MINNESOTA
PUBLIC UTILITIES COMMISSION

# Staff Briefing Papers

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| Meeting Date | August 8, 2019 | Agenda Item 3** |
| Company | CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy", "CPE", or the "Company") | |
| Docket No. | **G-008/M-19-342** | |
| | **In the Matter of the Petition of CenterPoint Energy for Approval of a Variance from the Commission's Automatic Adjustment Rules Related to the Recovery of Demand Costs.** | |

Issues

1. Should the Commission approve CenterPoint Energy's request for a continuation of its variance from the Commission's Automatic Adjustment Rules, Minn. R. 7825.2700, subp. 5, related to the Recovery of Demand Costs?

2. Should the Commission approve a permanent variance from the Annual Automatic Adjustment (AAA) Rules, specifically, Minnesota Rule 7825.2700, subp. 5?

3. Alternatively, should the Commission authorize the extension of this rule variance for three or five years?


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| Staff | Godwin Ubani | godwin.ubani@state.mn.us | 651-201-2191 |
| | Sundra Bender | sundra.bender @state.mn.us | 651-201-2247 |

| **Relevant Documents** | **Date** |
|---|---|
| CPE - Petition | May 21, 2019 |
| Department of Commerce – Comments | June 20, 2019 |
| CPE - Reply Comments | June 21, 2019 |

## I. Statement of the Issues

1. Should the Commission approve CenterPoint Energy's request for a continuation of its variance from the Commission's Automatic Adjustment Rules, Minn. R. 7825.2700, subp. 5, related to the Recovery of Demand Costs?

2. Should the Commission approve a permanent variance from the Annual Automatic Adjustment (AAA) Rules, specifically, Minnesota Rule 7825.2700, subp. 5?

3. Alternatively, should the Commission authorize the extension of this rule variance for three or five years?

## II. Introduction

On May 21, 2019, CenterPoint Energy[1] petitioned the Minnesota Public Utilities Commission (Commission) for approval of an extension of its variance from the Commission's Automatic Adjustment Rules related to the recovery of Demand Costs.

CPE is requesting a continued variance in order to implement adjustments to current PGA (Purchased Gas Adjustments) method of setting demand cost recovery rates. Demand Costs recovery rates are designed to minimize the amount of over-recovery or under-recovery of demand costs, resulting from increased or decreased sales because of the occurrence of abnormal weather conditions during the gas year.

CenterPoint Energy believes the Demand Smoothing calculations have been successful and is requesting a permanent rule variance. However, CenterPoint Energy understands that permanent variances are not commonly granted, thus, if a permanent variance is not permitted, it would like to request a five-year variance.[2]

On June 20, 2019, the Minnesota Department of Commerce, Division of Energy Resources (Department) submitted comments. The Department recommended the Commission approve an extension of the rule variance for another three years. The Department does not believe the variance should be permanent.

On June 21, 2019, CenterPoint Energy submitted reply comments. CenterPoint Energy supports the Departments recommendations, but maintains that extending the variance to five years, if a permanent variance is not permitted, is reasonable and would not adversely affect the public interest.

## III. Background

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[1] CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy", "CPE", or the "Company")

[2] CenterPoint Energy Petition, p. 5

On July 26, 2000, in Docket No. G-008/M-00-980, CenterPoint Energy petitioned the Minnesota Public Utilities Commission (Commission) for approval of a three year variance from the Commission's Automatic Adjustment Rules related to the recovery of Demand Costs. CenterPoint requested this rule variance to make adjustments to the calculation of the demand cost recovery rate during certain months of the gas year to reduce the annual over- and under-recovery of demand costs related to varying weather conditions. On October 27, 2000, the Commission granted the petition as a three year pilot program.

Subsequent to its initial approval, the Commission approved a continuation of the pilot program and the related rule variance six times in 18 years, most recently in its May 17, 2016 Order in Docket No. G-008/M-16-228.[3] Figure 1 below is Staff's depiction of pilot program approval times and related dockets.

**Figure 1: Commission's Periodic Approval trend for Continued Variance from AAA Rules**

| Period | Docket No. | Type of Program Approval | | | Number of Years Program Approved For |
|---|---|---|---|---|---|
| | | Pilot | Ongoing | Permanent | |
| 2000 | G-008/M-00-980 | Y | | | 3 |
| 2003 | G-008/M-03-782 | Y | Y | | 1 |
| 2005 | G-008/M-05-1196 | Y | | | 2 |
| 2007 | G-008/M-07-1063 | Y | | | 3 |
| 2010 | G-00/M-10-857 | Y | | | 3 |
| 2013 | G-008/M-13-728 | Y | | | 3 |
| 2016 | G-008/M-16-228 | Y | | | 3 |
| 2019 | G-008/M-19-342 | N/A | N/A | N/A | N/A |
| **Total** | | | | | **18** |

N/A: Not available for 2019 until commission makes a decision for 2019 in docket No. 19-342

On May 16, 2003, CenterPoint Energy filed a request in Docket No. G-008/M-03-782 for a permanent variance to continue the program. The Commission Order in this docket authorized CenterPoint Energy to continue the program only until its next general rate case.

The Commission further ordered CenterPoint Energy to study the impact of the demand adjustment factor on demand costs in the class cost of service study (CCOSS) in the general rate filing. In the next general rate case review, Docket No. G-008/GR-04-901, CenterPoint Energy determined that the demand adjustment factor had no effect on its CCOSS and therefore CenterPoint Energy's request for a permanent variance could be authorized. The Department of Commerce objected to a "permanent" variance, stating that a rule change was required instead. In the Settlement Agreement, the parties agreed that CenterPoint Energy would withdraw its request for a permanent variance. CenterPoint Energy withdrew its request for a

[3] The Department's Comments, p. 1

permanent variance in its June 10, 2005 rate case Compliance Filing, Docket No. G-008/GR-04-901.

On July 19, 2005, in Docket No. G-008/M-05-1196, CenterPoint Energy petitioned to continue the variance for an additional period of five years. On November 15, 2005, the Commission approved CenterPoint Energy's request but limited the variance to two years.

On July 31, 2007, CenterPoint Energy petitioned, in Docket No. G-008/M-07-1063, to continue this variance for three more years. On December 24, 2007 the Commission granted CenterPoint Energy's request for a three year rule variance with modifications.

On August 2, 2010, in Docket No. G-008/M-10-857, CenterPoint Energy petitioned to continue the variance for three more years. On November 5, 2010 the Commission approved CenterPoint Energy's petition.

On August 8, 2013, in Docket No. G-008/M-13-728, CenterPoint Energy petitioned to continue the variance for three more years. On December 11, 2013 the Commission approved CenterPoint Energy's request.

On March 16, 2016, in Docket No. G-008/M-16-228, CenterPoint Energy filed its request for an extension of this rule variance for three more years. On May 17, 2016 the Commission approved CenterPoint Energy's request and ordered the following:

1. Granted CenterPoint the requested variance to Minn. Rule 7825, 2700, subp. 5 for three years;
2. Allowed CenterPoint to continue calculating a monthly demand adjustment to the Company's demand-cost recovery rate as approved in Docket No. G008/M-07-1063 and updated in Docket No. G-008/M-13-728, including the provision regarding capacity-release credits and removal of the one-month lag;
3. Continued to cap the maximum monthly allowed demand adjustment at 25 percent of the demand cost recovery rate; and
4. Required CenterPoint to continue to report the information pertaining to the operation of the program including:

    - Reporting in CenterPoint's monthly PGA filings the detailed calculations of the demand adjustment;
    - Reporting in CenterPoint's AAA Report a summary of the results of the over/ (under) recovery with and without the proposed additional demand recovery adjustment. The summary will reflect the method of calculating this analysis as the Commission ordered in Docket No. G008/M-05-1196; and
    - Reporting in CenterPoint's AAA Filing the results of the Company's monthly demand adjustment compared to a hypothetical demand-cost recovery rate that reflects a one-month lag.

# IV. Relevant Commission Rules

## A. Minnesota Rule 7825.2700, Subp. 5. Demand adjustment.

The demand adjustment is the change in the annual demand rate which results from a difference between the demand-delivered gas cost and the demand base cost. In the event the demand-delivered gas cost does not change, the demand adjustment must be recalculated for each 12-month period from the date of the last change. The adjustment must be computed using test year demand volumes for three years after the end of the utility's most recent general rate case test year. After this time period, the demand adjustment must be computed on the basis of annual demand volume.

> If a customer class is billed separately for demand, the demand adjustment must be computed on the basis of the demand component of the rate for that class and applied to the demand charge.

## B. Minnesota Rule 7829.3200. OTHER VARIANCES.

Subpart 1. When granted: The commission shall grant a variance to its rules when it determines that the following requirements are met:

> A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
> B. granting the variance would not adversely affect the public interest; and
> C. granting the variance would not conflict with standards imposed by law.

Subp. 2. Conditions: A variance may be granted contingent upon compliance with conditions imposed by the commission.

Subp. 3. Duration: Unless the commission orders otherwise, variances automatically expire in one year. They may be revoked sooner due to changes in circumstances or due to failure to comply with requirements imposed as a condition of receiving a variance.

# V. Parties' Comments

## A. CPE's Program (Demand Adjustment Mechanism) Performance

### 1. CPE

CPE asserted that the program has been successful in providing a closer match between demand costs incurred and demand costs recovered from customers for the past eighteen years (18 years) of the program. According to CPE there has only been an average difference of 3.5%[4] between incurred costs and recovered demand costs since the program began, but prior

[4] CenterPoint Energy Petition, P. 5

to the program the average difference was 7.7%[5] (See Exhibit A of CPE's Petition: Actual Historical Demand Cost Over-and Under-Recoveries). Absent the demand adjustments authorized by this program the difference between demand costs paid to pipelines and other providers and demand costs recovered from firm customers would have been much larger.

CPE stated, "Based on an analysis developed by the Department of Commerce, eleven out of the eighteen years of this program were a better match of demand cost recovery and demand costs incurred (See Exhibit B)."[6] The average variance from total demand costs with the program has been around 3.8%,[7] while without the demand adjustments authorized by this program, it is estimated the variance would have been 7.2%.[8] CPE opined that because these adjustments were made during the true-up year, a better match occurred between the customers causing the mismatch and the recovery of costs compared to what would have happened if the Company had waited until the next year's true-up factor was implemented to recover the variance in costs.

### 2. Department

The Department agreed with CPE's calculations and analysis. The Department also stated "The average absolute value of demand cost over-or under-recovery was $5,953,413[9] less per year following the implementation of the Company's demand adjustment mechanism."

The Department opined that in gas year 2017-2018, CPE's demand adjustment was successful in reducing the absolute value of variance from required demand cost recovery by 9.3%.[10] However, in the three most recent gas periods following CPE's last Petition there were uneven results from its application of the demand adjustment mechanism. Further, CPE's Petition Exhibit B shows that in gas years 2015-2016 and 2016-17, the Company's demand adjustment methodology did not result in smaller over- or under-recoveries of demand costs than would otherwise have been incurred if CPE had followed the Minnesota AAA Rules as written. In fact, for both 2015-16 and 2016-17, CPE under-recovered a larger amount than would have been the case under the standard AAA Rules.[11] These under-recoveries can to some degree be blamed on the warmer than normal weather conditions that occurred throughout that period.

[5] Ibid.

[6] Ibid.

[7] Ibid.

[8] Ibid.

[9] The Department's Comments, p. 4, FN 3; ($8,928,548 – $2,975,135) = $5,953,413; figures in this calculation were retrieved from Petition Exhibit A.

[10] The Department's Comments, p. 5

[11] Ibid.

Further, the Department noted that there have been four other years in which the mechanism did not reduce CenterPoint Energy's over- or under-recovery.[12] The four other periods include:

(a) 2003-04: The increased under-recovery was relatively small. Neither CenterPoint nor the Department could identify a reason for the unexpected outcome, although the Company suggested possible causes;

(b) 2006-07: A substantial reduction in demand costs occurred in 2006-07 due to increased capacity-release credits. The magnitude of these credits was not fully known until May 2007, creating a timing difference between implementation of reduction in demand costs into billing rates and actual demand costs;

(c) 2007-08: The demand rate adjustment was not applied for the entire heating season. The request for continuation of the program was not approved until December 24, 2007, therefore allowing three months of the program to pass without an adjustment.

(d) 2012-13: CenterPoint attributed its large over-recovery to abnormal weather. The Company stated that the weather from July 2012 through February 2013 was slightly warmer than the latest 20-year average, but March through May 2013 was more than 20 percent colder than normal.

The Department held that despite these uneven demand cost recovery results, CPE would have still over- or under-recovered a larger amount in twelve out of the sixteen[13] complete years that were reported without the use of its demand adjustment mechanism authorized under the rule variance.

## B. CPE's request for an extension of its rule variance

Over the years, CenterPoint has provided consistent data and reasoning supporting its assertion that it has met the conditions required by Minn. R. 7829.3200 for approval of a variance. In the instant case, CPE addressed those conditions[14] again.

Enforcement of the rule would impose an excessive burden upon the applicant and others affected by the rule

CenterPoint's proposal to extend this variance would continue to more accurately match demand costs with those customers who caused them to be incurred, resulting in smaller over- or under- recoveries. These smaller over- or under-recovery balances reduce the shifting of costs among customers from one year to the next and between the Company and customers, thereby reducing time-value implications. Thus, the potential for an excessive burden on either

[12] The Department's Comment, p. 5

[13] Ibid.

[14] CenterPoint Energy Petition, pp. 8-9

customers or the Company is reduced to the extent that the magnitude of over- or under-recovery is reduced.

The Department agrees that approval of CenterPoint's current proposal to extend this rule variance would likely result in a better timing match between demand costs incurred and demand costs recovered and lead to smaller over- or under-recoveries for the Company. Smaller over- or under-recoveries reduce the shifting of costs among customers from year to year and between the Company and its customers. Reducing this cost shifting diminishes the financial time-value implications surrounding demand cost recovery.

Granting the variance would not adversely affect the public interest

CenterPoint stated that the public interest would not be adversely affected by continuation of the variance. The Company noted that the total recovery of demand costs would not be changed by the variance, but would improve the match between the timing of costs incurred and costs recovered.

The Department agrees with the Company that continuation of the variance would be consistent with the public interest because mitigation of under- or over-recovery would allow the Company to set service prices that would more accurately reflect current demand costs.

Granting the variance would not conflict with standards imposed by law

CenterPoint indicates in its Petition that it is not aware of any laws that would be violated by granting the variance.

The Department, like CPE, states in its *Comments* that it is not aware of any laws that would be violated by granting the variance.

## VI. Staff Analysis

Demand costs are, for the most part, fixed costs paid to interstate pipelines. Demand costs are recovered from customers volumetrically through the Purchased Gas Adjustment (PGA) in billing rates, such that the annual per unit cost recovery amount is based on weather-normalized sales for an average year.[15] To the extent the implementation of changes in demand costs occurs other than at the start of the gas year in July, there will be a mismatch between annualized recovery rates and actual demand costs. However, the largest driver of the over/under recovery of demand gas costs in a gas year is generally due to the variance in actual sales from projected weather-normalized sales.

The demand cost recovery rate is calculated based on weather-normalized sales, per Commission Rule, but is recovered based on actual sales. Therefore, the over-recovery or under-recovery of demand gas costs is due, primarily, to factors impacting the differences

[15] CenterPoint Energy Petition, p. 6

between actual and weather normalized sales during the gas year. In a colder than normal year, demand costs will be over-recovered and the opposite will occur in a warmer than normal year.

Commission rules provide for an annual September 1 "true-up"[16] to ensure that over- or under-recovery of gas supply costs are periodically reconciled. However, because this process occurs only annually, there may be significant cost shifting between years. Also, as allowed by the variance, CenterPoint customers receive credits or charges on their natural gas bill in the current year for the current year demand costs, rather than 12 to 14 months later through the PGA process.[17]

**1. Should the Commission grant CenterPoint Energy's request for a continuation of its variance from the Commission's Automatic Adjustment Rules, Minn. R. 7825.2700, subp. 5, related to the Recovery of Demand Costs?**

CenterPoint Energy in its Petition is requesting a continuation of the variance to Minn. Rule 7825.2700, subp. 5, to continue to make adjustments, during the gas year, to the calculation of the demand cost recovery rates, which have proven to lessen the effect of weather conditions varying from normal during the current gas year.

CPE uses the information in Exhibits (A, B, C and D) of its Petition to support its request. Exhibit A, for example, details the 28-year history of demand cost over/ (under) recovery and the related success of the demand adjustment program. CPE used as an example, the 2013-2014 gas year which was approximately 20% colder than normal to show that it would have over-recovered by over $11 million or 15.4%[18] without the demand adjustment mechanism, but with the demand adjustment, CPE over-recovered less than $1 million, or 0.9%.[19]

Further, in the 2011-2012 gas year, the weather was 21% warmer than normal. In this situation without the demand adjustment mechanism, CPE would have under-recovered over $11 million or by 15%.[20] With the adjustment mechanism, however, CPE under-recovered by less than $4.5 million, or approximately 6%.[21] Thus, demand costs incurred and demand costs recovered with the adjustment has averaged about $2.9 million a year or 3.5%[22] of total demand costs during the time this program has been in effect.

CPE addressed concerns regarding the effects of the demand cost adjustment on average residential customer heating bills over the last eighteen years of the program. (Please see Exhibit C of CPE's petition.) It noted that with the demand adjustment mechanism, customers'

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[16] The Department's Comment, P. 2

[17] Ibid.

[18] CenterPoint Energy Petition, p. 6

[19] Ibid.

[20] Ibid.

[21] Ibid.

[22] Ibid.

bills are higher than they would be otherwise in warm weather years and are lower than they would be otherwise in cold weather years. CPE stated that due to true-up of the adjustment mechanism, customers' bills are either increased or decreased in the subsequent year for these costs.

In Exhibit C of CPE's petition, under gas year 2000-2001 (which was the first program year) the average credit to a residential customer bill was $8.48 or 1% of the annual residential bill.[23] Though this period was very cold with billing rates at a record high level, the largest monthly adjustment was a credit adjustment of $5.34 or about 3% to the monthly bill,[24] which helped to reduce customers' bills. Whereas in the second year (2001-2002) of the program the annual adjustment was a charge of $13.11 or about 2.3%[25] of the annual bill. CPE noted that in this period the largest monthly adjustment was $3.98, which represented 4.7% of the monthly bill. CPE believes the demand adjustment mechanism has a mitigating impact on customer bills and provides a better match between when costs are recovered and when the cost occurred.

The Department compared CPE's recovery of demand costs to the other gas utilities, namely Greater Minnesota Gas, Inc. (GMG), Great Plains Natural Gas Co. (GPNG), Minnesota Energy Resources Corp (MERC), and Northern States Power Co. (Xcel Gas), in figure two (2) below.

According to the Department, in the 2016-17 gas year, CPE under-recovered its demand costs by the largest dollar amount compared to the other gas utilities; however, the Company's percentage of under-recovery was less than the corresponding percentages for GMG, and GPNG (North District). [26]

During the 2017-18 gas year, CPE under-recovered its demand costs by a significantly smaller dollar and percentage amount compared to the prior year. The Company reported the second lowest percentage of over- or under-recovery at 2.67 percent, after the 1.55 percent reported by GMG.

Thus, for gas years 2016-17 and 2017-18, the Department believes CenterPoint Energy's demand cost recovery varies from actual costs at a reasonable level relative to the Company's peer natural gas utilities.

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[23] CenterPoint Energy Petition, p. 7

[24] Ibid.

[25] Ibid.

[26] The Department's Comments, p. 6

**Figure 2: Demand Cost Over/ (Under) Recovery Comparison for Regulated Gas Utilities in the 2016-17 and 2017-18 Gas Years[27]**

| Utility | 2016-2017 Gas Year: Over/(Under) demand Cost Recovery ($) | 2016-2017 Gas Year: % Deviation of Demand Cost Recovery from Actual Demand Costs | 2017-2018 Gas Year: Over/(Under) demand Cost Recovery ($) | 2017-2018 Gas Year: % Deviation of Demand Cost Recovery from Actual Demand Costs |
|---|---|---|---|---|
| Greater Minnesota Gas, Inc. (GMG) | $139,060 | 19.01 | $14,314 | 1.55 |
| Great Plains Natural Gas Co. (GPNG) - North District | (172119) | 10.24 | 145,8279 | 4.27 |
| GPNG - South District | (267,907) | 5.08 | Combined with GPNG North | Combined with GPNG North |
| Minnesota Energy Resources Corp. (MERC) - Northern Natural Gas rate area | (869,086) | 4.31 | 3,344,249 | 15.27 |
| MERC - Albert Lea rate area | (18,895) | 1.45 | Combined with MERC Albert Lea | Combined with MERC Albert Lea |
| MERC – Consolidated rate area | 595,838 | 1.98 | 1,185,304 | 42.01 |
| Northern States Power Co. (Xcel Gas) | (7,069,846) | 8.21 | (2,288,575) | 2.67 |
| CenterPoint | (996,916) | 2.09 | 4,167,485 | 8.76 |

2. **Should the Commission approve a permanent variance from the Annual Automatic Adjustment (AAA) Rules, specifically, Minnesota Rule 7825.2700, subp. 5?**

CenterPoint Energy requested a permanent variance from the Commission's Automatic Adjustment Rules. The company argued that over the last eighteen (18) years, the demand cost recovery (Demand Adjustment Mechanism) pilot program has been successful[28] with an average difference between incurred and recovered demand costs being 3.5%, compared to the periods without the program with the average difference was 7.7%.[29]

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[27] The Department's Comments, p. 6

[28] CenterPoint Energy Petition, p. 5

[29] Ibid.

The Department recommends the Commission deny CPE's request for a permanent variance.[30] Though the Department believes that CPE's demand adjustment mechanism has overall operated as intended and improved the timeliness with which CenterPoint's demand costs incurred and recovered are matched. Nevertheless, the Department believes CPE's demand cost recovery data shows mixed results, therefore it cannot recommend the Commission permanently accept the Company's methodology over the authority of the relevant Minnesota rule.[31] Moreover, the Department states that it places trust in the Minnesota Rules resulting from the Commission's rulemaking process and does not see a need for a permanent variance in this instance.

3. **Alternatively, should the Commission authorize the extension of this rule variance for three or five years?**

CenterPoint requests approval of a five year variance, if its request for a permanent rule variance is not granted. CPE is aware the Commission does not commonly grant permanent variances to its rules. CPE does not dispute the Department's support for a three-year variance, but prefers a five year extension of its variance. CPE maintains that a five-year extension is reasonable and would not adversely affect the public interest.

The Department did not oppose CPE's five year extension request, nevertheless it noted the Commission has typically approved rule variances of three years or less in the previous petitions related to this matter. To maintain consistency and to prompt a reevaluation of this rule variance before five years has passed, the Department would prefer the Commission grant CPE a three year extension of the variance to Minn. R. 7825.2700, subpart 5.[32]

Unless the Commission authorizes a longer time period, variances are granted for one-year, pursuant to Minn. Rule 7829.3200, subpart 3.[33]

## VII. Decision Alternatives

1. Should the Commission approve CenterPoint Energy's request for an extension of its variance from the Commission's Automatic Adjustment Rules, Minn. R. 7825.2700, subp. 5, related to the Recovery of Demand Costs?

A. Approve CenterPoint Energy's request for an extension of the previously granted variance to Minnesota Rule 7825.2700, subp. 5 related to recovery of Demand Costs. (CPE, DOC) <u>or</u>

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[30] The Department's Comments, p. 8

[31] The Department's Comments, p. 9

[32] Ibid.

[33] Minn. Rule 7829.3200, subpart 3. Duration: Unless the commission orders otherwise, variances automatically expire in one year. They may be revoked sooner due to changes in circumstances or due to failure to comply with requirements imposed as a condition of receiving a variance.

B. Deny request

2. Should the Commission approve a permanent variance from the Annual Automatic Adjustment (AAA) Rules, specifically, Minnesota Rule 7825.2700, subp. 5?

A. Approve CenterPoint Energy's request for a permanent variance to Minnesota Rule 7828.2700, subp. 5. (CPE) or

B. Deny CenterPoint Energy's request for a permanent variance to Minnesota Rule 7828.2700, subp. 5. (DOC)

3. Alternatively, should the Commission authorize the extension of this rule variance for three or five years?

A. Authorize CenterPoint Energy's request for extension of a variance to Minnesota Rule 7825.2700, subp. 5 for three (3) years. (DOC preferred) or

B. Authorize CenterPoint Energy's request for extension of a variance to Minnesota Rule 7825.2700, subp. 5. for five (5) years. (CPE preferred) or

If the Commission grants CenterPoint Energy's request for an extension of the rule variance and denies the request for a permanent variance, and takes no action on the length of the variance then the variance is granted for one year, pursuant to Minn. Rule 7829.3200, subpart 3.

4. Allow CenterPoint to continue to calculate a monthly demand adjustment to the Company's demand-cost recovery rate as approved in Docket No. G-008/M-07-1063 and updated in Docket No. G-008/M-13-728, including the provision regarding capacity release credits and removal of the one-month lag. (CPE, DOC)

5. Require CenterPoint to continue to cap the maximum monthly allowed demand adjustment at 25 percent of the demand cost recovery rate. (DOC, CPE)

6. Require CenterPoint to continue to report the information pertaining to the operation of the program, including: (DOC)

- Reporting in CenterPoint's monthly PGA filings the detailed calculations of the demand adjustment;
- Reporting in CenterPoint's AAA Report a summary of the results of the over/ (under) recovery with and without the proposed additional demand recovery adjustment. The summary will reflect the method of calculating this analysis as the Commission ordered in Docket No. G-008/M-05-1196; and
- Reporting in CenterPoint's AAA Filing the results of the Company's monthly demand adjustment compared to a hypothetical demand-cost recovery rate that reflects a one-month lag.