed that the amount of CenterPoint Energy Minnesota Gas's proposal to increase its annual Minnesota jurisdictional retail revenues will be substantially reduced for both the 2024 Test Year and the 2025 Plan Year, and the 2025 rates will continue in place without change for the 2026 Plan Year. In addition, the Parties have agreed to a resolution of the revenue apportionment and rate design issues raised by the Company's Application, including agreement to leave the residential monthly fixed charge at its current level. The Parties believe this Settlement produces just and reasonable rates and is in the public interest.

### **A. Standard of Review**

Minnesota law expressly encourages the settlement of "any or all issues" in general rate cases. *See* Minn. Stat. § 216B.16, subd. 1a (2024). The Commission reviews a settlement in a general rate case proceeding to determine if it is in the public interest and is supported by substantial evidence. Minn. Stat. § 216B.16, subd. 1a(b).

### **B. Application of the Standard of Review**

The Settlement is supported by substantial evidence in the record, as set forth below, and is in the public interest. The Settlement provides for a general revenue increase of approximately \$60.8 million for 2024 and an incremental increase of approximately \$42.7 million for 2025, substantially smaller general revenue increases than the \$84.6 million 2024 increase and incremental \$51.8 million requested in the Company's Application. The financial adjustments agreed to by the Parties for purpose of this Settlement are supported by the testimony, schedules and workpapers entered into evidence by the Parties, as indicated below.

Regarding rate design, the Settlement maintains CenterPoint Energy Minnesota Gas's current monthly fixed charges for its Residential class and provides for a smaller increase in fixed monthly charges for the Commercial and Industrial ("C&I") class than initially proposed by the Company. The Settlement also provides for a revenue responsibility apportionment that results in a more moderate increase to the Residential class than was initially proposed by the Company. Again, each of these resolutions is supported by the testimony, schedules and workpapers entered into evidence by the Parties.

### **III. SETTLEMENT TERMS**

The Parties agree to the following terms for the purpose of this Settlement, resolving all issues between the Parties in this proceeding. The Parties further agree that these terms are intended to work in concert with each other as an integrated whole for the purposes of achieving an outcome in this proceeding that is in the public interest and that will result in just and reasonable rates.

#### **A. Cost of Capital**

In Direct Testimony, the Company provided Direct Testimony supporting its proposed overall cost of capital of 7.55 percent for the 2024 Test Year and 7.52 percent for the 2025 Plan Year. The DOC also provided Direct Testimony on cost of capital issues, recommending an overall cost of capital of 7.00 percent for the 2024 Test Year and 6.97 percent for the 2025 Plan Year. CUB provided Direct Testimony on the appropriate return on equity but did not address the overall cost of capital. The OAG recommended that flotation costs not be included in the Company's cost of capital.

**For purposes of this Settlement, the Parties agree** to an overall cost of capital for the Company of 7.07 percent for both the 2024 Test Year and the 2025 Plan Year. For the purpose of future carrying charges on the Conservation Improvement Program ("CIP") tracker, CenterPoint Energy Minnesota Gas will use a short-term cost of debt of 5.08 percent for 2024, and 3.94 percent in the 2025 and 2026 Plan Years.

Relevant record evidence:

Ex. CP-5, entire (Bulkley Direct)  
Exs. CP-19, 20 (Bulkley Workpapers)  
Ex. CP-11 at 27-28 (Jerasa Direct)  
Ex. DOC-4, entire (Addonizio Direct)  
Ex. CUB-1, entire (Kihm Direct)  
Ex. OAG-2 at 25-27 (Lebens Direct)

#### **B. Financial Issues**

All revenue requirement adjustments from the Company's Application and agreed to by the Parties are reflected in the financial schedules included here as Attachment A. Those adjustments are discussed below, along with a listing of the record evidence supporting the Parties' resolution of these matters. In the event of any inadvertent discrepancy between the specific dollar adjustments discussed below and those appearing in Attachment A, the Parties agree that Attachment A accurately states the Parties' agreement.

## **1. Beginning plant balance and rate base**

In the Application, CenterPoint Energy Minnesota Gas stated its gross plant beginning balance based on its then projected balance for December 31, 2023 and developed its revenue increase request using that projected balance, together with its then projected capital additions for the Test Year and Plan Year. Since the submission of the Application, the Test Year actual beginning plant balance has been finalized.

**For purposes of this Settlement, the Parties agree** that consistent with past Company rate cases, final rates should reflect: (1) the Company's actual plant balance at the beginning of the test year; (2) the associated adjusted depreciation expense and accumulated deferred income taxes and (3) the trued up EDIT balance and associated amortization true-up based on the actual tax return filed subsequent to the initial filing. These adjustments also impact the 2025 Plan Year and these adjustments are incorporated in Attachment A.

Relevant record evidence:

Ex. CP-3 at Vol. 1, Schedules B-3 and B-4

Ex. CP-13 at Schedule 4 (Sudbury Direct)

Ex. DOC-1 at 26-29 and Schedules MAJ-D-20 and MAJ-D-21 (Johnson Direct)

## **2. Depreciation Expense**

Adjustment for the beginning of test year plant balance and other adjustments to rate base requires related adjustments to depreciation expense.

**For purposes of this Settlement, the Parties agree** that 2024 and 2025 depreciation expense should be reduced as set forth in Attachment A.

Relevant record evidence:

Ex. DOC-1 at 28-29 (Johnson Direct)

## **3. Prepaid Pension Asset**

In its Application, the Company proposed inclusion of its prepaid pension asset in the amount of approximately \$1.58 million in 2024 and approximately \$1.79 million in 2025, net of accumulated deferred income taxes, in rate base.

The Department recommended removing the prepaid pension asset from rate base.

**For purposes of this Settlement, the Parties agree** the Company will remove its prepaid pension asset from 2024 and 2025 rate base, reducing rate base by \$1.58 million and \$1.79 million in 2024 and 2025, respectively.



Relevant record evidence:

Ex. CP-13 at 64, 66-69 (Sudbury Direct)

Ex. CP-31 at DTS-WP, Schedule 7, Workpaper 19 and Schedule 12, Workpapers 1 and 6 (Sudbury Workpapers)

Ex. DOC-1 at 30-37 (Johnson Direct)

#### **4. Property Tax Expense**

In its Application, the Company forecasted property tax expenses using the Company's forecasted plant-in-service and accumulated depreciation as of the end of 2023, the forecasted net operating income to be used in the Minnesota Department of Revenue ("MNDOR") appraisal model for the 2024 tax year, and the anticipated methodology to be used in 2024 and 2025 by MNDOR. The Company also forecasted property tax expense related to stored gas in Oklahoma, resulting in a total of \$49.7 million of Test Year and \$53.0 million of Plan Year property tax expense.

In Direct Testimony, the Department recommended reducing property tax expenses by approximately \$8.5 million in the 2024 Test Year and \$8.2 million in the 2025 Plan Year, based on the Company's use of its initial MNDOR valuation as the basis for calculating property tax expense and its history of successful administrative and other appeals, lowering final property tax expense.

**For purposes of this Settlement, the Parties agree** to remove \$6,400,000 in property tax expense from the both the Test Year and Plan Year test year, based on the MNDOR final valuation, received after the Company's filing of the Application.

Relevant record evidence:

Ex. CP-10 at 3-7 and Schedule 2 (Hyland Direct)

Ex. DOC-2 at 5-12 and Schedule AAU-D-1 (Uphus Direct)

#### **5. Property Tax Tracker**

##### **a. Amortization**

In its Application, the Company proposed amortizing its estimated property tax tracker credit balance of approximately \$40.8 million over three years, resulting in a credit of approximately \$13.6 million per year.

The Department agreed with the Company recommendation to amortize the property tax tracker balance over three years but noted that the actual property tax tracker balance as of December 31, 2023 was now available and should be used, rather than the Company's prior estimated balance. The Department recommendation increases the property tax tracker amortization credit by approximately \$52,000 per year.

**For purposes of this Settlement, the Parties agree** that the property tax tracker amortization credit should be increased by \$52,000 per year.

Relevant record evidence:

Ex. CP-9 at (NAG-D) Schedule 33 (Gilcrease Direct)

Ex. CP-27 at (NAG-D) Workpaper 33 (Gilcrease Workpapers)

Ex. DOC-2 at 14-16 (Uphus Direct)

**b. New Baseline**

**For purposes of this Settlement, the Parties agree** that the baseline for the property tax tracker should be reset to account for the terms of this settlement. The Parties further agree that the 2024 Test Year Tracker Basis should be \$29,685,782 and the 2025 Plan Year (carrying through 2026) should be \$32,910,528 as shown below:

|                               | 2024            |  | 2025            |
|-------------------------------|-----------------|--|-----------------|
| Filed Expense                 | \$ 49,731,949   |  | \$ 52,956,695   |
| Filed Tracker Amort           | \$ (13,594,167) |  | \$ (13,594,167) |
| Settlement Exp. Adjustment    | \$ (6,400,000)  |  | \$ (6,400,000)  |
| Settlement Tracker Adjustment | \$ (52,000)     |  | \$ (52,000)     |
| Tracker Basis                 | \$ 29,685,782   |  | \$ 32,910,528   |

**6. Gas Affordability Program Tracker**

The Company recovers the cost of its Gas Affordability Program (“GAP”) via a surcharge, with recoveries tracked against program costs. To the extent GAP surcharge recoveries exceed costs, the Company deducts its forecasted tracker balances from rate base. For 2024 and 2025, the Company forecasts GAP tracker balances of approximately (\$1.7 million) and (\$1.5 million), respectively.

In response to discovery issued by the Department, the Company discovered it incorrectly used an adjustment of approximately \$3.56 million for the GAP tracker balance. The Department recommended use of the correct figure, requiring a reduction to 2025 rate base of approximately \$1.5 million.

**For purposes of this Settlement, the Parties agree** to reduce rate base for 2025 by approximately \$1.5 million to reflect the forecasted GAP tracker balance.

Relevant record evidence:

Ex. CP-13 at 17 and Schedule 13 (Sudbury Direct)

Ex. CP-31 at Schedule 13, Workpaper 6 (Sudbury Direct)

Ex. DOC-1 at 40-41 (Johnson Direct)

## **7. Dues**

The Company included dues to certain organizations in its Test Year and Plan Year expenses, stating that dues related to these organizations provide educational information and other opportunities to its employees that better enable them to meet customer need, are in some cases required for professional certification, and in some cases address economic and social issues in the communities in which the company operates. OAG and CUB recommended denial of certain of these dues for the reasons discussed below.

### **a. AGA Dues**

The Company included dues to the American Gas Association (“AGA”) but excluded from its request that portion of the dues that AGA identifies as attributable to lobbying activities. The Company requested recovery of the remaining Test Year and Plan Year AGA dues of \$214,000 and \$220,000, respectively.

In Direct Testimony, the OAG and CUB recommended denial of all AGA dues, stating that the Company has failed to establish what portion of AGA dues are attributable to lobbying and failed to demonstrate that these dues were connected to the provision or improvement of utility services.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$107,000 in the Test Year and \$110,000 in the Plan Year, attributable to AGA dues.

Relevant record evidence:

Ex. CP-9 at 35-39 and Schedule 23 (Gilcrease Direct)

Ex. CP-27 at (NAG-WP) 23.2 (Gilcrease Workpapers)

Ex. OAG-1 at 3-9 (Lee Direct)

Ex. CUB-3 at 3-23 (Weinmann Direct)

### **b. MUI Dues**

The Company included dues expenses for MUI, again after removing that portion of those dues that MUI identifies as attributable to lobbying and requesting recovery of the remainder of those dues (\$12,000 in both the Test Year and Plan Year).

In Direct Testimony, the OAG and CUB recommended denial of all MUI dues, again raising concern that lobbying expenses may be included and stating that MUI works to

advance shareholder interests, not those of ratepayers and that removal of MUI dues would be consistent with previous Commission treatment of this cost.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$12,000 in both the Test Year and Plan Year, attributable to MUI dues.

Relevant record evidence:

Ex. CP-9 at 35-39 and Schedule 23 (Gilcrease Direct)  
Ex. CP-27 at (NAG-WP) 23.2 (Gilcrease Workpapers)  
Ex. OAG-1 at 10-11 (Lee Direct)  
Ex. CUB-3 at 25-29 (Weinmann Direct)

**c. Minnesota Business Partnership and Minneapolis St. Paul Economic Partnership Dues**

The Company included Minnesota Business Partnership (“MBP”) and Minneapolis St. Paul Economic Partnership dues of approximately \$48,000 for both the Test Year and Plan Year, after removing a portion of the MBP dues related to lobbying activities.

In Direct Testimony, the OAG recommended denial of 50 percent of these dues, stating that the economic activities of these organizations benefit both shareholders and customers.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$24,000 in both the Test Year and Plan Year, attributable to MBP and Minneapolis St. Paul Economic Partnership dues.

Relevant record evidence:

Ex. CP-9 at 35-39 and Schedule 23 (Gilcrease Direct)  
Ex. CP-27 at (NAG-WP) 23.2 (Gilcrease Workpapers)  
Ex. OAG-1 at 13-14 (Lee Direct)

**d. Chamber of Commerce Dues**

The Company included Chamber of Commerce dues of approximately \$8,000 in both the Test Year and Plan Year, after removing approximately \$9,000 related to lobbying activities.

In Direct Testimony, the OAG recommended denial of 50 percent of these dues, stating that the economic activities of these organizations benefit both shareholders and customers. CUB recommended denial of the entirety of these dues, stating the Company has failed to demonstrate the benefit to customers of these memberships.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$8,000 in both the Test Year and Plan Year, attributable to Chamber of Commerce dues.

Relevant record evidence:

Ex. CP-9 at 35-39 and Schedule 23 (Gilcrease Direct)  
Ex. CP -27 at (NAG-WP) 23.2 (Gilcrease Workpapers)  
Ex. OAG-1 at 12-13 (Lee Direct)  
Ex. CUB-3 at 32-36 (Weinmann Direct)

**e. Energy Solutions Center Dues**

The Company included 2024 and 2025 dues of \$7,000 each year for the Energy Solutions Center (“ESC”), providing employees with specialized education and training.

CUB recommended disallowance of all ESC dues, stating that ESC promotes the use of natural gas and gas appliances and that the Company has failed to demonstrate how the Company’s participation in ESC programming benefits customers.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$7,000 in both the Test Year and Plan Year, attributable to Energy Solutions Center dues.

Relevant record evidence:

Ex. CP-9 at 35-39 and Schedule 23 (Gilcrease Direct)  
Ex. CP-27 at (NAG-WP) 23.2 (Gilcrease Workpapers)  
Ex. CUB-3 at 23-25 (Weinmann Direct)

**f. Minnesota Blue Flame Association Dues**

The Company included 2024 and 2025 dues of \$5,000 each year for the Minnesota Blue Flame Association (“MN Blue Flame”) dues, stating that the organization promotes safety and energy conservation through the use of high-efficiency appliances.

CUB recommended disallowance of all MN Blue Flame dues, stating that MN Blue Flame promotes the use of natural gas and that the Company has failed to demonstrate how the Company’s participation in MN Blue Flame benefits customers.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$5,000 in both the Test Year and Plan Year, attributable to MN Blue Flame dues.

Relevant record evidence:

Ex. CP-9 at 35-39 and Schedule 23 (Gilcrease Direct)  
Ex. CP-27 at (NAG-WP) 23.2 (Gilcrease Workpapers)  
Ex. CUB-3 at 29-32 (Weinmann Direct)

**g. Greater Mankato Growth Dues**

The Company included 2024 and 2025 dues of \$2,000 each year for its participation in Greater Mankato Growth, an organization working to attract well-qualified, professional and technical employees to the area and boosting economic development.

CUB recommended disallowance of all Greater Mankato Growth dues, stating that Greater Mankato Growth membership provides disproportionate benefit to shareholders that the Company has failed to demonstrate how the Company's participation in Greater Mankato Growth benefits customers.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$2,000 in both the Test Year and Plan Year, attributable to Greater Mankato Growth dues.

Relevant record evidence:

Ex. CP-9 at 35-39 and Schedule 23 (Gilcrease Direct)  
Ex. CP-27 at (NAG-WP) 23.2 (Gilcrease Workpapers)  
Ex. CUB-3 at 32-36 (Weinmann Direct)

**8. Charitable Contributions**

**a. Golf Galaxy, Target, and Mel's Sport Shop**

The Company included \$1,447 in both the Test Year and Plan Year for purchases at Golf Galaxy, Target, and Mel's Sport Shop as charitable contributions. The Company agreed in response to OAG discovery that these expenses should be removed from its request.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$1,447 in both the Test year and Plan Year, attributable to these payments.

Relevant record evidence:

Ex. OAG-1 at 15 and Schedule SL-D-9 (Lee Direct)

**b. AESL Consulting**

The Company included \$37,500 in both the Test Year and Plan Year for payment to AESL Consulting related to the Council of Minnesota Utilities as a charitable contribution.

OAG recommended denial of these expenses, stating that the Company has failed to explain how this payment reflects utility operations, is necessary for the provision of utility service, or benefits customers.

**For purposes of this Settlement, the Parties agree** to remove expenses of \$37,500 in both the Test Year and Plan Year, attributable to this payment.

Relevant record evidence:

Ex. OAG-1 at 16 and Schedule SL-D-10 (Lee Direct)

## **9. Travel and Entertainment Expenses**

In its Application, the Company included employee expenses for the base year, provided the required schedules, and inflated those expenses to arrive at a test year amount of employee expenses. In responding to OAG discovery, the Company identified certain alcoholic beverage expense reimbursements that were inadvertently included in the base year and were therefore also included in the Test Year and Plan Year.

In Direct Testimony, the OAG recommended adjustments of \$543 in both the 2024 Test Year and 2025 Plan Year, to remove alcohol related expenses. OAG also recommended either disallowance or further information justifying the inclusion of certain other travel and entertainment expenses, totaling approximately \$5,000 in both the Plan Year and Test Year, as those expenses appeared to relate to lobbying or government relations efforts, with some of those directed at policymakers outside of Minnesota.

**For purposes of this Settlement, the Parties agree** to remove \$1,000 in both the Test Year and Plan Year for alcoholic beverages and \$5,000 in both the Test Year and Plan Year for the additional travel and entertainment expenses identified by OAG.

Relevant record evidence:

Ex. CP-14 at 23-24 and Schedule 4 (Townsend Direct)

Ex. CP-32 and CP-34 at Schedule 4, Workpapers 1, 2 (Townsend Workpapers)

Ex. CP-27 at TY Schedule 26, Workpaper 26.2 (Gilcrease Workpapers)

Ex. OAG-1 at 35-42 and Schedules SL-D-13 and SL-D-15 (Lee Direct)

## **10. LNG Sales**

In its Application, CenterPoint Energy Minnesota Gas included projected test year net margin related to liquefied natural gas (“LNG”) sales of approximately \$644,000 for the 2024 Test Year and \$708,000 for the 2025 Plan Year.

In Direct Testimony, the Department recommended adjustments to these net margins to reflect a contract that had been omitted from the Company’s calculations and to reflect

certain other contract changes, resulting in additional LNG sales margins of \$79,000 and \$33,000 for 2024 and 2025, respectively.

**For purposes of this Settlement, the Parties agree** to increase LNG sales margins by \$79,000 and \$33,000 in 2024 and 2025, respectively.

Relevant record evidence:

Ex. CP-6 at 14-16 and Schedule MWD-D-3 (Dean Direct)

Ex. DOC-2 at 23-26 and Schedule AAU-D-2 (Uphus Direct)

## **11. Other Revenues**

The Department reviewed the Company's forecasted "Other Operating Revenues" and recommended upward adjustment of revenues related to reconnections and non-sufficient fund ("NSF") returned check fees of approximately \$381,000 for both the 2024 Test Year and 2025 Plan Year.

**For purposes of this Settlement, the Parties agree** to an upward adjustment of \$381,000 for both the 2024 Test Year and 2025 Plan Year, related to reconnection and NSF revenues.

Relevant record evidence:

Ex. DOC-2 at 27-30 and Schedule AAU-D-2 (Uphus Direct)

## **12. Rate Case Expenses**

The Company's Application requested recovery of rate case expenses, including consultant and legal fees and regulatory agency charges, of approximately \$2.1 million, amortized over three years, resulting in test year and plan year expenses of approximately \$690,000 per year.

The Department and OAG agreed with the proposed three-year amortization period. The Department recommended a reduction in total rate case expenses of approximately \$190,000, or a reduction of approximately \$64,000 in both the 2024 Test Year and the 2025 Plan Year, based on an analysis of past rate case expenses adjusted for inflation. OAG recommended an adjustment of \$344,000 to both the test year and plan year, stating that rate case expenses should be split evenly between customers and shareholders.

**For purposes of this Settlement, the Parties agree** to reduce the Company's rate case expense amortization by \$344,000 for both the 2024 Test Year and 2025 Plan Year.



Relevant record evidence:

Ex. CP-9 at 43-45 and Schedule 27 (Gilcrease Direct)  
Ex. CP-27 at Schedule 27, Workpaper 27.1 (Gilcrease Workpapers)  
Ex. DOC-3 at 18-21 (Golden Direct)  
Ex. OAG-1 at 17-22 (Lee Direct)

### **13. Short-Term Incentive (“STI”) Pay**

The Company included a total of approximately \$4.2 million in STI pay in its Application for the 2024 Test Year and adjusts that amount for inflation for the 2025 Plan Year. This amount reflected STI pay at 100 percent of target but limited the pay to a cap of 25 percent of base pay.

The DOC accepted the 100 percent target level of achievement but recommending capping STI payments at 15 percent of base pay for ratemaking purposes, reducing test year expenses by approximately \$214,000 in 2024 and \$221,000 in 2025. OAG also recommended that the 15 percent of base pay cap remain in place, calculating the adjustment as \$336,000.

**For purposes of this Settlement, the Parties agree** to remove 2024 Test Year and 2025 Plan Year expenses of \$222,000 and \$221,000, respectively, for STI expense.

Relevant record evidence:

Ex. CP-16 and CP-17 at 15-28 (Williford Direct)  
Ex. CP-9 at 40-42 and Schedule 25 (Gilcrease Direct)  
Ex. CP-27 at (NAG-WP) WP 25.2 (Gilcrease Workpapers)  
Ex. CP-32 and CP-34 at (MMT-WP), Schedule 2 (Townsend Workpapers)  
Ex. DOC-3 at 3-7 and Schedule ARG-D-1 (Golden Direct)  
Ex. OAG-2 at 20-25 and Schedule BPL-D-9 (Lebens Direct)

### **14. Board of Directors**

The Company included approximately \$285,000 in Board of Directors compensation and expenses in the 2024 Test Year and approximately \$294,000 in such compensation and expenses in the 2025 Plan Year.

OAG recommended adjustments of \$143,000 and \$147,00 for 2024 and 2025, respectively, stating that Board of Directors costs should be split evenly between shareholders and customers.

**For purposes of this Settlement, the Parties agree** to remove 2024 Test Year and 2025 Plan Year expenses of \$143,00 and \$147,000, respectively, for Board of Directors compensation and expenses.

Relevant record evidence:

Ex. CP-14 at Schedule 4 (Townsend Direct)

Ex. OAG-2 at 14-19 (Lebens Direct)

## **15. Executive Compensation**

The Company's Application requested recovery of approximately \$606,000 in executive compensation in the 2024 Test Year and approximately \$628,000 in such compensation in the 2025 Plan Year.

The Department, OAG and CUB recommended adjusting the amount of executive compensation recovered in rates, stating, among other reasons, that the Company's top executives serve both shareholder and customer interests so customers should not bear all of these costs. The Department recommended the Minnesota jurisdictional pay for the Company's top ten executives recovered in rates be limited to approximately \$150,000 per year and calculated adjustments of approximately \$257,000 for 2024 and \$276,000 for 2025. OAG recommended the Company's top ten executive compensation be capped at \$150,000 per person and calculated adjustments of approximately \$473,000 for 2024 and \$490,000 for 2025. CUB recommended a cap be placed on executive compensation, but did not recommend an amount for that cap.

**For purposes of this Settlement, the Parties agree** to remove \$200,000 in Test Year and Plan Year expenses for executive compensation.

Relevant record evidence:

Ex. CP-17 at 9-10, 20, 24, 28-31 (Williford Direct)

Ex. DOC-3 at 7-10 and Schedule ARG-D-2 (Golden Direct)

Ex. OAG-2 at 2-14 and Schedules BPL-D-1 and BPL-D-2 (Lebens Direct)

Ex. CUB-3 at 37-46 (Weinmann Direct)

## **16. Intervenor Compensation**

The Company's Application included \$375,000 in intervenor compensation expenses, based on the change in statutes expanding the number of dockets for which intervenor compensation may be awarded and increasing the amount of compensation that may be awarded.

In its Direct Testimony, DOC recommended reducing Intervenor Compensation expenses by \$200,000 each year.

**For purposes of this Settlement, the Parties agree** that no adjustment will be made for Intervenor Compensation.

Relevant record evidence:

Ex. CP-12 at 26 (Singleton Direct)  
Ex. CP-9 at 56-57 (Gilcrease Direct)  
Ex. DOC-2 at 10-15 (Golden Direct)

## **17. Sales Forecast**

In its Application, CenterPoint Energy Minnesota Gas developed its overall revenue requirement using regression-based sales forecasts for its Residential and Small Volume Commercial and Industrial customer classes and utilizing the Company's customer count forecast. The Company also provided its Large Volume Commercial and Sales Forecasts using the same methodology used in the past several rate cases.

In Direct Testimony, the OAG expressed concerns with the Company's methodology for its Residential customer sales forecast but did not object to using CenterPoint's 2024 and 2025 forecast for Residential customers for ratemaking purposes.

**For purposes of this Settlement, the Parties agree** to use the Company's regression-based sales forecasts for the Residential and Small Volume Commercial and Industrial customer classes and the Company's Large Volume Commercial and Industrial classes sales forecasts for the purpose of setting base rates in this proceeding.

Relevant record evidence:

Ex. CP-8, entire (Fitzpatrick Direct)  
Ex. CP-24 (Fitzpatrick Workpapers)  
Ex. CP-6 at 8-14 and Schedule 2 (Dean Direct)  
Ex. OAG-6 at 3-8 (Stevenson Direct)

## **18. Credit Card Fees**

In its Application, the Company proposed waiving its vendor's then-current \$2.50 processing fee per credit card transaction, beginning in 2025, and included approximately \$1.7 million in credit card fee expenses to account for this waiver. In responding to discovery, the Company found necessary corrections to this cost figure, including a lower cost per transaction that will become effective December 31, 2024, and recalculated the appropriate expense as approximately \$880,000, requiring an adjustment of approximately \$866,000.

The Department provided testimony acknowledging the Company's recalculation but stating that the actual experience through July 2024 showed a slower escalation in the number of customers paying by credit card than the Company assumed in developing its

2025 expense figure. The Department recommended a further adjustment of \$87,000 to account for this slower escalation of credit card use.

**For purposes of this Settlement, the Parties agree** to remove \$866,000 in credit card fee expense in the 2025 Plan Year.

Relevant record evidence:

Ex. CP-9 at 60-62 (Gilcrease Direct)

Ex. DOC-3 at 15-18 and Schedule ARG-D-3 (Golden Direct)

## **19. Gas Resource Planning**

The Company's Application included approximately \$781,000 in 2025 Plan Year expenses for gas resource planning, including both outside consultant fees and new employee positions.

The OAG recommended removing the entire gas resource planning expenses, stating concerns that the Company had not adequately supported its cost estimates and that the Company will not file its first resource plan until July 1, 2027.

**For purposes of this Settlement, the Parties agree** to remove \$281,000 in 2025 Plan Year expense, for gas resource planning.

Relevant record evidence:

Ex. CP-12 at 25-26 (Singleton Direct)

Ex. CP-9 at 59-60 (Gilcrease Direct)

Ex. OAG-1 at 24-28 (Lee Direct)

## **20. NGIA-related Expenses**

In the Application, the Company did not request recovery of any Natural Gas Innovation Act ("NGIA") projects in the 2024 Test Year.

The OAG filed testimony noting that the Company's NGIA project proposals were still under review at the Commission in Docket No. G-008/M-23-215 and recommended that the Company update its 2025 Plan Year increase request to reflect the Commission's final decision in that proceeding.

**For purposes of this Settlement, the Parties agree** to reduce the Company's 2025 Plan Year rate increase request by \$7,794,000, to reflect the Commission decision regarding the Company's NGIA projects and as a result of a more modest ramp-up in NGIA project implementation than anticipated, as the Company discussed in response to OAG discovery.

Relevant record evidence:

Ex. CP-9 at 71 (Gilcrease Direct)

Ex. OAG-1 at 23-24 (Lee Direct)

Ex. OAG-4 (CenterPoint Energy Minnesota Gas response to OAG IR No. 1070)

## **21. Interest Synchronization**

Interest synchronization is used in ratemaking to determine the amount of interest expense that is used in the calculation of income tax. Consequently, when an adjustment is made to test year rate base, it also is necessary to make an interest synchronization adjustment which modifies the income taxes used in operating income.

**For purposes of this Settlement, the Parties agree** to make the interest synchronization adjustments for 2024 and 2025 shown in Attachment A, to reflect the other agreed to adjustments in this proceeding.

Relevant record evidence:

Ex. CP-3 at General Rate Petition, Volume 1 of 2, Schedule C-3(b)

Ex. DOC-1 at 44-45 and Schedule MAJ-D-6 and MAJ-D-14 (Johnson Direct)

## **22. Cash Working Capital**

Cash working capital is the amount of liquidity needed by the Company to pay for the costs it incurs and reflects the fact that the Company incurs those costs before customers pay their bills. Adjustments in revenues or expenses in the Test Year and Plan Year can increase or decrease cash working capital, requiring a secondary adjustment.

**For purposes of this Settlement, the Parties agree** to make the interest synchronization adjustments for 2024 and 2025 shown in Attachment A, to reflect the other agreed to adjustments in this proceeding.

Relevant record evidence:

Ex. CP-31 at (DTS-WP), Schedule 14 (Sudbury Workpapers)

Ex. DOC-1 at 43-44 and Schedules MAJ-D-7 and MAJ-D-14 (Johnson Direct)

## **23. Taxes**

Adjustments impacting the Company's revenues also require an adjustment to the Company's tax expense.

**For purposes of this Settlement, the Parties agree** to remove \$4,401,000 and \$4,477,000 in expenses for 2024 and 2025, for tax expenses, as shown Attachment A.

## **24. Base Cost of Gas**

In its Notice of and Order for Hearing, the Commission requested parties address whether the base cost of gas proposed in the Application and in the accompanying “Base Cost of Gas” docket, MPUC Docket No. G-008/MR-23-174 needs to be updated.

**For purposes of this Settlement, the Parties agree** that no further adjustment to the base cost of gas is required for base rate purposes.

Relevant record evidence:

Ex. DOC-5 at 2-6 (Shah Direct)

### **C. Settlement Revenue Requirement**

**For purposes of this Settlement, the Parties agree** to a 2024 Test Year general revenue increase of \$60,776,000 and a 2025 Plan Year general revenue increase of an incremental \$42,653,000, as shown in Attachment A to this Settlement.

### **D. Capital True-Up**

For the 2024 Test Year and 2025 Plan Year, the Company proposed a capital true-up mechanism that would refund customers, in the event the Company does not incur the level of capital-related revenue requirements reflected in rates. The Company would make a compliance filing each year, comparing actual aggregate capital-related revenue requirements to those approved for recovery. If actuals are lower than the amount approved for recovery, a refund would issue. If actuals are higher, there would be no surcharge.

The Department recommended approval of the capital true-up as proposed by the Company.

**For purposes of this Settlement, the Parties agree** to implement the capital true-up for the 2024 Test Year and 2025 Plan Year, as proposed by the Company.

Relevant record evidence:

Ex. CP-12 at 27, 48 (Singleton Direct)

Ex. CP-13 at 48-49 (Sudbury Direct)

Ex. DOC-1 at 41-43 and Schedule MAJ-D-30 (Johnson Direct)

### **E. Class Cost of Service Study**

In its Application, CenterPoint Energy Minnesota Gas provided a Class Cost of Service Study (“CCOSS”) using a minimum system method. The DOC presented two CCOSSs – a modified version of the Company’s minimum system method and a basic customer

method. OAG also presented two CCOSs – a Basic Customer Method and a Peak & Average Method. SRA did not present a CCOS but recommended the Company consider revising its minimum system study to use 0.5” mains.

**For purposes of this Settlement, the Parties agree** that the Commission does not need to make any specific finding regarding the Company, DOC, OAG or SRA CCOS recommendations, given the Parties’ agreements on revenue apportionment and fixed monthly charges. The Parties further agree that the Company will prepare and present a minimum system study in its next rate case using 1¼” mains. The Company’s agreement to present this study does not prevent any party from recommending other changes to the minimum system study or recommending another study be used.

Relevant record evidence:

Ex. CP-7 at 3-42 and Schedules and Workpapers referenced therein (DeMerritt Direct)

Ex. DOC-6, entire (Zajicek Direct)

Ex. OAG-3 at 14-51 and Schedules referenced therein (Stevenson Direct)

Ex. SRA-1 at 14-15 (Tosches Direct)

## **F. Revenue Apportionment**

In its Application, CenterPoint Energy Minnesota Gas proposed a revenue apportionment using its minimum system method CCOS as a guide and resulting in 2024 increases ranging from a low of 2.3 percent for the Small Dual Fuel B Sales class to a high of 11.4 percent for the Large Dual Fuel Transport class. Within that range of increases, the Company proposed a 7.9 percent increase for the Residential class and a 9.7 percent increase for the Commercial A class. If final revenues were set lower than requested by the Company, the Company recommended that the Commission apportion any such reduction consistent with the Company’s recommendation of revenue responsibility by class.

The DOC recommended a modified revenue apportionment, using the Department’s modified minimum system method CCOS as a guide. Among other differences, the Department’s recommended apportionment lowered the revenue responsibility for the Residential class and increased the revenue responsibility for the Large Firm Transport class, compared to the Company’s recommendation.

The OAG also recommended a modified revenue apportionment using the OAG’s Basic Customer and Peak & Average CCOSs as a guide and accounting for non-cost factors. The OAG’s recommended revenue apportionment lowered the revenue responsibility for the Residential and Commercial A classes, compared to the Company’s recommendation.

**For purposes of this Settlement, the Parties agree** that the revenue increase should be applied in accordance with the revenue apportionment shown in Attachment B, resulting

in increases to the Residential class of 3.6 percent and 1.6 percent in 2024 and 2025, , and increases to the Commercial A class of 4.3 percent and 2.1 percent in 2024 and 2025, respectively.

Relevant record evidence:

Ex. CP-7 at 42-55 and Schedules and Workpapers referenced therein (DeMerritt Direct)

Ex. DOC-7 at 10-39 (Bahn Direct)

Ex. OAG-3 at 51-67 and Schedules referenced therein (Stevenson Direct)

Ex. SRA-1 at 14-15 (Tosches Direct)

### **G. Customer Charges**

In its Application, CenterPoint Energy Minnesota Gas proposed monthly fixed customer charges as follows, recommending no increase to the Residential fixed monthly charge:



| Monthly Basic Charges - \$ per Customer       | Present Rates | Proposed Rates |
|---|---------------|----------------|
| Residential                                   | \$9.50        | \$9.50         |
| Commercial A                                  | \$15.00       | \$20.00        |
| Comm/Ind B - Sales Service                    | \$26.00       | \$28.00        |
| Comm/Ind C - Sale Service                     | \$65.00       | \$65.00        |
| Comm/Ind C - Transport Service                | \$165.00      | \$165.00       |
| SVDF A--Sales Service                         | \$80.00       | \$80.00        |
| SVDF A--Sales Service Economic Curtailment    | N/A           | \$80.00        |
| SVDF A--Transport                             | \$180.00      | \$180.00       |
| SVDF A--Transport Economic Curtailment        | N/A           | \$180.00       |
| SVDF B--Sales Service                         | \$125.00      | \$155.00       |
| SVDF B--Sales Service Economic Curtailment    | N/A           | \$155.00       |
| Total SVDF B--Transport                       | \$225.00      | \$255.00       |
| Total SVDF B--Transport Economic Curtailment  | N/A           | \$255.00       |
| Large General Firm Sales Service              | \$1,250.00    | \$1,550.00     |
| Large Volume Firm Transportation Service      | \$1,350.00    | \$1,650.00     |
| Large Volume Firm Transportation - MR         | \$1,350.00    | \$1,650.00     |
| Large Volume Dual Fuel-Sales Service          | \$1,250.00    | \$1,550.00     |
| Large Volume Dual Fuel-Sales Service-Econ     | N/A           | \$1,550.00     |
| Large Volume Dual Fuel--MR-Sales Service      | \$1,550.00    | \$1,550.00     |
| Large Volume Dual Fuel-Transport              | \$1,350.00    | \$1,650.00     |
| Large Volume Dual Fuel-Transport Econ Curtail | N/A           | \$1,650.00     |
| Large Volume Dual Fuel- MR- Transport         | \$1,650.00    | \$1,650.00     |

The DOC recommended approval of each of the Company's proposed customer charges.

The OAG objected to the Company's proposed increase in the C&I A customer charge and stated that it should either remain at \$15.00 or be increased to no more than \$17.00.

**For purposes of this Settlement, the Parties agree** to adopt the Company's proposed customer charges, with the exception of the C&I A class, which the parties agree should be set at \$17.00, resulting in the following:

| Monthly Basic Charges - \$ per Customer           | Present Rates | Settlement Rates |
|---|---------------|------------------|
| Residential                                       | \$9.50        | \$9.50           |
| Commercial A                                      | \$15.00       | \$17.00          |
| Comm/Ind B - Sales Service                        | \$26.00       | \$28.00          |
| Comm/Ind C - Sale Service                         | \$65.00       | \$65.00          |
| Comm/Ind C - Transport Service                    | \$165.00      | \$165.00         |
| SVDF A--Sales Service                             | \$80.00       | \$80.00          |
| SVDF A--Sales Service Economic Curtailment        | N/A           | \$80.00          |
| SVDF A--Transport                                 | \$180.00      | \$180.00         |
| SVDF A--Transport Economic Curtailment            | N/A           | \$180.00         |
| SVDF B--Sales Service                             | \$125.00      | \$155.00         |
| SVDF B--Sales Service Economic Curtailment        | N/A           | \$155.00         |
| Total SVDF B--Transport                           | \$225.00      | \$255.00         |
| Total SVDF B--Transport Economic Curtailment      | N/A           | \$255.00         |
| Large General Firm Sales Service                  | \$1,250.00    | \$1,550.00       |
| Large Volume Firm Transportation Service          | \$1,350.00    | \$1,650.00       |
| Large Volume Firm Transportation - MR             | \$1,350.00    | \$1,650.00       |
| Large Volume Dual Fuel-Sales Service              | \$1,250.00    | \$1,550.00       |
| Large Volume Dual Fuel-Sales Service-Econ Curtail | N/A           | \$1,550.00       |
| Large Volume Dual Fuel--MR-Sales Service          | \$1,550.00    | \$1,550.00       |
| Large Volume Dual Fuel-Transport                  | \$1,350.00    | \$1,650.00       |
| Large Volume Dual Fuel-Transport Econ Curtail     | N/A           | \$1,650.00       |
| Large Volume Dual Fuel- MR- Transport             | \$1,650.00    | \$1,650.00       |

Relevant record evidence:

Ex. CP-7 at 57-66 and Schedules 5, 9 (DeMerritt Direct)

DOC Ex. 7 at 40-43 (Bahn Direct)

Ex. OAG-3 at 76-84 and Schedules 20, 26, 34-37 (Stevenson Direct)

## **H. Revenue Decoupling Mechanism Rider**

The Company proposed to continue its current Revenue Decoupling Mechanism (“RDM”) Rider.

The Department recommended that the RDM Rider be modified so that any adjustment is calculated for each applicable customer class based on actual sales revenues, rather than the current authorized revenue per customer basis. The Department also recommended a hard cap on the size of any adjustment of three percent of non-gas margins.

OAG also recommended modifying the RDM Rider to calculate any adjustment by comparing actual revenues to approved revenues and recommended a five to seven percent cap on the size of any adjustment. In addition, OAG recommended requiring conservation of at least one percent of annual retail sales before any adjustment could be recovered from customers.

**For purposes of this Settlement, the Parties agree** that the Company’s RDM Rider adjustment shall be modified to calculate the adjustment for each applicable customer class based on actual sales revenues, rather than the authorized revenue per customer, with a ten percent hard cap on the size of any adjustment. The Parties further agree that the Company will implement the new RDM Rider adjustment effective July 1, 2025.

Relevant record evidence:

Ex. CP-7 at 67 (DeMerritt Direct))

Ex. DOC-7 at 48-55 (Bahn Direct)

Ex. OAG-3 at 68-76 (Stevenson Direct)

## **I. Cloud Computing Deferral**

The Company requested approval to defer cloud computing expenses and capital additions incurred during the term of the MYRP to the extent such costs exceeded the amounts already included in base rates in this proceeding, and to be permitted to seek recovery of those costs in a future proceeding. The Department and OAG opposed the Company’s request, as inconsistent with GAAP accounting for cloud computing arrangements.

**For purposes of this Settlement, the Parties agree** the Company withdraws its request for deferred account of cloud computing costs and will not use or seek Commission authorization for deferred accounting of cloud computing expenses incurred during the

term of this MYRP. The Parties agree the Company may propose capitalizing cloud computing expenses greater than one year in a future rate case. Intervenors are free to oppose capitalization or take any other position relating to cloud computing in future rate case.

Relevant record evidence:

Ex. CP-9 at 74-77 (Gilcrease Direct)

Ex. CP-14 at 24-31 (Townsend Direct)

Ex. DOC-2 at 30-34 and Schedule AAU-D-4 (Uphus Direct)

Ex. OAG-1 at 28-35 and Schedules SL-D-13 and 14 (Lee Direct)

## **J. Tariffs**

### **1. Economic Curtailment**

In its Application, the Company proposed a new tariff for economic curtailment to ensure customers understand that they may be curtailed for economic reasons. The Company proposed that customers who are economically curtailed be exempted from any future additional surcharges that may occur because of the price spike event. Additionally, based on a survey of its customers, the Company proposed a ten percent discount on the delivery charge for customers under the economic curtailment tariff as compared to their interruptible counterparts who choose to stay on the current tariffs, with the cost of that discount socialized with other customer classes.

No party objected to the proposed economic curtailment tariff. However, OAG recommended against providing an additional discount to economic curtailment customers, but that interruptible customers who do not agree to be economically curtailed receive a reduction in their current discount instead. OAG also questioned the Company's estimate of the number of customers who would take service under the tariff.

**For purposes of this Settlement, the Parties agree** the Company's proposed economic curtailment tariffs and forecast of the number of customers that will take service under that tariff should be approved.

Relevant record evidence:

Ex. CP-7 at 75-76 and Schedule 17 (DeMerritt Direct)

Ex. OAG-3 at 88-97 and Schedules 41-43 (Stevenson Direct)

### **2. Rider IRA**

With the passage of the Inflation Reduction Act ("IRA") creating new potential federal tax credits and liabilities, the Company proposed a Rider IRA tariff, as a methodology to track and then refund tax credits or surcharge higher than projected minimum tax to customers.

The Department recommended denial of the Rider IRA tariff as unnecessary and speculative at this time.

**For purposes of this Settlement, the Parties agree** the Company withdraws its request for approval of a Rider IRA Tariff.

Relevant record evidence:

Ex. CP-7 at 77-79 and Schedule 20 (DeMerritt Direct)

Ex. CP-18 at 8-11, 18 (Winn Direct)

Ex. DOC-2 at 17-23 (Uphus Direct)

### **3. Other Tariff Changes**

In its Application, the Company proposed other tariff changes to (1) the standby peaking service rider; (2) updated tariff language regarding Viking pipeline cashout rates; and (3) updated bill format changes.

The Department recommended against approval of the Company's proposed increase to the fixed standby charge for standby peaking service but did not raise concerns with the other proposed changes.

**For purposes of this Settlement, the Parties agree** the Company's proposals regarding: (1) the standby peaking service rider; (2) updated tariff language regarding Viking pipeline cashout rates; and (3) updated bill format changes should be approved.

Relevant record evidence:

Ex. CP-7 at 79-81 and Schedule 20 (DeMerritt Direct)

Ex. CP-1 at Section V, pp. 14.c., 15.b., 16.c., 17.c., 18.c., and 19.c.; Section VIII, pp. 3, 5

Ex. DOC-7 at 61-66 (Bahn Direct)

### **K. Replacement of Legacy Plastic Mains**

In Direct Testimony, SRA recommended the Company consider significantly increasing the pace of replacement of legacy plastic mains, once bare steel main replacement is finished in 2026 due to the risk of leaks from those materials. SRA also recommended the Company provide data to identify leaks caused by excavation damage versus those caused by other means and reported by customers or members of the public. The data should be provided monthly and by leak grade over a 12-month period.

**For purposes of this Settlement, the Parties agree** the Company will work to determine the feasibility of significantly ramping up the pace of replacement of Tier 1 Legacy Plastic Mains and to report its findings in its next rate case. The Company agrees to provide the SRA with the leak data identified above.

Relevant record evidence:

Ex. SRA-1 at 12-13 (Tosches Direct)

#### **L. Intervenor Compensation**

The Parties agree that this Settlement shall not impede the ability of intervenors to seek compensation under Minn. Stat. § 216B.631 (Participant Compensation Statute) for this proceeding, and the Company will provide reasonable compensation pursuant to this statute, if ordered by the Commission.

#### **IV. CONFIDENTIALITY**

It is understood and agreed that all offers of settlement and discussions related to this Settlement are confidential and privileged and may not be used in connection with any proceeding other than this rate case, except as otherwise provided by law. In the event that the Commission does not approve this Settlement, this Settlement shall not constitute part of the record in this proceeding and no part of it may be used by any party for any purpose in this case or in any other proceeding.

#### **V. COMPLETE AGREEMENT**

This Settlement, along with any exhibits, appendices, schedules, and amendments hereto, encompasses the entire agreement of the Parties, and supersedes all previous understandings and agreements between the Parties, whether oral or written.

#### **VI. ACCEPTANCE OF SETTLEMENT**

The Parties agree that this Settlement has been entered into as a resolution of the particular issues between them in order to minimize litigation, regulatory costs, and controversy. The identification of individual contested issues and the parties' resolution of those issues in the Settlement does not indicate any party's individual acquiescence or agreement on the merits of such issues, but rather merely represents the Parties' agreement that the overall results of the Settlement are just and reasonable and in the public interest. The Parties further agree that, unless expressly stated herein or in pre-filed testimony or other exhibits in the record, this Settlement may not represent the position, in total or on any individual issue, that the Parties would have taken had the issues been fully litigated, nor does the Settlement represent the position of a party on any issue for which it did not take a position in written testimony. Whether or not adopted by the Commission, this Settlement Agreement shall not be cited or otherwise used to imply what the Parties' positions were, shall have no precedential effect in this or any other proceeding, and shall in no way prejudice the Parties' rights to take different positions in the future.

This Settlement is expressly conditioned on its acceptance by the Commission in its entirety. As provided for in Minn. Stat. § 216B.16, subd. 1a(b), if the Commission does

not accept the Settlement, but issues an Order modifying the Settlement, each Party shall have ten (10) days in which to reject the proposed modification. If no Party rejects the proposed modification, the Commission's Order will become final. If the Commission rejects the Settlement, or if a Party rejects a Commission proposed modification of the Settlement, the matter will be referred back to OAH for contested case proceedings. Should this matter be referred back to the OAH, the Parties agree that all Parties are free to argue their positions as set forth in their prefiled testimony.

## **VII. SUPPORT AND DEFENSE OF SETTLEMENT**

The Parties agree to support and defend this Settlement in its entirety and without modification, in whatever additional form (if any) may be required by the Administrative Law Judge and/or Commission.

## **VIII. COUNTERPARTS**

This Settlement may be executed in counterparts, all of which, when taken together with the attached Schedules, shall constitute the entire Settlement.

AGREED TO BY:

/s/ Eric F. Swanson  
ERIC F. SWANSON  
Winthrop & Weinstine, P.A.  
On behalf of CenterPoint Energy Resources Corp  
d/b/a CenterPoint Energy Minnesota Gas

November 25, 2024  
Date

/s/ Peter Wyckoff, Ph.D.  
PETER WYCKOFF, Ph.D.  
Deputy Commissioner of Energy Resources  
On Behalf of Minnesota Department of Commerce

November 25, 2024  
Date

/s/ Peter Scholtz  
PETER SCHOLTZ  
Assistant Attorney General  
On Behalf of the Office of the Attorney General –  
Residential Utilities Division

November 25, 2024  
Date

/s/ Brian Edstrom  
BRIAN EDSTROM  
Senior Regulatory Advocate  
On Behalf of Citizens Utility Board of Minnesota

November 25, 2024  
Date

/s/ Joseph L. Sathe  
JOSEPH L. SATHE  
Kennedy & Graven  
On Behalf of Suburban Rate Authority

November 25, 2024  
Date

/s/ Kevin Pranis  
KEVIN PRANIS  
Marketing Manager  
On Behalf of Laborer's District Council  
Minnesota and North Dakota

November 25, 2024  
Date

/s/ Charles Sutton  
CHARLES SUTTON  
Sutton Consulting, LLC  
On Behalf of the International Union  
of Operating Engineers Local 49

November 25, 2024  
Date