

2019 rate case fact sheet



CenterPoint Energy files for new rates.

On October 28, 2019, CenterPoint Energy filed a request with the Minnesota Public Utilities Commission to adjust the company's rates for natural gas distribution service in the state.

The requested rate adjustment would add about \$4.80 to an average residential customer's monthly bill. Currently, the average residential customer pays about \$55 per month for natural gas service, with most of these costs in the winter heating season.

Even with the proposed adjustment, monthly bills for the average CenterPoint Energy residential customer would still be nearly 35% lower than a decade ago, due to a decline in natural gas prices partially offset by increases in delivery rates.

Why new rates are needed

Regulated utilities are authorized by state law to recover the costs of operating a safe and reliable natural gas distribution system. This rate filing is intended to help recover the significant capital investments that CenterPoint Energy is making in the continued safety and reliability of its approximately 14,000-mile pipeline system serving more than 860,000 customers in Minnesota.

Specifically, the proposed rate adjustment would help cover the rising costs of infrastructure projects to replace or upgrade old pipes, prevent leaks and comply with more stringent federal pipeline regulations. It would also help cover costs related to a growing number of local road construction and other public works projects that require CenterPoint Energy to relocate pipelines and equipment.

Since 2013, CenterPoint Energy has invested more than \$1 billion in its network of natural gas pipelines and equipment that serve Minnesota customers. The company expects to invest an additional \$1 billion over the next five years.

Current rates do not provide adequate revenue to cover the rising costs of these needed investments. If approved, the proposed new rates would result in a revenue increase of about \$62 million annually, or 6.8%.

QUICK FACTS

- New rates needed for major investments in system safety/reliability
- Revenue increase request: \$62 million annually, or 6.8%
- Average residential customer increase request: \$4.80 per month
- Interim rates for all customers effective: January 1, 2020

RATE CASE SCHEDULE

October 28, 2019

Rate case filed with Minnesota Public Utilities Commission

January 1, 2020

Start of interim rates

During 2020

Public hearings for customers and others to comment on the rate request

Formal hearings at the Public Utilities Commission

Early 2021

Final decision by Public Utilities Commission expected

Final, approved rates implemented

FOR MORE INFORMATION

CenterPointEnergy.com/RateCase

CenterPoint Energy's Basic and Delivery charges recover only the cost of utility distribution service — about 50 percent of a typical bill. The wholesale cost of gas — the other 50 percent of a typical bill — is passed through to customers with no markup

Rate case basics

The Minnesota Public Utilities Commission regulates public utility service industries in Minnesota, including electricity, natural gas and telephone. It is responsible for ensuring that utilities provide safe, adequate and reliable service at fair, reasonable rates.

A rate case is the regulatory process that public utilities must follow to formally change their rates. Proposed rate changes must first go through a review process before receiving a final decision by the Public Utilities Commission.

Approval process and interim rates

The Public Utilities Commission will likely decide on the requested rate adjustment in early 2021.

Public hearings will be held in 2020 to provide customers and others the opportunity to comment on the rate request, followed by formal hearings at the Commission. When scheduled by the Commission, a notice of the public hearing dates and locations will be published in local newspapers, in bill inserts and at CenterPointEnergy.com/RateCase.

While the rate case is pending, the Commission sets temporary rates on an interim basis. Interim rates take effect on Jan. 1, 2020, and remain in place until a final decision is made. On December 5, 2019, the Commission approved an interim rate that is about 5.8% more than the current rate.

If the final approved rates are lower than the interim rates, CenterPoint Energy would refund customers the difference, including interest. If the final approved rates are higher than the interim rates, customers would not be charged the difference.

Cost of gas

CenterPoint Energy does not mark up the price it pays for natural gas. The company pays natural gas suppliers and bills customers at the same cost.

CenterPoint Energy distribution costs



This table shows an example of the current and proposed rates for each customer type, as well as the approved interim rates.

Customer Type (usage in therms)	Average monthly usage in therms	Average monthly bill: current rates	Average monthly bill: interim rates	Average monthly bill: proposed rates
Residential	75	\$55	\$59	\$60
Commercial/Industrial				
Up to 1,500/year	69	\$57	\$61	\$63
1,500 to 5,000/year	249	\$164	\$172	\$174
5,000 or more/year	1,519	\$891	\$929	\$919
Small Volume Dual Fuel Sales Service				
Up to 120,000/year	3,896	\$1,709	\$1,783	\$1,752
120,000 or more/year	13,901	\$5,861	\$6,092	\$6,092
Large Volume Dual Fuel Sales Service	38,836	\$15,298	\$15,796	\$15,968
Large General Firm Sales Service	53,808	\$24,796	\$25,644	\$25,804
Demand charge (per Peak Day)	3,490			

**Figures above are rounded (to the nearest whole number).*



CenterPoint Energy is “Always There” for our customers to keep them safe and warm.

Impact on customers

The proposed rate adjustment would affect monthly bills differently depending on natural gas use and customer group.

Customer bills contain three parts: A Basic Charge, Delivery Charge and Cost of Gas. CenterPoint Energy’s request seeks approval to change the Basic Charge and Delivery Charge on a customer’s bill. Together, these charges make up about half of the total bill and cover the cost of distributing natural gas, including operations, maintenance, taxes and other expenses. For residential customers, the monthly Basic Charge would increase from \$9.50 to \$12.00 and the per therm Delivery Charge would increase from \$0.21036 to \$0.24101.

The proposed rate adjustment does not apply to the cost of natural gas, which makes up the other half of a typical customer bill. The wholesale price of natural gas changes monthly depending on market prices. This price is passed on directly to customers with no mark-up, and CenterPoint Energy does not profit from the sale of the natural gas.

This table shows an example of the current and proposed Basic Charge and Delivery Charge for each customer type.

Customer Type (usage in therms)	Current monthly basic charge	Proposed monthly basic charge	Current delivery charge/therm	Proposed delivery charge/therm
Residential	\$9.50	\$12.00	\$0.21036	\$0.24101
Commercial/Industrial				
Up to 1,500/year	\$15.00	\$20.00	\$0.21208	\$0.22558
1,500 to 5,000/year	\$21.00	\$26.00	\$0.17088	\$0.19213
5,000 or more/year	\$47.50	\$55.00	\$0.15354	\$0.16721
Small Volume Dual Fuel Sales Service				
Up to 120,000/year	\$55.50	\$60.00	\$0.12421	\$0.13399
120,000 or more/year	\$88.50	\$95.00	\$0.11497	\$0.12396
Large Volume Dual Fuel Sales Service	\$900.00	\$1,050.00	\$0.07048	\$0.08386
Large General Firm Sales Service	\$900.00	\$1,050.00	\$0.07048	\$0.08386
Demand charge (per Peak Day)			\$0.42990	\$0.46951

* The Gas Affordability Service Program surcharge for residential and commercial/industrial customers was reduced to \$0.00000 as of September 1, 2019 as approved in Docket No. G008/M-19-255. The current and proposed delivery charges do not include the per therm Conservation Improvement Program Adjustment Rider.

About CenterPoint Energy

CenterPoint Energy is Minnesota’s largest natural gas distribution utility, serving more than 860,000 customers in 260 communities. The utility also operates a non-regulated business in Minnesota called Home Service Plus®.

Headquartered in Houston, Texas, CenterPoint Energy, Inc. is an energy delivery company with regulated utility businesses in eight states and a competitive energy businesses footprint in nearly 40 states. Through its electric transmission and distribution, power generation and natural gas distribution businesses, the company serves more than 7 million metered customers in Arkansas, Indiana, Louisiana, Minnesota, Mississippi, Ohio, Oklahoma and Texas.

CenterPoint Energy’s competitive energy businesses include natural gas marketing and energy-related services; energy efficiency, sustainability and infrastructure modernization solutions; and construction and repair services for pipeline systems, primarily natural gas.

The company also owns 53.8 percent of the common units representing limited partner interests in Enable Midstream Partners, LP, a publicly traded master limited partnership that owns, operates and develops strategically located natural gas and crude oil infrastructure assets.

With approximately 14,000 employees and nearly \$34 billion in assets, CenterPoint Energy and its predecessor companies have been in business for more than 150 years. For more information, visit CenterPointEnergy.com.



As part of the Metro Belt Line Project, CenterPoint Energy is replacing more than 60 miles of high-pressure, large-diameter transmission pipeline in the Twin Cities area.

Some key CenterPoint Energy investments in Minnesota

CenterPoint Energy continues to make major investments in the safety and reliability of its system in Minnesota. Some of these investments include:

- Inspecting, upgrading and replacing transmission and distribution pipelines as part of a comprehensive integrity program to address pipes at risk of corrosion or leaks;
- Replacing all 43 miles of cast iron pipelines in CenterPoint Energy's Minnesota system, a project that was completed in 2017, eliminating a pipe material that contributed to methane emissions;
- Replacing or upgrading 479 miles of unprotected or bare steel distribution pipelines;
- Replacing 61 miles of a high-pressure, large-diameter transmission pipeline (known as the Metro Belt Line Project), originally installed in the 1940s and 1950s;
- Replacing nearly 15,000 copper service lines;
- Replacing and moving outside more than 89,000 indoor residential meters, with new service lines, as a safety measure to provide direct access to shut-off valves; and
- Deploying state-of-the-art technology to quickly and efficiently detect even the smallest leaks, which supports both safety and methane reduction.

In addition to improved safety and reliability, these investments help protect the environment and prevent greenhouse gas emissions. For example, permanent replacement of all cast iron and many bare steel pipelines and the use of advanced leak detection technology have already resulted in an 18 percent reduction in methane emissions from the company's Minnesota operations since 2013.



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