

Ex Parte Communication Report

Date:

To: Public Ex Parte Communication File

Docket No:

Case Name:

From: PUC Staff:

RE: Permissible Ex Parte Communications Pursuant to Minn. Rules, Part 7845.7400.

1. Type of communication: (Oral or Written)

If written, attach the document.

If oral, Date:

Time:

NOTE: In both instances, please notify the Maker the communication has been submitted for inclusion in the record.

2. Maker of the Communication:

3. Recipient of the Communication:

4. For communications involving the setting of interim rates or the review of compliance filings, the topic was:

5. For all other permissible communications that are prohibited for the Commissioners under Minn. Rules, part 7845.7200, the substance of the communication was:

6. For oral permissible ex parte communications, has a copy of this memo been sent to the assigned Administrative Law Judge? Yes No N/A

From: [Brandon Crawford](#)
To: [Harsch, Trey \(PUC\)](#); [Nikitas, Sophie \(She/Her/Hers\) \(PUC\)](#)
Cc: [Brian Edstrom](#); [Annie Levenson-Falk](#); [Olivia Carroll](#)
Subject: PUC Ex Parte Communication: Docket No. 23-215
Date: Tuesday, May 28, 2024 2:48:18 PM

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Hello Trey,

Brian forwarded your questions regarding CUB's recommendations on the cost-effectiveness evaluation for CenterPoint's NGIA Plan. Our answers are provided below:

Questions:

- CUB recommends using a holistic approach to evaluating CenterPoint's cost effectiveness objectives. Is CUB recommending that the details of such an approach be decided upon at the upcoming agenda meeting?
 - If so, does CUB have a suggestion for how to weigh the various objectives?
 - If not, does CUB have a recommendation for how such details be decided?

CUB recommends the Commission adopt a holistic evaluation approach in its upcoming agenda meeting, but does not believe the specific methodology for weighing cost-effectiveness objectives needs to be decided at this time. The Company, Commission, and stakeholders can still evaluate progress towards objectives during the annual review process without the specifics of this methodology being laid out. We recommend the Commission establish a high-level approach that attributes greater or lesser weight to objectives based on the criteria mentioned below.

Part of the reason for recommending a holistic evaluation approach is to provide the Commission with a degree of flexibility when determining cost-effectiveness. We do not offer a mathematical equation for how these objectives should be weighed, nor do we believe such a determination is necessary. Instead of a formulaic analysis, we view a holistic approach as capturing the "bigger picture" surrounding Plan success. For example, we do not think the Company's next NGIA budget should be increased simply because the "majority" of easily-met objectives are achieved. This leaves open the possibility of budget increases even when emissions reductions and gas throughput objectives—the core focus of the NGIA—remain unmet.

Because the cost-effectiveness evaluation determines whether subsequent NGIA budget requests can increase by a substantial amount, we are wary of any objectives and/or methodologies that fail to hold the utility to a high bar of success. As detailed in our Initial and Supplemental Comments, we view certain objectives as being too easily met, and believe the Commission should attribute appropriate and/or lesser weight to those objectives. In contrast, we believe greater weight should be given to cost-effectiveness objectives that are sufficiently rigorous and will provide ratepayers with an appropriate level of tangible benefits that are directionally consistent with state policy goals. In other words, we support placing greater emphasis on objectives related to achieving emissions reductions and lowering gas throughput at reasonable costs to consumers.

All that said, I will re-emphasize that we do not interpret achievement of these cost effectiveness objectives as determinative of whether a future NGIA plan is approved or denied. If this initial plan allows the utility to make some positive progress, but falls short of holistically meeting the cost effectiveness objectives the Commission

establishes, the utility could still file additional plans under the current budget cap. The utility should only be rewarded with a budget increase, however, if it makes meaningful progress towards achieving meaningful goals.

- CUB previously recommended delaying approval of any cost effectiveness objectives until after the final parameters of CenterPoint's NGIA Plan are in place. Has this recommendation been replaced by the new recommendation to require CenterPoint to file a compliance filing (5th recommendation in CUB supplemental comments)?

CUB's recommendation to delay a decision on cost-effectiveness objectives until a subsequent hearing has been replaced by the fifth recommendation in our Supplemental Comments. We still recommend that the Commission wait to decide on cost-effectiveness objectives until the final parameters of the Plan are set, but we believe this can be done at the end of the Commission's upcoming agenda meeting, rather than waiting for a subsequent hearing. The proposed compliance filing and associated 30-day negative check-off would allow CenterPoint to update its objectives based on the final scope of the approved Plan.

Sincerely,

Brandon Crawford | Regulatory Advocate

Citizens Utility Board of Minnesota

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