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P.O. Box 59038
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June 7, 2021

VIA E-FILING

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

PUBLIC DOCUMENT
Trade Secret Data Has Been Excised

**Re: In the Matter of the Petition of CenterPoint Energy for Approval for Recovery of a Natural Gas Extension Project Costs through Rate Base Treatment and for a New Area Surcharge for the Lake Jessie Project
Docket No. G008/M-21_____**

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy” or the “Company”) hereby submits this miscellaneous filing to the Minnesota Public Utilities Commission (“Commission”) regarding extension of service to an area near the town of Alexandria in Douglas County, Minnesota (“Lake Jessie Project”). In this filing, the Company (1) requests to include a portion of the Project in Net Utility Plant In Service in its next rate case, and (2) to modify its New Area Surcharge (“NAS”) tariff page to establish a NAS for customers located in the Lake Jessie Project. CenterPoint Energy’s Petition requests approval of a 16-year NAS term to extend service to the Lake Jessie Project. The Company is requesting expedited approval of this Petition so that service can be extended to the Lake Jessie area this year. We request Commission approval of this filing by August 31, 2021 so that we construct the Lake Jessie expansion this construction season.

The nonpublic version of this filing contains trade secret information. Specifically, the project map, cost of plant additions, and estimated customer sign-ups contained in Exhibits B and C of the filing and the Petition are not generally known to, and not readily ascertainable by vendors and competitors of CenterPoint Energy, who could obtain economic value from their disclosure. CenterPoint Energy maintains this information as trade secret. Accordingly, the nonpublic version of this filing contains data that qualifies as “Trade Secret Data” pursuant to Minnesota Statutes Section 13.37, Subdivision 1(b). Public and nonpublic versions of Exhibit B and C and the Petition are being filed separately.

Please contact Amber Lee at (612) 321-4625 or Amber.Lee@CenterPointEnergy.com with any questions regarding the information in this Petition. Thank you for your attention to this matter.

Sincerely,
/s/ Amber S. Lee
Amber S. Lee
Director, Regulatory Affairs

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Katie Sieben	Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

In the Matter of the Petition by
CenterPoint Energy for Approval of
Recovery of Natural Gas Extension Project
Costs through Rate Base Treatment and for Approval of a
New Area Surcharge for the Lake Jessie Project

Docket No. G-008/M-21-_____

I. Introduction

Pursuant to Minnesota Statutes section 216B.1638 and Minnesota Rules Part 7829.1300, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy” or the “Company”) submits this miscellaneous rate change and tariff filing to the Minnesota Public Utilities Commission (“Commission”) regarding extension of service to an area near the town of Alexandria in Douglas County, Minnesota (“Lake Jessie Project”). In this filing, the Company (1) requests to include a portion of the Lake Jessie Project in Net Utility Plant In Service in its next rate case, and (2) to modify its New Area Surcharge (“NAS”) tariff page to establish a NAS for customers located in the Lake Jessie Project. CenterPoint Energy currently serves communities adjacent to Lake Jessie Project, but the Lake Jessie Project area is not served by natural gas. The proposed NAS for the Lake Jessie Project is calculated according to the model described in CenterPoint Energy’s NAS Rider as most recently modified by the Commission in its Order in Docket No. G-008/M-14-650. CenterPoint Energy proposes a 16-year term for the Lake Jessie Project NAS.

This filing includes the following exhibits:

- Exhibit A Redlined proposed Tariff Sheet Section V, Page 10.c-1
 Redlined proposed Tariff Sheet Section V, Page 27.a

- Exhibit B Map of the Lake Jessie Project Area (public and nonpublic
 versions, filed separately);

- Exhibit C Proposed Surcharge Workpapers and Assumptions (public and
 nonpublic version filed separately); and

- Exhibit D Proposed Natural Gas Extension Project Revenue Deficiency Workpapers and Assumptions (public and nonpublic version filed separately); and
- Exhibit E Proposed Customer Notice.

II. Summary of Filing

Pursuant to Minn. R. 7829.1300, subp. 1, a one-paragraph summary of the filing is attached.

III. Service

Pursuant to Minn. R. 7829.1300, subp. 2, CenterPoint Energy has served a copy of this Petition on the Department of Commerce, Division of Energy Resources and the Office of the Attorney General – Residential Utilities and Antitrust Division. The summary of the filing has been served on all parties on the attached service list.

IV. General Filing Information

Pursuant to Minn. R. 7829.1300, subp.3, the following information is provided:

A. Name, Address, and Telephone Number of Filing Party

B.

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas,
a Delaware Corporation
505 Nicollet Mall
PO Box 59038
Minneapolis, Minnesota 55402
(612) 372-4664

C. Name, Address, Electronic Address, and Telephone Number of Attorney for the Utility

Erica Larson
CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas
505 Nicollet Mall
P.O. Box 59038
Minneapolis, Minnesota 55459-0038
Erica.Larson@centerpointenergy.com
(612) 321-4334

D. Date of the Filing and Date The Proposed Rate or Service Change will Take

Effect

Date of Filing: June 7, 2021

Proposed Effective Date: Upon Commission Approval.

CenterPoint Energy is proposing to complete construction on the Lake Jessie Project during the 2021 construction season so that customers who sign up will receive natural gas service by the beginning of the 2021-2022 heating season. Once approval has been received, the Lake Jessie Project will be scheduled. The Company requests expedited Commission approval by August 31, 2021 so that service can be extended to the Lake Jessie customers this year.

E. Statute Controlling Schedule for Processing the Filing

CenterPoint Energy submits its request for approval of rider recovery under Minn. Stat. § 216B.1638, which authorizes a public utility to petition the Commission outside a general rate case for a rider to recover the revenue deficiency from a natural gas extension project. Under Minn. R. 7829.0100, subp. 11, this petition is a “miscellaneous” filing because no determination of CenterPoint Energy’s general revenue requirement is necessary. Comments on a miscellaneous filing are due within 30 days of filing, with replies due 10 days thereafter. Minn. R. 7829.1400, subp. 1, 4.

F. Signature, Electronic Address, and Title of Utility Employee Responsible for the Filing

/s/ Amber S. Lee

Amber S. Lee

Director Regulatory Affairs

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas
505 Nicollet Mall

P.O. Box 59038

Minneapolis, Minnesota 55459-0038

612-321-4625

Amber.Lee@centerpointenergy.com

G. Description of the Filing, Impact on Rates and Services, and Reasons for the Filing

Pursuant to Minnesota Statutes section 216B.1638 and Minnesota Rules Part 7829.1300, CenterPoint Energy is requesting approval to recover **[TRADE SECRET DATA BEGINS... ... TRADE SECRET DATA ENDS]** of present valued revenue deficiency in its next rate case, and to establish a 16-year NAS to finance the remainder of the Lake Jessie Project costs for

customers located in the community of Lake Jessie in Douglas County, Minnesota to extend and provide natural gas service. The Company believes this approach is consistent with the Commission authorized approach in the Company's Nowthen NAS project in Docket No. G008/M-19-840.

Pursuant to Minn. Stat. §216B.1638, a public utility may petition the Commission outside of a general rate case for a rider that shall include all the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project. The Lake Jessie Project meets the definition of a natural gas extension project because the Lake Jessie Project is necessary to serve the currently unserved area. The Lake Jessie Project area is not currently served by natural gas; therefore, the Lake Jessie Project area qualifies as an area in the state lacking adequate natural gas pipeline infrastructure to meet the demand of existing or potential end-use customers.

Pursuant to Minnesota Rules Part 7829.1300, CenterPoint Energy is requesting approval to establish a NAS for customers located in the Lake Jessie Project areas in Douglas County, Minnesota to extend and provide natural gas service to customers in the Lake Jessie Project area who do not currently receive natural gas service. A NAS is designed to permit a natural gas company to extend service into a new area it would be uneconomical to serve at tariffed rates, by permitting the company to collect a surcharge in addition to the tariffed rates. This NAS will allow CenterPoint Energy to make natural gas service available to the Lake Jessie Project area. By extending the remaining necessary contributions in aid of construction of the Lake Jessie Project costs over sixteen years rather than charging a one-time charge, the Lake Jessie Project will be made affordable to customers wishing to switch to natural gas service.

V. Miscellaneous Information

Pursuant to Minnesota Rule 7829.0700, CenterPoint Energy requests that the following persons be placed on the Commission's official service list for this matter:

Amber S. Lee
Director Regulatory Affairs
CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas
505 Nicollet Mall
P.O. Box 59038
Minneapolis, Minnesota 55459-0038
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Kristen Ruud

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Minneapolis, Minnesota 55459-0038
(612) 321-4403
Kristen.Ruud@centerpointenergy.com

VI. NATURAL GAS EXTENSION PROJECT RIDER

Minn. Stat. § 216B.1638, the Natural Gas Extension Project (“NGEP”) Rider Statute, provides that “[a] public utility may petition the Commission outside a general rate case for a rider that shall include all of the utility’s customers, including transport customers, to recover the revenue deficiency from a natural gas extension project.” The revenue deficiency of an NGEP is defined as “the deficiency in funds that results when projected revenues from customers receiving natural gas service as the result of a natural gas extension project, plus any contribution in aid of construction paid by these customers, fall short of the total revenue requirement of the natural gas extension project.”¹ The calculation of the revenue deficiency “must include the currently authorized rate of return, incremental income taxes, incremental property taxes, incremental depreciation expenses, and any incremental operation and maintenance costs.”² Subdivision 2 sets forth the requirements for a petition seeking approval of an NGEP Rider and Subdivision 3 of the statute provides that the Commission must not approve a rider that allows a utility to recover more than “33 percent of the costs of a natural gas extension project.”

Similar to the approach used in the Company’s Nowthen NAS Project in Docket No. G008/M-19-840, the Company requests the Net Present Value (“NPV”) of the revenue deficiency be credited against the NAS calculation, but the Company will elect to forego the revenue deficiency amount that would be recovered via an NGEP between now and the next rate. For the Lake Jessie Project, the total NPV of the revenue deficiency is **[TRADE SECRET DATA BEGINS... ... TRADE SECRET DATA ENDS]** of which 33% or **[TRADE SECRET DATA BEGINS... ... TRADE SECRET DATA ENDS]** is removed from the project costs for calculation of the NAS. Any applicable NGEP amount would be treated as normal rate base and included in the Company’s 2022 rate case filing. 33% of the revenue deficiency for 2021 which the Company is foregoing from NGEP recovery is **[TRADE SECRET DATA BEGINS... ... TRADE SECRET DATA ENDS]**.

The following is submitted in accordance with Minn. Stat. § 216B.1638:

¹ Minn. Stat. § 216B.1638, subd.1(g). The “total revenue requirement” of a Project means “the total cost of extending and maintaining natural gas service to a currently unserved or inadequately served area.” *Id.*, subd. 1(g).

² Minn. Stat. §216B.1638 subd. 3 (d).

A. Description of Natural Gas Extension Project

Minn. Stat. § 216B.1638 subd. 2(b)(1) requires that a petition for approval of an NGEP Rider include a description of the NGEP, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area.

The Lake Jessie Project is designed to extend natural gas service to a currently unserved area east of Alexandria in Douglas County, Minnesota, by connecting them to the existing natural gas main located on County Road 81. Services and meters will be installed in accordance with customers' requests. See Nonpublic Exhibit B for a map of the proposed Lake Jessie Project area. Based on initial outreach and projections, CenterPoint Energy is projecting annualized revenue collections equivalent to **[TRADE SECRET DATA BEGINS...**

... TRADE SECRET DATA ENDS].

B. Proposed Construction Schedule

Minn. Stat. § 216B.1638 subd. 2(b)(2) requires that a petition for approval of a NGEP Rider include the project's construction schedule and Minn. Stat. § 216B.1638 subd. 2(b)(3) requires that a petition for approval of a NGEP Rider include the proposed project budget. Pending Commission review and approval, CenterPoint Energy is proposing to commence construction on the Lake Jessie Project during the regular 2021 construction season so that customers who sign up will receive natural gas service by the 2021-2022 heating season. The proposed total Lake Jessie Project budget is **[TRADE SECRET DATA BEGINS... ...TRADE SECRET DATA ENDS].**

C. Contributions in Aid of Construction

Minn. Stat. § 216B.1638, subd. 2 (b)(4) requires that a petition for an NGEP Rider shall include the amount of any contributions in aid of construction, and Minn. Stat. § 216B.1638, subd. 2(b)(5) requires that a petition for an NGEP Rider shall include a description of efforts made by the public utility to offset the revenue deficiency through contributions in aid of construction. In this case, the customers who will be served by the proposed Lake Jessie Project will be making contributions in aid of construction via the monthly NAS charges, outlined in Exhibit C, page C-9. CenterPoint Energy has engaged the Lake Jessie Project in multiple ways to ensure the proposed CIAC is reasonable and that all potential customers have been identified, with over 40 applications currently collected.

CenterPoint Energy utilized the process outlined in section VI.D. to determine the proposed NAS and NGEP Rider surcharge rate.

D. Amount of Revenue Deficiency and Proposed Allocation

Minn. Stat. §216B.1638, subd. 2(b)(6) requires that a petition for an NGEP Rider shall include the amount of the revenue deficiency, and how recovery of the revenue deficiency will be allocated among industrial, commercial, residential, and transport customers. As noted above, the statute defines the revenue deficiency as “the deficiency in funds that results when projected revenues from customers receiving natural gas service as the result of a natural gas extension project plus any contributions in aid of construction paid by these customers, fall short of the total revenue requirement of the natural gas extension project”. With respect to the Lake Jessie Project, CenterPoint calculated the “revenue deficiency” by performing a calculation in accordance with CenterPoint Energy’s NAS model and tariff assuming no NAS nor NGEP Rider. See CenterPoint Energy’s Tariff Sheet Section V, page 10. This calculation resulted in a total Project revenue requirement of **[TRADE SECRET DATA BEGINS... ...TRADE SECRET DATA ENDS]** and a revenue deficiency above current rates of **[TRADE SECRET DATA BEGINS... ...TRADE SECRET DATA ENDS]** over the life of the Lake Jessie Project. After the analysis, it was determined that the NAS alone would not generate results that would be acceptable to potential customers to encourage converting to natural gas, therefore CenterPoint Energy proposes recovery of 33% of the revenue deficiency via base rates, as similarly approved in Docket G008/M-19-840 for the Lake Jessie Project, for the amount of **[TRADE SECRET DATA BEGINS... ...TRADE SECRET DATA ENDS]**.

This is consistent with Minn. Stat. § 216B.1638, subd. 3 (c), which authorizes the Commission to approve rider recovery not to exceed “33 percent of costs of a natural gas extension project.” Additionally, in accordance with Minn. Stat. §216B.1638 subd. 3 (c), CenterPoint Energy’s Rider calculation, as reflected in its approved NAS model, includes the currently authorized rate of return, incremental income taxes, incremental property taxes, incremental depreciation expenses, and any incremental O&M costs.

E. Proposed Method of Recovery

Minn. Stat. § 216B.1638, subd. 2(b)(7) requires that the petition include the proposed method to be used to recover the revenue deficiency from each customer class, such as a flat fee, a volumetric charge, or another form of recovery. CenterPoint Energy proposes to recover 33% of the total Project revenue deficiency via base rates. Based on CenterPoint Energy’s Projected Project costs and proposal to recover **[TRADE SECRET DATA BEGINS... ... TRADE SECRET DATA ENDS]** This amount will be included via base rates throughout the life of the project.

F. Proposed Termination Date

Minn. Stat. §216B.1638, subd. 2 (b)(8) requires that the petition include the proposed termination date of the NGEP Rider. As previously discussed, the Lake Jessie Project costs, allocated via the NGEP legislation, will be terminated at the end of the life of the assets.

G. Benefits to Existing Natural Gas Customers

Minn. Stat. § 216B.1638, subd. 2(b)(9) requires that the petition include a description of the benefits to the public utility's existing natural gas customers that will accrue from the NGEP. The proposed Lake Jessie Project is anticipated to add approximately **[TRADE SECRET DATA BEGINS... ... TRADE SECRET DATA ENDS]** within the Lake Jessie Project area, with total potential customers of **[TRADE SECRET DATA BEGINS... ... TRADE SECRET DATA ENDS]** within the area. The Lake Jessie Project creates additional opportunities in the future to extend into surrounding areas by expanding CenterPoint Energy's distribution system as development in the region continues. The addition of the Lake Jessie Project customers will increase the total number of customers across CenterPoint Energy's system to share the overall cost of service.

VII. PROPOSED NEW AREA SURCHARGE FOR THE LAKE JESSIE PROJECT

On August 30, 1995, the Commission approved CenterPoint Energy Minnesota Gas' request to add a NAS Rider to its tariff in Docket No. G008/M-94-1075. In that docket the Commission approved CenterPoint Energy's analytical methodology and required the Company to submit a miscellaneous filing and receive Commission approval prior to implementing any NAS. Consistent with the Commission's Order in that docket, this filing for a specific NAS project includes the following:

- A. An updated surcharge tariff sheet and its related spreadsheets with and without the proposed surcharge for each NAS area;
- B. Workpapers showing all underlying assumptions concerning interest rates, costs, depreciation, demographics, rate structure, etc.;
- C. A surcharge rate for each customer class, even if no customers are anticipated for the class;
- D. The Company's proposed customer notice; and
- E. All pertinent contract demand entitlement change requests as soon as the required information is ascertained.

On August 4, 2020, in Docket G008/M-19-840, the Commission approved CenterPoint Energy's most recent request for a NAS in the community of Nowthen. This NAS included a component allocated to base rates in lieu of an NGEP Rider, and the Company wishes to follow a similar format for the Lake Jessie Project.

This filing for the Lake Jessie Project is the Company's third filing under the NAS tariff approved by the Commission. The NAS enables natural gas service to be extended to an area that would

generate insufficient revenues under the Company's present rates and service extension policy. This is accomplished by setting a surcharge at a level that will bring the Net Present Value of the project to approximately \$0 over the life of the project. The required filing information is provided below.

A. Updated Surcharge Tariff Sheets

The proposed redline tariff sheets reflecting the proposed Lake Jessie NAS are included as Exhibit A to this filing.

B. Workpapers Showing New Area Surcharge Assumptions

The proposed NAS workpapers and assumptions are included as Exhibit C to this filing.

C. A Surcharge Rate for Each Customer Class

The following class surcharges are proposed for the Lake Jessie Project. CenterPoint Energy currently anticipates **[TRADE SECRET DATA BEGINS...**

...TRADE SECRET DATA ENDS] in the Project. In the event additional customers participate in the new area, all participants will benefit as the total project costs financed through the NAS are paid down more quickly, resulting in the possibility that the NAS will be terminated before the end of the 16 years.

Lake Jessie Project New Area Surcharges	
Residential	\$12.36
Commercial A	\$19.52
Commercial / Industrial B	\$27.33
Commercial / Industrial C	\$71.59
SVI A	\$78.90
SVI B	\$123.65
LVI	\$1,366.66
LVF	\$12,600.00

CenterPoint Energy's calculation of the proposed surcharge is reasonably designed to recover the portion of the cost of the extension that would be uneconomical to serve at tariffed rates. The NAS rates are set at a reasonable level that will ensure, to the extent possible, that the Lake Jessie Project is load and cost justified. The monthly NAS rate was calculated in the NAS model by calculating margin revenues based on currently approved rates. These revenues are netted against the costs over the life of the project. A goal seek is then used to calculate the NAS rate to recover the unrecovered Net Present Value of the cash flows. The goal seek function specifically generates the Residential NAS, and the NAS charges for the Commercial

and Industrial (“Com A, B, C”), Small Volume Interruptible (“SVI A, B”), Large Volume Interruptible (“LVI”), and Large General Firm (“LVF”) classes were then derived utilizing the Residential NAS rate to calculate proportional charges relative to each class’ currently-approved monthly customer charges. CenterPoint Energy believes that this approach results in fair and reasonable surcharges across all customer classes.

CenterPoint Energy proposes that the surcharges be in effect for a period not to exceed sixteen years. We anticipate that natural gas service to the Lake Jessie Project Area will commence in the fall of 2021 and the NAS will be terminated when the projected revenue deficiency is satisfied or at the end of the sixteen years, whichever occurs first.

D. Proposed Customer Notice

A proposed customer notice is attached as Exhibit D. The Lake Jessie NAS will appear as a separate line item on participating customer bills.

E. Contract Demand Entitlement Change Requests

No demand entitlement changes are required because the demand needs of the Lake Jessie project customers will be served off existing supply contracts.

F. Revenue Impacts

The proposed NAS tariff change will not affect the current level of CenterPoint Energy revenues because NAS billings are not considered Operating Revenues. NAS billings to customers will be recorded as balance sheet credits to an accounts receivable account when the surcharge is approved. The portion of the NAS billing related to interest will be credited to a non-operating income account.

G. Reporting Requirements

CenterPoint Energy proposes that we submit reporting on March 1 of each year and report on the Lake Jessie NAS rider projects including:

- The number of customers divided by classes used to calculate the surcharge revenue and the retail margin revenue; and
- The actual surcharge and retail revenue received to date and projected surcharge revenue for the remaining term of the surcharge, and the actual capital costs and projected remaining capital costs for the Lake Jessie Project.

VIII. CONCLUSION

CenterPoint Energy respectfully requests approval for recovery of **[TRADE SECRET DATA BEGINS... ... TRADE SECRET DATA ENDS]** 33% of the project costs for the Lake Jessie Project through base rates commencing with the Company's next rate case throughout the life of the assets, and for approval of a NAS for the Lake Jessie Project.

The Lake Jessie Project is designed to extend natural gas service to an unserved area and the proposed project costs are reasonable and will be prudently incurred. As a result, the Commission should approve CenterPoint Energy's proposal for NGEP project offset under Minn. Stat. §216B.1638, and past Commission precedent. Additionally, the proposed NGEP methodology and NAS Rider are in the public interest. Customers will benefit from natural gas as an additional, cost effective fuel choice. Lower energy bills free money for investment and purchases in the area, spurring economic development. In addition, natural gas has lower greenhouse gas emissions than most alternative heating options. CenterPoint Energy respectfully requests approval of a NAS for the proposed Lake Jessie Project in order to allow CenterPoint Energy to complete construction and begin providing service to customers in this area.

If additional information is required, please contact Amber S. Lee at (651) 321-4625 or amber.lee@centerpointenergy.com or Kristen S. Ruud at (612) 321-4403 or kristen.ruud@centerpointenergy.com.

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Katie Sieben
Dan Lipschultz
Valerie Means
Matt Schuerger
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Chair
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In the Matter of the Petition by
CenterPoint Energy for Approval of
Recovery of Natural Gas Extension Project
Costs through Base Rates and for Approval of a
New Area Surcharge for the Lake Jessie Project

Docket No. G-008/M-21-_____

SUMMARY OF FILING

Pursuant to Minnesota Statutes section 216B.1638 and Minnesota Rules Part 7829.1300, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy” or “Company”) submits to the Minnesota Public Utilities Commission (“Commission”) this Petition regarding extension of service into the Lake Jessie Project area in Douglas County, Minnesota (“Project”). In this filing, the Company (1) requests to include a portion of the Lake Jessie Project in Net Utility Plant In Service in its next rate case, and (2) to modify its New Area Surcharge tariff page to establish a NAS for customers located in the Lake Jessie Project area. CenterPoint seeks to include 33 percent of the revenue deficiency in its next rate case, with a New Area Surcharge Rider financing the remainder of the project costs for a period of sixteen years.

CERTIFICATE OF SERVICE

Kristen Ruud served the above Petition and Exhibits of CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/

Kristen Ruud
Regulatory Analyst
CenterPoint Energy

NEW AREA SURCHARGE RIDER**Availability:**

Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area.

Applicability and Character of Service:

All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:

As authorized by the MPUC, the total billing rate for any customer class will be the applicable cost of gas, approved rate (monthly basic plus delivery charge) for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The New Area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes.

Method:

A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the overall rate of return authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self supporting. A total NPV of approximately zero (\$0) will show a project is self supporting.

The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be:

- 1) The actual capital costs and projected remaining capital costs for the project.
- 2) Number of customers used to calculate the surcharge revenue and the retail margin revenue.
- 3) The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.

NEW AREA SURCHARGE RIDER (CONTINUED)**Term:**

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed thirty (30) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:

The surcharge for all customers in an area subject to the New Area Service Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of thirty (30) years, whichever occurs first.

Revenue Requirements Model**Definitions:**

All terms describe contents and general operation of the Revenue Requirements Model used to determine a New Area Surcharge Rider for a project.

Column/Description:

- 1) **Time Period:** Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.
- 2) **Year.**
- 3) **Gross Plant Investment:** Cumulative plant in service at the end of the year reduced by the net present value of surcharge revenues in year 0. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators.
- 4) **Accumulated Depreciation Reserve:** Book depreciation for the current year plus all previous years.
- 5) **Net Plant In Service:** The difference between Gross Plant Investment (Column 3) and Accumulated Depreciation Reserve (Column 4).
- 6) **Average Net Plant:** Average of Column 5.
- 7) **Average Accumulated Deferred Income Taxes:** The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on contribution in aid of construction. At the end of the service life of the plant installed the balance of ADIT will be zero.
- 8) **Average Rate Base:** Total of Average Net Plant (Column 6) plus Average Accumulated Deferred Income Taxes (Column 7).

NEW AREA SURCHARGE RIDER (CONTINUED)

9) **Allowed Return:** Derived from CenterPoint Energy's most recent general rate proceeding:

Equity Ratio	X	Return on Equity	X	(1+Tax Rate)	=	Weighted Cost
Long Term Debt Ration	X	Debt Cost	X		=	Weighted Cost
Short Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
Allowed Rate of Return						

The Allowed Rate of Return multiplied by the Average Rate Base (Column 8) equals the Allowed Return.

10) **Book Depreciation:** The straight line cost recovery of the life of the assets for Gross Plant Investment defined in Column (3). The depreciation factor used is based on a weighted average of depreciation rates used in CenterPoint Energy's most recent general rate proceeding.

11) **O & M Expense:** In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses.

The calculation is average customers multiplied by incremental cost per customer.

12) **Property Tax:** In any year shall be a factor of the gross plant investment (after contribution-in-aid-of-construction). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.

13) **Total Revenue Requirement:** Total of Allowed Return (Column 9), Book Depreciation (Column 10), O & M Expenses (Column 11), and Property Tax (Column 12).

14) **Retail Revenue:** This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.

15) **Revenue Excess or (Deficiency):** Revenue excess or deficiency is the difference between the Total Revenue Requirement (Column 13) and the amount of Retail Revenue (Column 14). Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated.

NEW AREA SURCHARGE RIDER (CONTINUED)

- 16) **Present Value of Cash Flows:** The cash flows that produce either revenue excesses or deficiencies (Column 15) are discounted to a present value using a discount rate equal to the overall rate of return established in the most recent general rate proceeding.

If the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is "self supporting". That is, the customer CIAC surcharge is the proper amount of customer contributed capital necessary to support the project at the projected (or actual) level of retail revenues.

SURCHARGE RIDER RATES

A surcharge as designated will be included in the monthly bills of the following Minnesota geographical areas:

Nowthen Project 15 Year New Area Surcharge Expires 2035	
Residential	\$23.05
Commercial A	\$36.39
Commercial / Industrial B	\$50.95
Commercial / Industrial C	\$115.25
SVI A	\$134.66
SVI B	\$1,026
LVI	\$2,183.68
LVF	\$2,183.68

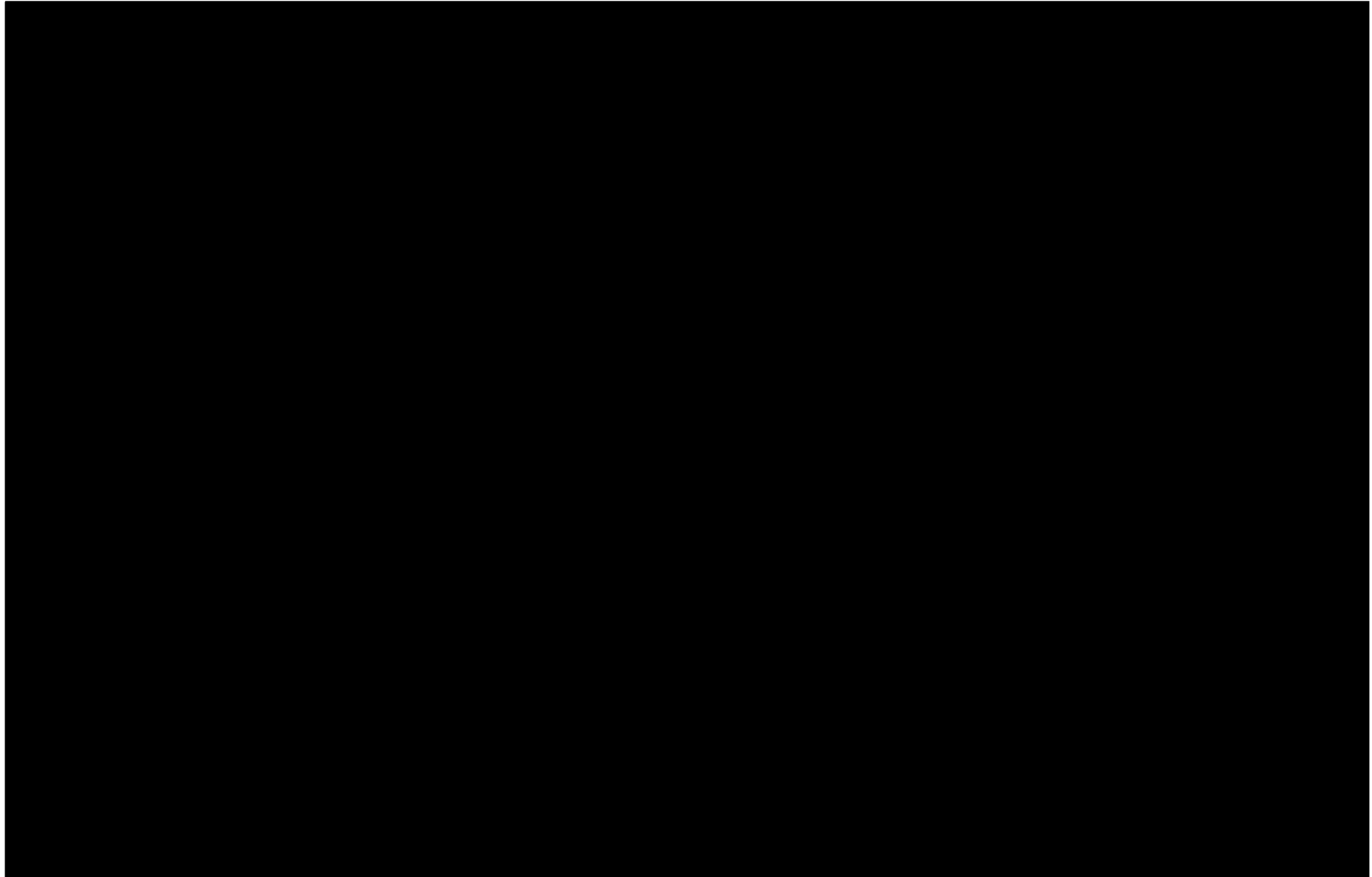
<u>Lake Jessie Project 16 Year New Area Surcharge</u> <u>Expires 2036</u>	
<u>Residential</u>	<u>\$12.36</u>
<u>Commercial A</u>	<u>\$19.52</u>
<u>Commercial / Industrial B</u>	<u>\$27.33</u>
<u>Commercial / Industrial C</u>	<u>\$71.59</u>
<u>SVI A</u>	<u>\$78.90</u>
<u>SVI B</u>	<u>\$123.65</u>
<u>LVI</u>	<u>\$1,366.66</u>
<u>LVF</u>	<u>\$12,600.00</u>

Exhibit B

CenterPoint Energy Minnesota Gas has designated certain information as TRADE SECRET. The identified trade secret information meets the definition of trade secret information in Minn. Stat. §13.37 subd.1(b) as follows:

- 1) the information was supplied by CenterPoint Energy Minnesota Gas, the affected organization;
- 2) CenterPoint Energy Minnesota Gas has taken all reasonable efforts to maintain the secrecy of the information, including protecting it from disclosure in this proceeding; and
- 3) the protected information contains contractual details that have not been previously released to the public which derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use.

[TRADE SECRET DATA BEGINS...



...TRADE SECRET DATA ENDS]

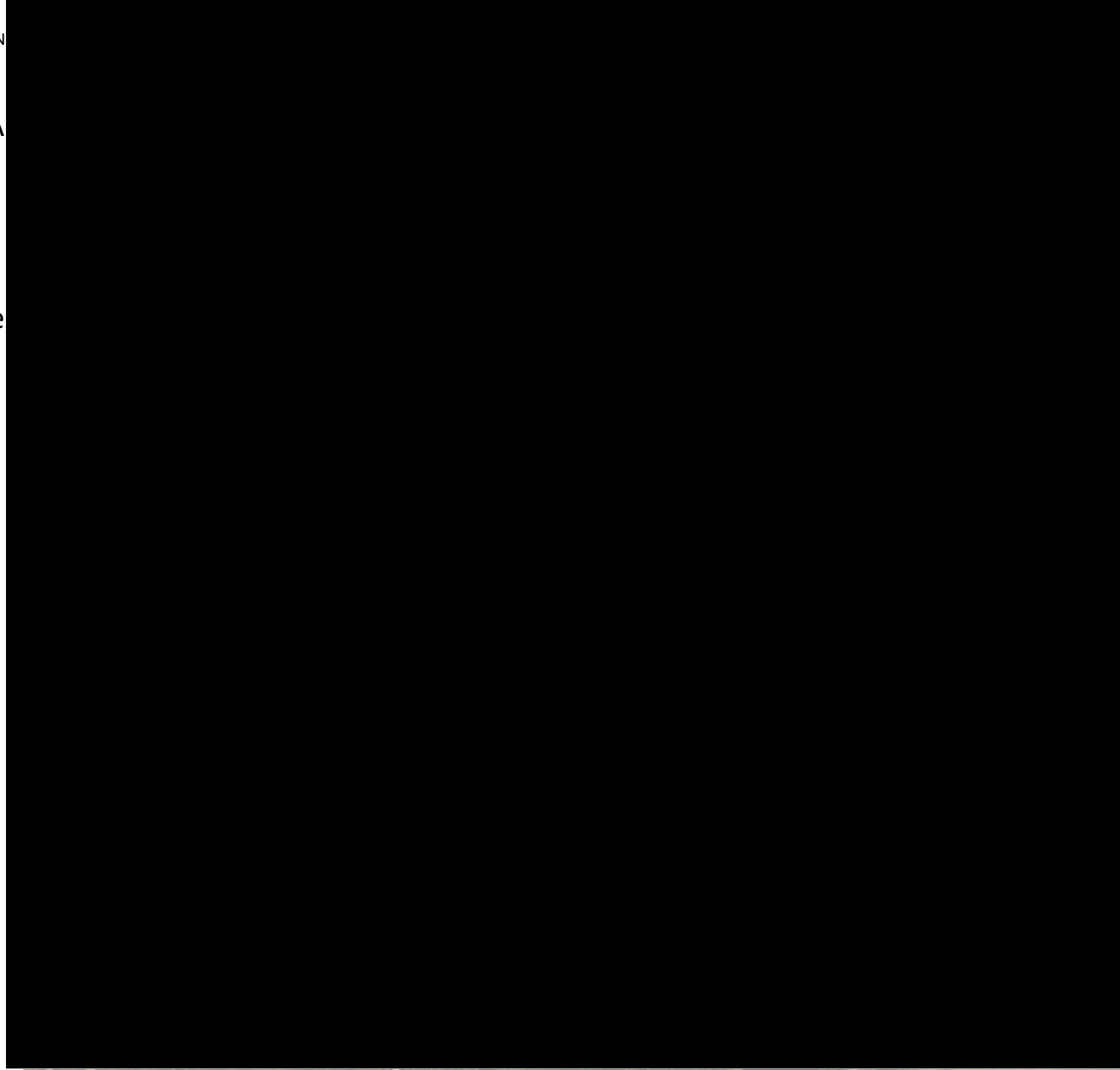


[TRADE SECRET DA

PUBLIC DOCUMENT
INFORMATION HAS BEEN EXCISED

Proposed Natural Gas
Project For West Lake Jessie

Proposed Main Shown in Pink



SECRET DATA ENDS]

PUBLIC DOCUMENT Trade Secret Data Has Been Excised

New Area Surcharge Analysis

CenterPoint Energy Minnesota Gas has designated information in Exhibit C-1 through Exhibit C-12 as TRADE SECRET. The identified trade secret information meets the definition of trade secret information in Minn. Stat. §13.37 subd.1(b) as follows:

- (1) the information was supplied by CenterPoint Energy Minnesota Gas, the affected organization;
- (2) CenterPoint Energy Minnesota Gas has taken all reasonable efforts to maintain the secrecy of the information, including protecting it from disclosure in this proceeding; and
- (3) the protected information contains the underlying support for the New Area Surcharge (NAS) Surcharge Analysis that has not been previously released to the public which derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use.

The public and non-public contents are so intertwined and interspersed throughout as to make many individual pages entirely non-public. The trade secret and non-public information has been excised from the public workpapers listed below. Disclosure of this information to the public could be deemed a violation of the rules and regulations of the Securities Exchange Commission. The list below identifies which workpapers contain NON-PUBLIC information.

In accordance with Minn Rule 7829.0500, Sub. 3, CenterPoint Energy furnishes the following description of the document:

Nature of the Material: Detailed Exhibits supporting New Area Surcharge Analysis

Author: The Company

General Import: Detailed Exhibits supporting New Area Surcharge Analysis

Date the Document was prepared: 2021 in preparation of Docket No. G-008/M-21-_____

Lake Jessie New Area Surcharge Analysis

Exhibit	Trade Secret	Description
Page C-0	No	List of Exhibits and Supporting Assumptions for Lake Jessie New Area Surcharge Analysis.
Page C-1	Yes	Calculation of Present Value (PV) of Cash Flows utilizing Total Revenue Requirements and Retail Revenue.
Page C-2	Yes	Calculation of Accumulated Deferred Income Taxes and Property Taxes.
Page C-3	Yes	Calculation of Net Plant Investment and Tax Depreciation; Year 0.
Page C-4	Yes	Calculation of Net Plant Investment and Tax Depreciation; Year 1.
Page C-5	Yes	Calculation of Net Plant Investment and Tax Depreciation; Year 2.
Page C-6	Yes	Calculation of Net Plant Investment and Tax Depreciation; Year 3.
Page C-7	Yes	Calculation of Net Plant Investment and Tax Depreciation; Year 4.
Page C-8	Yes	Calculation of Net Plant Investment and Tax Depreciation; Year 5 through 15.
Page C-9	Yes	Calculation of Retail Sales and Surcharge.
Page C-10	Yes	Assumptions: Income Tax Rates, Rate of Return, and Discount
Page C-11	Yes	Calculation of Present Value (PV) of Surcharge; Year 0 through 15.
Page C-12	Yes	Assumptions: Construction Costs, Surcharge Collected, Service Line Costs, Projected Customers, O&M Expenses, Annual Sales,

PUBLIC DOCUMENT Trade Secret Data Has Been Excised

New Area Surcharge Analysis

CenterPoint Energy Minnesota Gas has designated information in Exhibit D-1 through Exhibit D-2 as TRADE SECRET. The identified trade secret information meets the definition of trade secret information in Minn. Stat. §13.37 subd.1(b) as follows:

- (1) the information was supplied by CenterPoint Energy Minnesota Gas, the affected organization;
- (2) CenterPoint Energy Minnesota Gas has taken all reasonable efforts to maintain the secrecy of the information, including protecting it from disclosure in this proceeding; and
- (3) the protected information contains the underlying support for the New Area Surcharge (NAS) Surcharge Analysis that has not been previously released to the public which derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use.

The public and non-public contents are so intertwined and interspersed throughout as to make many individual pages entirely non-public. The trade secret and non-public information has been excised from the public workpapers listed below. Disclosure of this information to the public could be deemed a violation of the rules and regulations of the Securities Exchange Commission. The list below identifies which workpapers contain NON-PUBLIC information.

In accordance with Minn Rule 7829.0500, Sub. 3, CenterPoint Energy furnishes the following description of the document:

Nature of the Material: Detailed Exhibits supporting New Area Surcharge Analysis

Author: The Company

General Import: Detailed Exhibits supporting New Area Surcharge Analysis

Date the Document was prepared: 2021 in preparation of Docket No. G-008/M-21-____

Lake Jessie New Area Surcharge Analysis

Exhibit	Trade Secret	Description
Page D-0	No	List of Exhibits and Supporting Assumptions for Lake Jessie New Area Surcharge Analysis.
Page D-1	Yes	Calculation of Present Value (PV) of Cash Flows utilizing Total Revenue Requirements and Retail Revenue.
Page D-2	Yes	Assumptions: Construction Costs, Surcharge Collected, Service Line Costs, Projected Customers, O&M Expenses, Annual Sales, Retail



IMPORTANT INFORMATION ABOUT YOUR NATURAL GAS RATES

For Customers Served in the Lake Jessie Project Area

An Explanation of Your Natural Gas Rates

On [DATE], the Minnesota Public Utilities Commission (MPUC) approved a New Area Surcharge for CenterPoint customers served in the Lake Jessie Project Area.

CenterPoint Energy is required to recover the cost of extending new gas service from the new customers who will be served by it. A monthly New Area Surcharge has been approved by the Commission as follows:

Residential	\$12.36/month
Commercial A	\$19.52/month
Commercial / Industrial B	\$27.33/month
Commercial / Industrial C	\$71.59/month

This is the surcharge amount needed to recover the cost of the extension within 16 years. The surcharge will appear as a line item on your monthly bill and is charged in addition to the regular monthly bill for gas service. Attached for reference is a sample bills for the month of January based on average customer usage for each customer class proposed, showing the new area surcharge as a separate line item.

The surcharge will be in effect until the cost to bring natural gas service to your area has been recovered or a maximum of 16 years, whichever occurs first. You will be notified of any change to the New Area Surcharge, including termination of the New Area Surcharge.

The annual cost of the surcharge is as follows:

Residential	\$148.32
Commercial A	\$234.24
Commercial / Industrial B	\$327.96
Commercial / Industrial C	\$859.08



The total over the 16-year term of the surcharge is as follows:

Residential	\$2,373.12
Commercial A	\$3,747.84
Commercial / Industrial B	\$5,247.36
Commercial / Industrial C	\$13,745.28

We thank you for your interest in becoming our customer and utilizing natural gas. We look forward to providing you safe and reliable natural gas service. If you have questions, comments, or would like more information, you are invited to contact Ryan Goetz at 612-202-7873.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
James J.	Bertrand	james.bertrand@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Marie	Doyle	marie.doyle@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall P O Box 59038 Minneapolis, MN 554590038	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_CenterPoint Energy Minnesota Gas_GEN_SL_CenterPoint Energy Minnesota Gas_General Service List 2019