


Staff Briefing Papers

Meeting Date	May 13, 2021	Agenda Item 9*
Company	CenterPoint Energy Resources Corp., d/b/a/ CenterPoint Energy Minnesota Gas (CenterPoint, CPE, Company)	
Docket No.	G-008/GR-19-524	
	In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Natural Gas Rates in Minnesota.	
Issues	Should the Commission approve CenterPoint Energy’s final rates and interim rates refund compliance filing?	
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 Relevant Documents	Date
CenterPoint Energy – Compliance Filing	March 12, 2021
Minnesota Department of Commerce – Comments	April 12, 2021
CenterPoint Energy – Reply Comments	April 19, 2021
Minnesota Department of Commerce – Response to Reply Comments	April 23, 2021
CenterPoint Energy – Response to Reply Comments	April 26, 2021

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

I. Statement of the Issues

Should the Commission approve CenterPoint Energy's final rates and interim rates refund compliance filing?

II. Background

On March 1, 2021, the Commission issued its Order Accepting and Adopting Agreement Setting Rates, and Initiating Development of Conservation Programs for Renters (Order). Ordering point #4 instructed CenterPoint to file the following within 30 days of the Order:

- a) a revised base cost of gas, supporting schedules, and revised fuel adjustment tariffs to be in effect on the date final rates are implemented;
- b) a summary listing of all other rate riders and charges in effect, and continuing, after the date final rates are implemented;
- c) a computation of the Conservation Cost Recovery Charge (CCRC) based upon the decisions made herein;
- d) a schedule detailing the Conservation Improvement Program (CIP) tracker balance at the beginning of interim rates, the revenues (CCRC and CIP Adjustment Factor) and costs recorded during the period of interim rates, and the CIP tracker balance at the time final rates become effective; and
- e) a proposal, in the event final authorized rates are lower than interim rates, to make refunds of interim rates including interest to affected customers.

On March 12, 2021, CenterPoint made its compliance filing which additionally included redline tariff pages and a proposed customer notice.

On April 12, 2021, the Minnesota Department of Commerce (Department, DOC) filed comments recommending that parts of CenterPoint's compliance filing be approved. The Department requested that, in reply comments, the Company additional information.

On April 19, 2021, CenterPoint filed reply comments providing the information the Department requested.

On April 23, 2021, Department filed a response to CenterPoint's reply and recommended that the Company's compliance filing be approved.

On April 26, 2021, CenterPoint filed a response to the Department's April 23 filing accepting the DOC's recommendations.

III. Parties' Comments

A. CenterPoint Energy – Compliance Filing

In compliance with Order point 4a, Schedule A provided the revised base cost of gas, supporting schedules, and revised fuel adjustment tariffs that will concurrently go into in effect with final rates' implementation.

In compliance with Order point 4b, Schedule B-1 provided a summary listing of all other rate riders and charges in effect, and continuing, after the date final rates are implemented. Table 1 is a reproduction of Schedule B-1.

Table 1 - Summary of CenterPoint Rate Riders and Other Charges

Rider Name	Optional Rate to Customer?	Type of Charge	Rates Effective June 1, 2021
New Area Surcharge	No	Community Specific Surcharge	City of Nowthen: Surcharge varies by community - See Tariff page 10.c-1 of Section V
Conservation Cost Recovery Charge (CCRC) & Conservation Improvement Program Adjustment Rider (CCRA)	No, unless granted exemption	Base Rates	Base Charge per Therm (CCRC) \$0.02372 Adjustment Per Therm (CCRA) \$0.00591 (In Docket G-008/M-20-455, effective 10-1-2020)
Purchase Gas Adjustment Rider	No	Base Rates	Updated monthly
Franchise Fee Rider	No	Community Imposed Surcharge	Varies by community - See Tariff pages 24, 24.a and 24.b of Section V
Gas Affordability Service Program	No	Base Rates	Firm Customers; \$0.00236 per Therm
Revenue Decoupling Rider	No	Base Rates	Varies by customer class. Decoupling evaluation report filed on September 1, 2020 in Docket No. G-008/GR-20-704
Rider Name	Optional Rate to Customer?	Type of Charge	Rates Effective June 1, 2021
Renewable Natural Gas	Yes	Base Rates	Monthly Basic Charge (RNG) \$7,500.00 Adjustment Per Therm (RNG) \$0.15748 (In Docket G-008/M-20-434, effective 2-25-2021)

In compliance with Order point 4c, CenterPoint stated that, while interim rates are in effect, it uses an Interim CCRC to track CIP recoveries. When final rates take effect, the CIP tracker is

restated via an accounting entry. The restatement of the CIP tracker is consistent with past rate cases and the Commission Order Rejecting Accounting Treatment in Compliance Filings in Docket No. G-008/GR-92-400, dated December 29, 1993. That Order states, "At the time of the Commission's final rate case decision, the utility's revenue requirement is determined. This is the level that is applied in the rate case, and the interim rate formula is superseded." The Order further states, "The Minnesota rate case statute thus clearly contemplates a final determination of revenue requirement and rates which is applied retroactively to the point at which rates had first been adjusted on an interim basis." Schedule C-1 provided the calculation of the new CCRC base charge of \$0.2372 per dekatherm (Dth). Schedule C-2 provided the calculation of the CCRC adjustment of \$238,358.20.

In compliance with Order point 4d, Schedule D-1 detailed the Conservation Improvement Program (CIP) tracker balance at the beginning of interim rates, the revenues (CCRC and CIP Adjustment Factor) and costs recorded during the period of interim rates, and the CIP tracker balance at the time final rates became effective. The projected ending balance at the end of May 2021 shows a credit of \$14,590,745.

In compliance with Order point 4e, Schedules E-1 through E-6 provided the interim rate refund calculations, net of authorized adjustments. The total estimated refund through May 2021 is \$19,011,657 which includes \$440,015 in interest.

Schedule F provided proposed revised tariff sheets and Schedule G provided a proposed Final Rates Insert.

B. Minnesota Department of Commerce – Comments

The Department noted that it addressed CenterPoint's base cost of gas, supporting schedules, and tariffs in separate comments in Docket No. G-008/MR-21-182.¹

The Department reviewed Schedule B-1 and concluded that CenterPoint complied with the Commission's Order point 4b which required the Company to provide in its Compliance Filing a summary listing of all other rate riders and charges in effect, and continuing, after the date final rates are implemented.

The Department reviewed Schedule C-1 that complied with the Commission's Order point 4c requiring to include a CCRC computation that is consistent the Commission's Order. The Department recommended that CenterPoint's CCRC calculation of \$0.2372 per Dth be approved.

The Department reviewed Schedule D-1 that complied with the Commission's Order point 4d detailing the tracker balance for Conservation Improvement Programs (CIP) at the beginning of interim rates; the revenues and costs recorded during the period of interim rates; and the CIP tracker balance at the time final rates become effective. The Department noted that Schedule D-1 did not reflect that adjustment calculated in Schedule C-2 but will be reflected in the

¹ Docket No. G-008/MR-21-182 is being considered in this agenda meeting. The Department recommended approval.

Company's next CIP status report filing. The Department concluded that the Company's CIP Tracker calculations and the adjustment are reasonable. However, the Department noted that revenues and expenses reported in Schedule D-1 for March-April 2021 are projections, and assume that final rates will be implemented June 1, 2021. The Department recommended that the Commission require CPE to resubmit, within 10 days after the actual date final rates become effective, the CIP tracker account (including rates, revenues, expenses, and ending balance) based on actual data for the entire period that interim rates were in effect.

The Department reviewed Schedule E-1 through E-6 that complied with the Commission's Order point 4e instructing the Company to make refunds of interim rates, including interest to affected customers. Based on its review the Department concluded that the \$18.6 million refund calculation and the \$440,015 interest calculation are reasonable. However, the Department noted that proposed 0.2524 refund *factor* excludes interest. Since the proposed refund factor excludes interest, the Department requested that, in reply comments, CenterPoint clarify how the refund factor it proposes to use to calculate interim rate refunds complies with Ordering Paragraph No. 4(E), or provide corrected versions of Schedule E and any related supporting schedules with all changes necessary to ensure ratepayers are refunded with interest for interim revenue billed in excess of the final approved revenue increase.

The Department reviewed the redline tariff pages for consistency with the Rate Case Order and the terms of the Settlement, and concluded that except for the CCRC, the redline tariff pages reflect the Commission's decisions in this proceeding. As noted above, Schedule C-1 of the Compliance Filing derives a CCRC of \$0.2372 per Dth; however, Section V, Twentieth Revised Page 13 of CPE's redline tariff pages indicates a CCRC of \$0.2382 per Dth that was in the initial rate case filing. The Department recommended that CenterPoint be required to update its tariff to reflect the approved CCRC of \$0.02372 per therm.

C. CenterPoint Energy – Reply Comments

CenterPoint agreed with the Department's CIP tracker recommendation and will resubmit CIP tracker account information (including rates, revenues, expenses, and ending balance) based on actual data for the entire period that interim rates were in effect. The Company will file that information within 10 days after the actual date final rates become effective.

Regarding its revised tariff sheets, CenterPoint Energy agreed with the Department's assessment that the CCRC on Twentieth Revised Page 13 of Section V should be \$0.2372 per Dth. The Company agreed correct the inadvertent oversight and update its tariffs to reflect the approved CCRC of \$0.02372 per therm and submitted an updated tariff sheet.

CenterPoint also agreed interim rate refunds should include interest and that the overall percentage should have used the refund obligation with interest. CPE explained that the refund obligation without interest is an interim step necessary in the Company's billing system since the base refund is taxable to local and state taxing authorities and is separated from the interest obligation. CenterPoint confirmed that customers will receive a refund of approximately 25.84%.

D. Minnesota Department of Commerce – Response to Reply Comments

Based on its review, the Department recommended approval of CenterPoint’s compliance filing.

The Department reviewed CenterPoint’s explanation of its interim rate refund calculations and concluded that the Company’s process includes interest as required by the Rate Case Order.

The Department acknowledged CenterPoint’s revised tariff sheet and recommended that it be approved.

Additionally, the Department recommends that the Commission require CPE to submit, within 10 days of the completion of the refund for all of its customers, a compliance filing that separately shows the actual refunds and interest paid by rate class including supporting calculations.

The Department summarized its recommendations, as follows:

1. approve CenterPoint’s proposed Conservation Cost Recovery Charge of \$0.2372 per dekatherm (or \$0.02372 per therm);
2. require CenterPoint to resubmit the CIP tracker account (including rates, revenues, expenses, and ending balance) based on actual data for the entire period that interim rates were in effect, within 10 days after the actual date final rates become effective;
3. approve the proposed tariffs provided in CenterPoint’s March 12, 2021 Compliance Filing, with the exception of Twentieth Revised Page 13 of Section V;
4. approve the revised tariff sheet, provided in CenterPoint’s Reply Comments, for Twentieth Revised Page 13 of Section V, reflecting a Conservation Cost Recovery Charge of \$0.2372 per dekatherm;
5. approve CenterPoint’s proposed refund plan; and
6. require CPE to submit, within 10 days of the completion of the refund for all of its customers, a compliance filing that separately shows the actual refunds and interest paid by rate class including supporting calculations.

E. CenterPoint Energy – Response to Reply Comments

CenterPoint stated that it agrees with the Department’s recommendations.

IV. Staff Comments

Staff has reviewed CenterPoint’s compliance filing and verified the various calculations contained in the filing. Staff concurs with the Department’s recommendation that the filing be approved.

Staff and Commission's Consumer Affairs Office reviewed the proposed Final Rates Insert and provided the Company with edit recommendations which the CPE incorporated into its final version.² Staff recommends that the revised insert be approved.

Finally, as it is generally customary, the Commission may want to instruct CenterPoint to submit a compliance filing, within 10 days of the completion of interim rate refunds, that separately shows the actual refunds and interest paid by rate class including supporting calculations. This compliance filing should also demonstrate CenterPoint's compliance with the Commission's April 6, 2021 Order Accepting Report, Requiring STI Refund, and Allowing STI Refund to be Included as Part of Interim Rate Refund in Docket No. G-008/GR-19-524.³

V. Decision Alternatives

Compliance Filing

1. Approve CenterPoint's Compliance Filing. (CPE, DOC)
2. Do not approve CenterPoint's Compliance Filing.

Tariff Sheets

3. Approve CenterPoint's updated Tariff Sheets. (CPE, DOC)
4. Do not approve CenterPoint's updated Tariff Sheets.

Final Rates Insert

5. Approve CenterPoint's Final Rates Bill Insert. (Staff)
6. Do not approve CenterPoint's Final Rates Bill Insert.

Compliance Filings

7. Require CenterPoint to resubmit, within 10 days after the actual date final rates become effective, the CIP tracker account (including rates, revenues, expenses, and ending balance) based on actual data for the entire period that interim rates were in effect. (DOC, CPE agreed)
8. Require CenterPoint to submit a compliance filing, within 10 days of the completion of interim rate refunds, that separately shows the actual refunds and interest paid by rate class including supporting calculations. (Staff)

² See Attachment A to these briefing papers.

³ In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Natural Gas Rates in Minnesota, Docket No. G-008/GR-17-285