MINNESOTA PUBLIC UTILITIES COMMISSION

Staff Briefing Papers

Meeting Date	**February 5, 2026**	**Agenda Item 7***
Company	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	
Docket No.	G-008/M-25-72 **In the Matter of CenterPoint Energy Minnesota Gas' Request for Change in Demand Units.**	
Issues	Should the Commission approve CenterPoint Energy's request for a Change in Demand Units?	

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Relevant Documents	**Date**
CenterPoint Energy – Initial Petition (Public and Trade Secret)	April 1, 2025
CenterPoint Energy – Supplemental Filing (Public and Trade Secret)	April 11, 2025
CenterPoint Energy – Compliance Filing (Public and Trade Secret)	May 29, 2025
Department of Commerce – Comments (Public and Trade Secret)	September 16, 2025
CenterPoint Energy – Reply Comments (Public and Trade Secret)	September 26, 2025
CenterPoint Energy – Supplemental Filing (Public and Trade Secret)	October 31, 2025
Department of Commerce – Response to Reply Comments (Public and Trade Secret)	November 20, 2025
CenterPoint Energy – Supplemental Reply Comments	November 25, 2025
CenterPoint Energy – Compliance Filing (Public and Trade Secret)	January 2, 2026
Department of Commerce – Errata Filing	January 9, 2026

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I. BACKGROUND

On April 1, 2025, CenterPoint Energy Minnesota Gas (CenterPoint, CenterPoint Energy or the Company) filed its Petition to implement demand cost changes effective April 1 and November 1, 2025.

On April 11, 2025, CenterPoint filed an updated Petition reflecting a revised calculation to the Company's Annual Demand Cost Estimate. Because demand costs will not be implemented until November 1, 2025, CenterPoint stated that customers were not impacted by the revision.

On May 29, 2025, CenterPoint filed an update to its April 1, 2025 Petition that included Design Day information for the 2025-2026 winter season.

On September 16, 2025, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments requesting additional information regarding CenterPoint's proposed demand entitlement and demand cost recovery. Additionally, the Department found CenterPoint's design day requirement, reserve margin, compliance reporting and distribution planning to be acceptable and recommended approval.

On September 26, 2025, CenterPoint Energy filed Reply Comments responding to the Department's outstanding questions.

On October 31, 2025, CenterPoint filed Supplemental Comments updating the Supplier Demand/Seasonal Swing Reservation for the 2025-2026 winter season, which had been unknown at the time of the April 1, 2025 Petition. Additionally, CenterPoint noted that it renewed its Viking Gas Transmission (Viking) maximum rate contracts through October 31, 2030.

On November 20, 2025, the Department filed a Response to Reply Comments recommending that the Commission approve CenterPoint's Contract Demand Entitlement Petition.

On November 25, 2025, CenterPoint filed Reply Comments in support of the Department's approval recommendation.

On January 2, 2026, CenterPoint filed a public version of its May 29, 2025 supplemental filing, after Staff identified inconsistencies between the public and trade secret versions previously filed on that date.[1]

On January 9, 2026, the Department filed an errata to its September 16, 2025 comments, providing a corrected table and revised commentary regarding CenterPoint's marketer storage agreements.

[1] Staff notes the previous May 29, 2025 public version was CenterPoint's April 11, 2025 public filing, filed in error.

II. LEGAL STANDARDS

Minnesota (Minn) Rules (R) part (pt.) 7825.2910, subpart 2 requires gas utilities to file whenever there is a change to demand-related entitlement services provided by a natural gas supplier or transporter. In accordance with this rule, CenterPoint presented in its Petition a discussion of each of the four required topics.[2]

Because the timing of the request conflicted with the ongoing winter season, CenterPoint Energy requested a variance from Minnesota Rules, part 7825.2910, subpart 2D. The requested variance would allow CenterPoint Energy to file its Demand Entitlement change and implement the associated costs effective April 1, 2025, while providing an updated design-day analysis inclusive of the 2024-2025 winter season.

The variance request related to the design day filing is consistent with the approach CenterPoint Energy used for its 2024-2025 demand entitlement in Docket No. G-008/M-24-146.

III. DISCUSSION

A. CenterPoint Energy – April and May 2025 Initial and Supplemental Petitions

CenterPoint Energy is a natural gas distribution company that, to provide natural gas services to its customers, executes interstate pipeline contracts. The Company contracts for firm capacity on two interstate pipelines to serve its Minnesota service territory.

CenterPoint Energy stated that it continually evaluates its capacity portfolio, including upstream pipeline capacity, storage capabilities, and supply contracts, to ensure the safe and reliable delivery of natural gas services while promoting rate stability and reasonable costs for customers.

The Company stated that changing customer needs have resulted in steady growth in new customers within its service area, as well as increased demand for firm service from existing customers. Accordingly, the Company sought to contract sufficient capacity to maintain a reasonable reserve margin.

Effective April 1, 2025, the overall impact of CenterPoint's proposed changes for an average residential customer using 890 therms is an annual increase of $5.11. As of May 1, 2025, the impact is a $3.97 increase. As of November 1, 2025, the annual impact is a $6.37 increase.[3]

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[2] See https://www.revisor.mn.gov/rules/7825.2910/

[3] CenterPoint Initial Petition, April 11, 2025 at Summary Page.

1. Factors Contributing to the Need for Changing Demand

a. ANR Pipeline Company Storage

CenterPoint Energy requested approval of demand charges associated with the storage partnership transaction with ANR Pipeline Company (ANR).

In September 2023, the Company participated in the Ventura Xpress Project open season for 4.5 Bcf of firm storage services, along with the associated firm transportation services, at ANR's maximum tariff rates. The project will deliver approximately 75,000 Dth/day of firm storage services from ANR storage to the Ventura interconnect on the Northern Border Pipeline Company (NBPL) system, via an agreement between ANR and NBPL.

CenterPoint Energy was awarded the full capacity for a 15-year term, beginning on the project's in-service date of April 1, 2025.

b. Addition of NNG Entitlement

CenterPoint Energy participated in a Northern Natural Gas (NNG) open season for Generally Available capacity at the Carlton South receipt point, and was awarded 60 Dth/day of annual capacity. The demand rate for this capacity is based on NNG's maximum tariff rate.

CenterPoint stated that participation in each Generally Available open season is imperative to obtain additional entitlement where no incremental costs are incurred beyond the applicable demand rate.

c. Northern Lights 2025

CenterPoint Energy submitted an offer and was awarded an additional 15,000 Dth/day of NNG Northern Lights capacity, effective November 1, 2025. The Company stated that this additional capacity allows for an adequate reserve margin for the 2025-2026 and 2026-2027 winter seasons.

In CenterPoint's 2023 rate case, the Company requested that the associated demand charges be included in base rates, thus these costs were not included in the demand entitlement filing.

d. BP Marketer Storage

CenterPoint solicited bids to replace an expiring BP Energy contract, and was awarded 10 Bcf of marketer storage with BP Energy for a 5-year term, effective May 1, 2025 through April 30, 2030.

CenterPoint stated that the contract provides a maximum winter withdrawal deliverability of 120,000 Dth/day. The Company also noted that it will commoditize the storage demand in the same manner as past storage agreements.

e. East Cheyenne Storage

CenterPoint Energy requested approval of demand charges associated with the storage partnership between Tenaska Gas Storage (Tenaska) and East Cheyenne Gas Storage (East Cheyenne) for services effective April 1, 2025, through March 31, 2028.

CenterPoint Energy stated that East Cheyenne conducted an open season in which Tenaska was awarded 3.2 Bcf of storage deliverability, or 38,400 Dth/day to the Company's portfolio. Under the partnership, Tenaska agreed to hold the storage capacity and deliver the volumes to CenterPoint during the winter at a mutually agreeable NNG receipt point.

Additionally, CenterPoint indicated that its existing April 2024 contract with Tenaska has resulted in a seamless full cycle of storage injection and withdrawal.

f. Other

CenterPoint requested approval to update incurred costs to reflect a $2 rounding difference between the charges assessed by the transmission company and the amounts billed to customers for NNG Firm Daily Delivery (FDD) storage.

CenterPoint also identified an asset management agreement opportunity with Tenaska during the summer months, in which capacity releases would generate daily demand payments to CenterPoint that are greater than or equal to those received over the last three years, in addition to revenue sharing (60% - CenterPoint, 40% - Tenaska). CenterPoint stated that the agreement would not expose the Company or its customers to additional costs, but would instead provide a guaranteed minimum credit and potential for further cost reduction.

CenterPoint noted that it expects NNG and Trailblazer Pipeline Company (Trailblazer) to file rate cases in 2025 and plans to actively participate in both proceedings.

CenterPoint anticipates a Northern Lights 2027 open season in April 2025, and stated that it will evaluate its current entitlement, customer demand, and future customer growth areas prior to participation. Additionally, CenterPoint indicated that it will seek approval to renew its contract with Viking.

g. Compliance with February 2023 Commission Order[4]

CenterPoint stated that it continuously undertakes both independent and joint efforts with suppliers to evaluate portfolio enhancement opportunities that support supply diversity and

[4] See *In the Matter of the Petition of CenterPoint Energy for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions*, Docket No. G-008/M-21-138. ORDER REQUIRING ACTIONS TO MITIGATE IMPACTS FROM FUTURE NATURAL GAS PRICE SPIKES, SETTING FILING REQUIREMENTS, AND INITIATING A PROCEEDING TO ESTABLISH GAS RESOURCE PLANNING REQUIREMENTS, February 17, 2023, Ordering Paragraph 9.

increased price stability. The Company noted, however, that its ability to pursue such opportunities is constrained by its current pipeline capacity portfolio and availability of capacity in the open market.

Additionally, CenterPoint indicated that prior to November 2024, it increased its overall storage portfolio by 10.2 Bcf or 33%, through multi-year contracts extending into future years.

h. Design Day and Reserve Margin

As reflected in Table 1 below, CenterPoint submitted an updated Design Day analysis indicating a 22,800 Dth/day increase in total requirements and an updated reserve margin of 2.6% for the 2025-2026 heating season.

Table 1: CenterPoint Energy's Design Day Estimate for 2025-2026[5]

	Current Year	Prior Year
Requirements	**2025-2026**	**2024-2025**
Calculated Design Day	1,544,100	1,521,300
Physical Reserve	36,000	36,000
Total Requirements	1,580,100	1,557,300
Supply		
Pipeline Entitlement (inc Waterville UG)	1,363,790	1,348,730
Liquefied Natural gas (LNG)	72,000	72,000
Propane	149,000	149,000
Net Supply	1,584,790	1,569,730
Reserve Margin Range		
Available Capacity Net Requirements	40,690	48,430
As a Percentage of Total Requirements	2.6%	3.2%
Available including Physical Reserve	4,690	12,430
(Reserve / Design Day)	0.3%	0.8%

2. Design Day Demand by Customer Class and Changes

CenterPoint Energy's Design Day modeling process utilized both a traditional and Firm Transport model and incorporated six years of daily data through the 2024-2025 heating season.

a. Traditional Design Day Model

To account for the non-linear relationship between Heating Degree Days (HDD) and natural gas

5 CenterPoint Supplemental Petition, May 29, 2025 at 4.

usage, CenterPoint's traditional firm Design Day forecast incorporates daily usage data from the past six heating seasons (November 2018 – March 2024), the monthly count of firm customers, and both HDDs and the square of HDDs as independent variables. The model uses many observations, which reflect recent customer consumption patterns.

To account for the limited observations available at extremely cold temperatures, CenterPoint calculated the use per customer (UPC) at the upper bound of the 95% confidence interval. This approach limits the likelihood that actual UPC will exceed the estimate to 2.5%, which CenterPoint Energy considers necessary in Minnesota's cold climate. With the addition of two months of actual data, the updated traditional firm Design Day for the 2024-2025 heating season is 1,505,000 Dth/Day, assuming 90 HDDs.[6]

b. Firm Transport Review: Design Day Model

CenterPoint anticipated that as pipeline capacity becomes increasingly scarce, costly, and difficult to contract for marketers, some firm service customers will explore the option of returning to firm utility sales service.[7] Assuming this occurs, the Company projected that 50% of last season's firm transportation service customers would return to sales service, affecting the reserve margin and Design Day loads. Based on these customers' historical usage, CenterPoint estimated an additional 32,600 Dth/day for a Design Day and included this requirement into its model.

c. Design Day Overall

CenterPoint uses regression modeling to ensure sufficient capacity to meet demand when the temperature is approaching a Design Day scenario. The Company applied a 95% confidence level in its analysis, resulting in a 2.5% probability that the actual UPC will exceed the estimate.[8]

d. Summary of the Levels of Winter versus Summer Usage

Table 2 shows total usage by customer class on CenterPoint's system during the winter and summer months.

[6] CenterPoint Initial Petition, April 1, 2025 at 6.

[7] *Id*.

[8] *Id.,* at 7.

Table 2: CenterPoint's Gas Usage by Customer Class in Winter and Summer Seasons, April 2024 – March 2025[9]

Class	Winter	Summer	Total
SALES SERVICE			
Small Firm	82,063,203	30,989,457	113,052,659
Large Firm	594,771	440,214	1,034,986
Small Dual Fuel	3,208,214	1,628,090	4,836,304
Large Dual Fuel	2,752,250	2,096,297	4,848,548
Subtotal	88,618,438	35,154,059	123,772,497
TRANSPORT			
Small Firm	2,148,600	1,409,059	3,557,659
Large Firm	13,633,397	20,033,357	33,666,754
Small Dual Fuel	535,193	332,442	867,635
Large Dual Fuel	22,869,429	30,521,480	53,390,908
Subtotal	39,186,619	52,296,337	91,482,956

B. Department of Commerce – Comments

The Department noted that CenterPoint's proposed 2025 demand cost increases total $20.9 million, resulting in an estimated $15.45 annual increase for an average residential customer. The increases are scheduled as follows:

- $6.9 million effective April 1, 2025
- $5.4 million effective May 1, 2025
- $8.6 million (estimated) effective November 1, 2025

1. Firm Pipeline Capacity Changes

a. NNG – Northern Lights 2025

The Department noted that, due to the magnitude and duration, this agreement has a unique cost recovery mechanism. CenterPoint pays the NNG Contribution-in-Aid-of-Construction (CIAC) directly to NNG and creates an intangible asset for the same amount. This intangible asset becomes a part of rate base and CenterPoint recovers the associated costs through base rates over a multi-year period, rather than through the PGA. The Department noted that CenterPoint requested the inclusion of two NNG CIAC's in rate base in its 2023 rate case.

Additionally, the Department identified a discrepancy between the CIAC amount agreed to by CenterPoint and NNG for the winter season capacity and what was added to CenterPoint's rate base in its 2023 rate case. Accordingly, the Department requested that CenterPoint explain this difference in its reply comments before issuing a recommendation.

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[9] CenterPoint Supplemental Petition, May 29, 2025 at 7.

b. NNG – Carlton South Agreement

The Department reviewed two attachments provided by CenterPoint in response to a series of questions regarding this transaction and concluded that the transaction should be approved for cost recovery.

c. NNG – Trailblazer Backhaul Agreement

The Department noted that the percentage increase under this agreement was substantial when it took effect on April 1, 2025, and requested that CenterPoint provide additional information in its reply comments to support the increase.

d. Tenaska/CenterPoint Asset Management Agreement

The Department asked a series of questions regarding this asset management agreement (AMA), including the process CenterPoint used to award the contract, whether a Request for Proposals (RFP) was issued, and the rationale for accepting Tenaska's proposal.[10]

Additionally, the Department requested further details and examples regarding two defined terms in the AMA, including how the terms are calculated and whether the calculations align with the Company's explanation of revenue sharing, to be addressed in reply comments.

e. NNG 2025 Rate Case

The Department noted that NNG rate case adjustments could directly impact CenterPoint's cost for interstate pipeline capacity, agreements, firm transportation and storage rates, and the economics of capacity release arrangements.

The Department requested that CenterPoint provide an update on the NNG rate case in its reply comments.

f. Viking Firm Capacity Contract

The Department noted that Viking's rates for firm pipeline capacity increased 47.7% in February 2024 due to a FERC rate case settlement.[11] Since CenterPoint is already paying higher interim Viking rates, the Department concluded that the rate change appears to be procedural in nature.

The Department requested that CenterPoint confirm its understanding of the financial and procedural aspects of the Company's firm capacity contract with Viking in its reply comments.

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[10] See TRADE SECRET Attachment DOC-5, which contains a copy of Information Request (IR) 17 and CenterPoint's responses.

[11] See VGT Tariff. Viking's firm capacity rates for contracts with terms of 5 years or longer increased from $3.8026 per month to $5.62 per month.

2. Non-Capacity Changes

CenterPoint requested approval of two agreements that consolidate the costs of acquiring additional physical storage with the costs of firm pipeline capacity required to transport the stored natural gas to NNG.

a. ANR Storage/Transport Transaction

The Department noted that these storage facilities are located in Michigan and are therefore not on a pipeline serving CenterPoint's Minnesota service area. In this arrangement, ANR contracts with NBPL to transport this natural gas to the NNG system, at which point CenterPoint maintains firm capacity rights.[12]

Additionally, the Department noted that CenterPoint is taking firm storage service under ANR Rate Schedule FSS for two of these agreements, while the remaining three agreements involve the transportation of natural gas for injection and withdrawal to NNG.

The Department requested additional information regarding the ANR agreements, which CenterPoint provided.[13] The Department further indicated that it would issue a recommendation in its supplemental comments.

b. Tenaska/East Cheyenne Storage Partnership Transaction

The Department noted that this is the second agreement CenterPoint has entered into with Tenaska/East Cheyenne Storage, with the first agreement having been approved by the Commission in CenterPoint's 2024–2025 Demand Entitlement.[14] Additionally, the Department observed that CenterPoint is paying Tenaska/East Cheyenne the same rate as under the first agreement.

The Department concluded that CenterPoint's request for cost recovery of the second Tenaska/East Cheyenne Storage agreement is reasonable. However, it deferred issuing a recommendation until it received updated information on the physical storage market and CenterPoint's supplemental comments.

c. New Marketer Storage Agreement

The Department provided historical information on the significant rate increases between the previous and proposed agreements since 2011, as shown in Table 3 below.

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[12] See Northern Border Pipeline Overview.

[13] See Attachments DOC-8 through DOC-10, which includes a copy of IR's 11-13.

[14] *In the Matter of CenterPoint Energy Minnesota Gas' Request for Change in Demand Units*, Docket No. G-008/M-24-146. ORDER, June 23, 2025, Ordering Paragraph 5.

Table 3 – Comparison of Short-term Marketer Storage Agreements Rates 2011-2030[15]

Vendor	**Tenaska**	**Tenaska**	**Tenaska**	**BP Canada**	**BP Marketing**	**BP Marketing**
Term (yrs)	3	2	3	3	2.5	5
Start Date	11/1/2011	11/1/2014	11/1/2016	11/1/2019	11/1/2022	5/1/2025
Quantity	5 Bcf	5 Bcf	10 Bcf	10 Bcf	10 Bcf	10 Bcf
Rate/Dth/Month	0.88	0.88	1.04	1.48	1.74	TRADE SECRET
Percentage Change	NA	NA	18%	42%	17%	
Avg. Ann. Increase (%)	NA	NA	6%	14%	7%	

The Department noted that the proposed agreement reflects a significant increase in storage costs, representing a higher percentage increase than in prior years.

Based on the data presented in Table 3 and the fact that CenterPoint competitively bid the contract, the Department concluded that the proposed agreement is reasonable and should be approved.

d. NNG FDD Modification

The Department noted that CenterPoint's rounding difference resulted from a one-dollar rounding error, which it found reasonable and therefore recommended for approval.

3. Design Day

The Department noted that the Design Day requirement is "the maximum one-day estimated demand for natural gas for CenterPoint's Minnesota system for the 2025-2026 winter season for its firm sales customers."[16] The Department observed that customer growth appears to be the primary driver of increases in Design Day estimates from the 2017-2018 through the 2025-2026 winter seasons.

In late January 2019, CenterPoint nearly experienced Design Day conditions, as actual peak day sendout per firm customer reached approximately 1.4440 Dth/day. Based on the Company's regression modeling, peak day sendout on a -25 degrees Fahrenheit day may have been 1.4700 Dth/day, which is below CenterPoint's modeled 2025-2026 UPC of 1.554 Dth/day. The Department concluded that the Company's methodology is likely sufficient to ensure reliability under Design Day conditions.

CenterPoint selected an upper-bound estimate for Design Day usage of 1.627 Dth/day. The Department found this approach acceptable since it was more distant from the actual peak day sendout observed during the 2018-2019 winter season.

[15] Department Comments, September 16, 2025 at 11.

[16] Department Comments, September 16, 2025 at 12.

The Department also noted that CenterPoint employed two additional regression analyses to estimate Design Day demand. Overall, the three estimates produced similar results, which led the Department to conclude that the Company's peak-day calculations and methodology for estimating the 2025-2026 winter season Design Day are reasonable and appropriate.

4. Electrification/Decarbonization Efforts and Potential Design Day Effects

The Department noted that, at the Commission's June 17, 2025 agenda meeting, Commissioners raised several questions regarding CenterPoint's efforts to incorporate the impacts of electrification and decarbonization into its Design Day analysis, particularly with respect to the Design Day regression analyses and the annual sales forecast.[17]

In response, the Department issued several information requests (IR or IRs) regarding the following topics:

- Electric heat pumps;
- Non-heat pump electrification technologies;
- The effects of electrification technologies;
- Alternative approaches for incorporating the impacts of electrification technologies; and
- The use of electric utility agreements to share pipeline capacity during extreme weather events.[18]

Based on CenterPoint's responses, the Department determined that the effects of electrification on the Company's 2025-2026 design day calculation are likely minimal and may result in the current Design Day methodology overestimating customer demand.

The Department indicated that it will continue to monitor this issue and recommended that the Commission not reduce CenterPoint's 2025-2026 design day estimate based on the potential effects of electrification.

Additionally, the Department noted that the effects of electrification could be addressed in either the Commission's Integrated Resource Plan (IRP)[19] or Future of Gas proceedings.[20]

5. Reserve Margin

The Department stated that reserve margin is defined as the percentage by which the Company's total entitlement exceeds its forecasted Design Day. After reviewing trade secret

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17 Webcast, PUC June 17, 2025 Agenda Meeting, at 2:58-8:40.

18 Attachments DOC-16 through DOC-21 includes CenterPoint's responses to IR's 20-30.

19 Docket No.'s G-008, G-002, and G-011/CI-23-117.

20 Docket No. G-999/CI-21-565.

data, the Department concluded that CenterPoint's proposed 2025-2026 total entitlement of 1,580,100 Dth/day is reasonable and likely sufficient to ensure firm reliability on a peak day.

6. Demand Entitlement Cost Recovery Proposal

The Department presented the impact of the additional costs included in CenterPoint's April 2025 PGA, as shown in Table 4 below.

Table 4: April 2025 Rate Impacts[21]

Rate Schedule	Annual Usage (Dth/yr)	Ann. Demand Cost Change ($)	Percentage Change
Residential	89	$5.11	3.97%
Comm/Ind Firm A	81	$4.65	3.97%
Comm/Ind Firm B	730	$41.90	3.97%
Comm/Ind Firm C	12,076	$693.16	3.97%
Large General Service	47,751	$20,950.93	22.84%

The Department noted that CenterPoint's demand costs will increase by $5.4 million, with an additional forecasted annual increase of $8.6 million. Additionally, in light of the Commission approved settlement in CenterPoint's 2023 rate case, the Department requested that the Company address how new cost-of-gas components are incorporated into its contract demand entitlement analysis in reply comments.

7. Compliance Regarding Reporting Requirements for Demand Entitlement Related Orders

In its review of the 2024 annual compliance filing in the Winter Storm Uri docket, the Department acknowledged the benefits of physical storage in mitigating short-term price spikes,[22] while also noting that the higher cost of recently acquired physical storage has negative affordability impacts.

The Department noted that CenterPoint's 2025-2026 filing includes two additional agreements similar in structure to the original Tenaska/East Cheyenne agreement, a second agreement with Tenaska/East Cheyenne and a new agreement with ANR, both involving physical storage and transportation.

Based on the foregoing, the Department recommended that the Commission accept CenterPoint's compliance with the demand entitlement reporting requirement in Docket G-008/M-21-138.

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[21] Department Comments, September 16, 2025 at Attachment 2. The calculations vary slightly from CenterPoint's Exhibit B4, which the Department assumed were rounding errors.

[22] Docket No. G-008/M-21-138. Department Comments, November 27, 2024 at 20.

In its review of CenterPoint's May 2025 compliance filing in the AMA Marketer Storage docket, the Department observed that neither CenterPoint nor Tenaska utilized the firm capacity during the 2024-2025 winter season and that revenue sharing offset some of the associated costs of the agreement.

The Department agreed with CenterPoint's rationale and concluded that the Company complied with the Commission's reporting requirements in Docket No. G-008/M-21-102.

8. Distribution Planning

With regard to distribution planning, the Department noted that CenterPoint made no significant changes to its assumptions and has not experienced weather-related reliability or deliverability issues similar to those reported by other natural gas local distribution companies.

Based on the foregoing, the Department concluded that CenterPoint's 2025–2026 distribution planning assumptions remain acceptable.

9. Request for a Variance to Minnesota R. 7825.2910, SUBP.2

This Rule requires CenterPoint to provide certain updated Design Day demand information by customer class, as well as any changes to Design Day demand for the 2025-2026 heating season, in its April 1, 2025 filing.[23]

On May 29, 2025, CenterPoint submitted a supplemental filing containing its 2025-2026 heating season Design Day analysis, which superseded the 2024-2025 Design Day analysis. As a result, CenterPoint's variance request is rendered moot.

Accordingly, the Department recommended that the Commission take no action on the variance request.

C. CenterPoint Energy – Reply Comments

1. TFX Northern Lights

Regarding the discrepancy between the conditionally approved 2025 NNG CIAC cost of $13.3 million and the Trade Secret cost associated with the 2025 Northern Lights project, CenterPoint noted a change in the costs and capacity, due to the timing of the 2023 rate case and the subsequent bidding process. As the Company finalized the NNG contract for incremental capacity in concurrence with projected LNG/Peaking facility expansion upgrades, CenterPoint felt the $13.3 million capacity figure was a reasonable estimate at the time of the November 2023 rate case.

CenterPoint Energy participated in the Northern Lights 2025 Open Season in June 2023 and

[23] Department Comments, September 16, 2025 at 23.

engaged in several rounds of bidding before selecting case #4, which the Company described as follows:

> Case 4 cost estimate for 15,000 Dth/day was ~$3 million. This capacity included expansion which will increase storage withdrawal deliverability at the Company's Medford storage field and addressed near-future mandatory growth needs at Mankato delivery point.[24]

CenterPoint further noted that the significant time and effort devoted to the process were intended to ensure the most prudent and favorable outcome for its customers, and that the additional capacity provides an adequate reserve margin for the 2025-2026 and 2026-2027 winter seasons.

2. Trailblazer

Regarding the Department's concerns related to Trailblazer, CenterPoint stated that the Trailblazer agreement is critical to enable the Company to withdraw its maximum deliverability from Natural Gas Pipeline of America (NGPL) storage and transport that gas to Town Border Stations on NNG. CenterPoint explained that, without this capacity, the Company would face a risk of stranded storage on NGPL, which would impact customer rate stability.

3. Tenaska/CenterPoint AMA

Regarding the Tenaska/CenterPoint AMA, CenterPoint indicated that it pursued the AMA with the understanding that it would receive a minimum value of $2.6 million, equivalent to the Summer 2024 capacity release revenues. CenterPoint indicated that entering into the AMA was a prudent decision, as the Company would receive, at a minimum, revenues comparable to Summer 2024 while also retaining the potential for additional cost savings through the 60/40 revenue sharing component.

Additionally, CenterPoint noted that any credits realized from capacity releases or revenue sharing components under an AMA on the Viking system are intended to reduce customer costs.

4. NNG 2025 Rate Case

CenterPoint noted that NNG filed a $1.1 billion rate case on July 1, 2025, with a settlement hearing scheduled for November 20, 2025. If no settlement is reached by January 1, interim rates will take effect.

5. Demand Cost Recovery Proposal

CenterPoint stated that the commodity margin was affected by the settlement of the Company's 2023 rate case and will be updated in the November 1, 2025 supplemental filing to

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[24] CenterPoint Reply Comments, September 26, 2025 at 2.

reflect the settlement values. The commodity margin will consist of the base rate, NGIA, CCRC, and CCRA.[25]

D. CenterPoint Energy – October 2025 Supplemental Filing

1. Seasonal Reservation Fees

CenterPoint updated its Supplier Demand/Seasonal Swing Reservation, with costs allocated 75% to Demand and 25% to Commodity. These changes will be reflected in the Company's November 2025 PGA billing rates.[26]

2. Viking Contract

CenterPoint renewed its Viking maximum rate contracts that expired on October 31, 2025, and stated that the renewals did not affect rates, as rates change only through a FERC approved rate case. The renewed contracts are extended through October 31, 2030.

3. NNG Rate Case

CenterPoint noted that NNG's filed interim rates became effective on January 1, 2026; however, final rates will not be known until the conclusion of the rate case.

4. Customer Impact

CenterPoint noted that overall annual demand costs increased by $6.5 million compared to October 2025 rates, primarily driven by increases in ANR contracts and seasonal swing reservation.

Additionally, CenterPoint indicated that the customer bill impact decreased from $1.5463/Dth to $1.5333/Dth, a reduction of approximately $0.0130/Dth. As of November 1, 2025, a residential customer with annual usage of 89.0 dekatherms would see a $1.16 decrease.

E. Department of Commerce – November 2025 Supplemental Comments

1. Northern Lights 2025

The Department noted that the Commission approved CenterPoint's capital true ups for 2024 and 2025 in its 2023 Rate Case.[27] When asked about the timing of the $13.3 million CIAC

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[25] CenterPoint did not define these acronyms. Staff presumes the following: NGIA (Natural Gas Innovation Act), CCRC (Conservation Cost Recovery Charge), CCRA (Conservation Cost Recovery Adjustment).

[26] CenterPoint Supplemental Filing, October 31, 2025 at 1.

[27] *In the Matter of the Petition by CenterPoint Energy Minnesota Gas for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-008/GR-23-173, ORDER ACCEPTING SETTLEMENT AGREEMENT, at 6 and Ordering Paragraph 1.

payment, CenterPoint indicated that it was paid on March 31, 2025.[28] Since CenterPoint's 2025 capital true up filing will be submitted on May 1, 2026, the Department will review to determine whether further action is warranted.

The Department recommended that the Commission approve the Company's additional firm capacity with NNG – TFX Northern Lights 2025.

2. Tenaska/CenterPoint Asset Management Agreement

The Department requested that CenterPoint provide the "Net Optimization Value" invoices for the AMA.[29] Based on CenterPoint's response, the Department concluded that the value of summer season capacity on Viking was comparable to 2024 and that the AMA did not provide Tenaska with direct benefits significantly higher than those estimated in the AMA.

The Department recommended that the Commission approve the Tenaska/CenterPoint AMA.

3. Trailblazer Backhaul Agreement

The Department noted CenterPoint's emphasis on the critical nature of the Company's storage and transportation agreements with Tenaska and East Cheyenne Storage, and recommended that the Commission approve the proposal.

4. Viking Firm Capacity Renewal

The Department noted that CenterPoint provided a signed copy of the Viking agreement along with an analysis identifying the incremental cost, and therefore recommended that the Commission approve the proposal.

5. ANR Transportation and Storage Agreement

The Department reviewed CenterPoint's proposed costs related to the new storage and ANR transportation agreements and noted that CenterPoint proposed allocating the annual costs between demand and commodity unit costs, as defined under the PGA rules.

Given the structure of the ANR transaction, the Department compared the agreement's cost per dekatherm of storage to CenterPoint's existing storage agreements. Based on the analysis, the Department concluded that the ANR Agreement is reasonable and recommended that the Commission approve it.

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[28] See Attachment DOC-3-RC. Email dated October 7, 2025, from Donald Wynia, CenterPoint Energy to John Kundert, MN Department of Commerce.

[29] See TRADE SECRET Attachment DOC-4-RC.

6. Seasonal Reservation Fees

The Department noted that the variance between estimated and actual costs is 21%, but indicated that it is familiar with CenterPoint's process for acquiring supplier demand and seasonal swing reservation fees for the winter season, and that such variances frequently exceed 20%.

The Department recommended that the Commission approve CenterPoint's proposed supplier demand and seasonal swing reservation fees.

7. NNG 2025 Rate Case

The Department noted that NNG's interim rate request for Market Area Demand rates represents a 93% rate increase for the TF 12 Base, TF 12 Variable, TF5 TFX 1 and SMS rate schedules.[30] Given CenterPoint's proposed annual demand expense of $139.7 million for NNG firm pipeline capacity and other ancillary services,[31] a 93% increase would result in an incremental $129.9 million in demand expense.[32] From a ratepayer perspective, this change would increase annual demand costs for a small firm customer by approximately $94.[33]

The Department indicated that it will collaborate with Minnesota's rate regulated gas utilities to understand the effects of various options under consideration in the NNG's 2025 FERC rate case settlement discussions, and to seek a reduction in NNG's proposed increase.

8. Effects of Proposed Changes in the Annual Demand Cost by Rate Schedule

The Department summarized CenterPoint's proposed demand cost changes effective April 1, May 1, and November 1, 2025, as shown in Tables 5, 6 and 7 below.

[30] Department Comments, September 16, 2025, Attachment 6 at 13.

[31] CenterPoint's October 31, 2025 Supplemental Filing, Exhibit A at 2.

[32] Calculation as follows: $139,722,443 * .93 = $129,941,872).

[33] The annual estimated demand expense would increase from $1.5333 to $2.586/Dth. Assuming 89 Dths/customer/year, the annual demand cost would increase from $136.46 to $230.14, or $93.68.

Table 5: Annual Demand Cost Impact by Rate Schedule Effective April 1, 2025, Compared to March 1, 2025, PGA[34]

Rate Schedule	Annual Usage (Dth/yr)	Ann. Demand Cost Change ($)	Percentage Change
Residential	89	$5.11	3.97%
Comm/Ind Firm A	81	$4.65	3.97%
Comm/Ind Firm B	730	$41.90	3.97%
Comm/Ind Firm C	12,076	$693.14	3.97%
Large General Service	47,751	$20,950.93	22.84%[35]

Table 6: Annual Demand Cost Impact by Rate Schedule Effective May 1, 2025, Compared to April 1, 2025, PGA[36]

Rate Schedule	Annual Usage (Dth/yr)	Ann. Demand Cost Change ($)	Percentage Change
Residential	89	$3.97	2.97%
Comm/Ind Firm A	81	$3.61	2.97%
Comm/Ind Firm B	730	$32.56	2.97%
Comm/Ind Firm C	12,076	$538.57	2.97%
Large General Service	47,751	$3,351.21	2.97%

Table 7: Annual Demand Cost Impact by Rate Schedule Effective November 1, 2025, Compared to October 1, 2025, PGA[37]

Rate Schedule	Annual Usage (Dth/yr)	Ann. Demand Cost Change ($)	Percentage Change
Residential	89	($1.16)	-0.84%
Comm/Ind Firm A	81	($1.05)	-0.84%
Comm/Ind Firm B	730	($9.49)	-0.84%
Comm/Ind Firm C	12,076	($156.98)	-0.84%
Large General Service	47,751	$643.50	0.55%

The Department noted that the decrease in demand costs for the residential and commercial

[34] Department Comments, November 20, 2025, Attachment 2.a.

[35] The annual demand cost increase of almost $21,000 and 23% highlights the effects of the proposed increases to a customer class with a separate demand charge. The annual cost and percentage increases would be higher if the Average Daily MDQ used in the March 2025 PGA had remained the same as the Average MDQ used in April 2025 PGA. Instead, the Average MDQ decreased by 1,298 Dth. in April 2025, declining from 8,448 Dth to 7,150 Dth.

[36] Department Comments, November 20, 2025, Attachment 2.b.

[37] *Id.*, Attachment 2.c.

classes shown in Table 7 is attributable to the number of billing determinants used for the Annual Small Firm Demand Volume in the November 2025 calculation. Specifically, the number of billing determinants increased from 1,195,457,049 to 1,247,845,315 for this customer class following the Commission's approval of the Company's 2023 rate case.

Additionally, the Department provided an estimate of the overall demand cost increase resulting from CenterPoint's proposed changes effective November 1, 2025, as compared to the March 2025 PGA rates, which are illustrated in Table 8.

Table 8: Annual Demand Cost Impact by Rate Schedule Effective November 1, 2025, Compared to March 1, 2025, PGA[38]

Rate Schedule	Annual Usage (Dth/yr)	Ann. Demand Cost Change ($)	Percentage Change
Residential	89	$7.92	6.16%
Comm/Ind Firm A	81	$7.21	6.16%
Comm/Ind Firm B	730	$64.97	6.16%
Comm/Ind Firm C	12,076	$1,074.73	6.16%
Large General Service	47,751	$24,945.64	27.20%

The Department also noted the nominal and percentage changes in CenterPoint's Annual Estimated Demand Expense (AEDE) over the past 10 years, as shown in Table 9.

[38] Department Comments, November 20, 2025, Attachment 2.d.

Table 9: Annual Demand Cost Expense Effective November 1, Compared to Prior Year, 2016-2025

Docket No.	Heating Season	Annual Estimated Demand Expense	$ Variance from Prior Yr	% Var.
16-571	2016-2017	$87,257,510	NA	NA
17-533	2017-2018	$86,801,411	$(456,099)	-0.5%
18-462	2018-2019	$95,373,796	$8,572,385	9.9%
19-278	2019-2020	$121,011,159	$25,637,363	26.9%
20-565	2020-2021	$127,714,971	$6,703,812	5.5%
21-523	2021-2022	$154,941,631	$27,226,660	21.3%
22-306	2022-2023	$155,513,369	$571,738	0.4%
23-221	2023-2024	$167,812,080	$12,298,711	7.9%
24-146	2024-2025	$173,965,593	$6,153,513	3.7%
25-72	2025-2026	$192,732,049	$18,766,456	10.8%
Average			$11,719,393	
Total Nominal Change 2016-2025			$105,474,539	120.9%
Number of Years				10
Average Percentage Change				12.1%

The Department indicated that CenterPoint's requested 10.8% year-over-year increase is the third largest in the past 10 years.

While the Department initially expressed concern, it noted that CenterPoint's increased physical storage accounted for the majority of the $18.8 million increase. Additionally, the Commission has previously directed CenterPoint to minimize ratepayer exposure to extraordinary price spikes, and the Department recognized that physical storage is an important tool for mitigating such risk.

The Department concluded that CenterPoint is pursuing a strategy consistent with the Commission's directive and recommended that the Commission approve the Company's costs identified in the Petition.

9. Distribution Planning

Upon further review in Supplemental Comments, the Department is not making a recommendation regarding CenterPoint's distribution planning assumptions for the 2025-2026 period. The Department explained that this change reflects CenterPoint's ongoing development of a natural gas integrated resource plan (IRP) which is scheduled to be filed July 1, 2027.[39]

[39] *In the Matter of a Commission Investigation into Gas Utility Resource Planning, PUC, Order Clarifying and Expanding Framework for Natural Gas Integrated Resource Planning*, Docket No. G-008/M-23-117, ORDER

The Department noted that the Gas IRP process specifically reviews the need for additional distribution investments and, therefore, this issue will be addressed on a forward-looking basis through the IRP process.

10. Department Recommendations

In summary, the Department made the following recommendations regarding CenterPoint's 2025-2026 Demand Entitlement.

The Department recommended that the Commission:

- Approve the proposed NNG Carlton South Agreement;
- Approve the proposed Tenaska/East Cheyenne Agreement;
- Approve the proposed New Marketer Storage Agreement with BP Canada;
- Approve the proposed NNG – TFX Northern Lights 2025 Agreement;
- Approve the proposed Tenaska/CenterPoint Asset Management Agreement (AMA);
- Approve the proposed Trailblazer Backhaul Agreement;
- Approve the proposed Viking Firm Capacity Renewal;
- Approve the proposed ANR Transport/Storage Agreement;
- Approve the proposed correction to the FDD annual cost;
- Approve the proposed swing reservation fees identified in CenterPoint's November 1, 2025 filing;
- Accept CenterPoint's proposed 2025-2026 heating season design day analysis and conclusions as filed;
- Make no adjustment to CenterPoint's proposed 2025-2026 heating season design day analysis for the effects of electrification/decarbonization;
- Accept CenterPoint's proposed 2025-2026 reserve margin;
- Find that CenterPoint met the annual reporting requirements included in the 21-102

CLARIFYING AND EXPANDING FRAMEWORK FOR NATURAL GAS INTEGRATED RESOURCE PLANNING, October 28. 2024, at 25.

and 21-138 dockets;

- Take no action on CenterPoint's request for a variance to Minn. R. 7825.2910, subp. 2;
- Take no action on CenterPoint's distribution planning assumptions for the 2025-2026 period, and address the issue in the Company's IRP, which is scheduled to be filed on July 1, 2027;
- Approve CenterPoint's proposed demand cost recovery proposal.

F. CenterPoint – Supplemental Reply Comments

CenterPoint stated that it agreed with all of the Department's recommendations.

Additionally, CenterPoint noted that only its non-discounted tariff rates will be affected by NNG's rate case. While settlement discussions are ongoing and not public, CenterPoint indicated that the resulting increase is expected to be substantially lower than the amount calculated by the Department.

G. Department – Errata to Comments

On January 9, 2026, The Department filed an errata to its September comments that included a corrected Table 3, shown below, along with supplemental commentary.

CORRECTED Table 3 – Comparison of Short-term Marketer Storage Agreements Rates 2011-2030[40]

Vendor	Tenaska	Tenaska	Tenaska	BP Canada	BP Marketing	BP Marketing
Term (yrs)	3	2	3	3	2.5	5
Start Date	11/1/2011	11/1/2014	11/1/2016	11/1/2019	11/1/2022	5/1/2025
Quantity	5 Bcf	5 Bcf	10 Bcf	10 Bcf	10 Bcf	10 Bcf
Rate/Dth/Month	0.88	0.88	1.04	1.48	1.74	TRADE SECRET
Percentage Change	NA	NA	18%	42%	18%	
% Avg. Ann. Increase from Nov 1, 2011-Nov 1, 2016		0%				
% Avg. Ann. Increase from Nov 1, 2011-Nov 1, 2019			2.3%			
% Avg. Ann. Increase from Nov 1, 2011-Nov 1, 2022				6.2%		
% Avg. Ann. Increase from Nov 1, 2011-May 1, 2025					7.2%	
% Avg. Ann. Increase from Nov 1, 2011-May 1, 2030						

The Department noted that the proposed May 2025 BP Marketing agreement reflects a substantially higher increase in the marketer storage rate compared to the prior contract. The resulting average annual increase since 2011 is the highest observed for consecutive two- to five-year agreements.

Additionally, the Department observed that average annual increases in short-term storage rates have significantly outpaced the Consumer Price Index, which has averaged 3% during the same period.

The Department referenced IR 15, which previously requested information from CenterPoint regarding the request for proposal and the bids submitted by various vendors, and found that the information provided was consistent with CenterPoint's statements.[41]

Based on the updated information, the Department reluctantly concluded that the proposed agreement is reasonable and should be approved.

IV. STAFF COMMENTS

This docket contains no disputed items between CenterPoint and the Department.

[40] Department Errata Comments, January 9, 2026 at 3.

[41] See Trade Secret Attachment DOC-12 which contains a copy of IR 15.

Staff noted a theme of tightening underground storage markets and the associated increase in demand for pipeline capacity reflected in CenterPoint's proposal.

Although CenterPoint has incurred higher demand costs due to additional storage contracts, Staff concurs with the Department that storage is a critical tool for mitigating potential price spike risk during extreme weather events.

Additionally, Staff noted that the proposed combined annual demand cost increase of $7.92 for an average residential customer is nearly half of the $15.45 increase proposed in CenterPoint's April 2025 initial filing.

In its initial filing, CenterPoint Energy anticipated a Northern Lights 2027 open season in April 2025 and stated that it would evaluate its current entitlement, customer demand, and future customer growth areas prior to participation. CenterPoint did not provide any further updates on this issue in its supplemental filings. As a result, the Commission may wish to ask CenterPoint what steps, if any, it has taken since that time.

V. DECISION OPTIONS

1. Approve the proposed NNG Carlton South Agreement. [CenterPoint, Department]

2. Approve the proposed Tenaska/East Cheyenne Agreement. [CenterPoint, Department]

3. Approve the proposed New Marketer Storage Agreement with BP Canada. [CenterPoint, Department]

4. Approve the proposed NNG – TFX Northern Lights 2025 Agreement. [CenterPoint, Department]

5. Approve the proposed Tenaska/CenterPoint Asset Management Agreement. [CenterPoint, Department]

6. Approve the proposed Trailblazer Backhaul Agreement. [CenterPoint, Department]

7. Approve the proposed Viking Firm Capacity Renewal. [CenterPoint, Department]

8. Approve the proposed ANR Transport/Storage Agreement. [CenterPoint, Department]

9. Approve the proposed $2 correction to the Firm Daily Delivery annual cost. [CenterPoint, Department]

10. Approve the proposed swing reservation fees identified in CenterPoint's November 1, 2025 filing. [CenterPoint, Department]

11. Accept CenterPoint's proposed 2025-2026 heating season design day analysis and conclusions as filed. [CenterPoint, Department]

12. Make no adjustment to CenterPoint's proposed 2025-2026 heating season design day analysis for the effects of electrification/decarbonization. [CenterPoint, Department]

13. Accept CenterPoint's proposed 2025-2026 reserve margin. [CenterPoint, Department]

14. Find that CenterPoint met the annual reporting requirements included in the 21-102 and 21-138 dockets. [CenterPoint, Department]

15. Take no action on CenterPoint's request for a variance to Minn. R. 7825.2910, subp. 2. [CenterPoint, Department]

16. Take no action on CenterPoint's distribution planning assumptions for the 2025-2026 period, and address the issue in the Company's IRP, which is scheduled to be filed on July 1, 2027. [CenterPoint, Department]

17. Approve CenterPoint's proposed demand cost recovery proposal. [CenterPoint, Department]