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P.O. Box 59038
Minneapolis, MN 55459-0038

October 14, 2014

Dr. Burl Haar
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, Minnesota 55101-2147

Re: Compliance Filing – In the Matter of the Application of CenterPoint Energy, a Division of CenterPoint Energy Resources Corp., for Authority to Increase Natural Gas Rates in Minnesota
Docket No. G008/GR-13-316
OAH Docket No. 80-2500-30979

Dear Dr. Haar:

Pursuant to the Minnesota Public Utilities Commission's Order issued June 9, 2014, CenterPoint Energy, of Division of CenterPoint Energy Resources Corp., respectfully submits its Decoupling Compliance Filing in the above-referenced docket.

The compliance requirements from Ordering Paragraph #3 of the Order dated June 9, 2014, were followed in preparing this filing. They are described below.

Beginning on July 1, 2015, the Company shall implement a full Revenue Decoupling Rider, with modifications consistent with the Company's Surrebuttal Testimony, as a three-year pilot project. The Company shall work with the parties and interested stakeholders to develop and file, within 60 days of the date of this order, a compliance filing that includes proposals for:

Annual evaluation reports that provide the same (or similar) information as required in the Company's first revenue decoupling pilot program (Docket No. G-008/GR-08-1075), and

Developing a comprehensive, effective, and meaningful education and consumer outreach program that sets forth the goals of, and explains, revenue decoupling.

As described in the attached filing, the Company worked with stakeholders to develop the proposed evaluation and communication plans. In addition, the Company is providing an implementation plan to ensure there is agreement on timing and other mechanics before the start of the decoupling pilot.

CenterPoint Energy's Plans meet the requirements set out by the Commission to properly plan for the education of consumers regarding the revenue decoupling pilot and the evaluation of the revenue decoupling pilot. CenterPoint outlines its implementation details to provide clarity for all parties to review the data to be collected and the expected timing of key activities.

We appreciate the stakeholders' input and will continue to discuss and request feedback from stakeholders as the full revenue decoupling pilot moves forward.

Pursuant to the June 9, 2014, Order, CenterPoint Energy acknowledges that Persons wishing to comment on the compliance filing shall do so within 30 days of the date it is filed, i.e., November 13, 2014.

Please contact me at (612) 321-4625 with any questions you may have with this filing.

Sincerely,

/s/

Peggy Sorum
Manager, Regulatory Financial Activities

Attachments

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STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David Boyd
Nancy Lange
Dan Lipschultz
Betsy L. Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Application by
CenterPoint Energy For Authority to Increase
Natural Gas Rates in Minnesota

MPUC Docket No. G-008/GR-13-316

COMPLIANCE FILING
Full Revenue Decoupling Plan

INTRODUCTION

CenterPoint Energy (“Company”) hereby files its Decoupling Plan (“Plan”), pursuant to the Minnesota Public Utilities Commission’s (“Commission”) order dated June 9, 2014 Findings of Fact, Conclusions of Law and Order (“Order”) in Docket No. G-008/GR-13-316. Due to a subsequent order after reconsideration, CenterPoint Energy files this Plan 60 days from the date of the final order dated August 15, 2014 (Order Granting Request for Clarification).

This filing provides information on the Company’s plans to implement the decoupling pilot and also addresses ordering point 3 found on page 57 of the June 9, 2014 Order:

“Beginning on July 1, 2015, the Company shall implement a full Revenue Decoupling Rider, with modifications consistent with the Company’s Surrebuttal Testimony, as a three-year pilot project. The Company shall work with the parties and interested stakeholders to develop and file, within 60 days of the date of this order, a compliance filing that includes proposals for:

Annual evaluation reports that provide the same (or similar) information as required in the Company’s first revenue decoupling pilot program (Docket No. G-008/GR-08-1075), and

Developing a comprehensive, effective, and meaningful education and consumer outreach program that sets forth the goals of, and explains, revenue decoupling.

Persons wishing to comment on the compliance filing shall do so within 30 days of the date it is filed.”

The attached Full Revenue Decoupling Evaluation Plan (Attachment 1) will allow the Commission and other stakeholders to review the full decoupling pilot program on an annual basis; the attached Communication Plan (Attachment 2) is a comprehensive, segmented and multi-channel communications plan to communicate the pilot decoupling program to customers, employees and other stakeholders. Because the Company withdrew its support for decoupling in the initial brief certain implementation details may not have been fully discussed and the Company is providing a Full Revenue Decoupling Implementation Plan in this filing to ensure that there is agreement on timing and other decoupling mechanics before the start of the decoupling pilot (Attachment 3). The proposed Full Revenue Decoupling Tariff page (which was included in the rate case compliance filing submitted on September 8, 2014) is included as Attachment 4

CenterPoint Energy’s Plans meet the requirements set out by the Commission to properly plan for the education of consumers regarding the revenue decoupling pilot and the evaluation of the revenue decoupling pilot. CenterPoint outlines its implementation details to provide clarity for all parties to review the data to be collected and the expected timing of key activities.

Attachments:

1. Evaluation Plan
2. Communication Plan
 - 2-A. List of Utility Websites Reviewed
3. Implementation Plan
4. Tariff

II. Evaluation Plan: Revenue Decoupling (RD) Rider

As required in ordering point 3A of the Commission's Order of June 9, 2014, CenterPoint Energy has largely modeled its proposed evaluation plan after the plan in its prior partial decoupling pilot that was approved in Docket No. G-008/GR-08-1075. CenterPoint's now-expired partial decoupling plan (known also as the Conservation Enabling (CE) Rider) initially included an Inverted-Block rate structure, and required weather-normalization of sales prior to calculation of the amounts of decoupling revenues or credits. The evaluation plan included herein has been modified to reflect that inverted-block rate data is no longer pertinent, and that weather-normalization of sales is not required for the full revenue decoupling model.

The phrase "the years under consideration" is intended to mean each year beginning with the earliest year of the baseline period before any decoupling pilot was implemented (2007 - 2009) through the most recently completed calendar year prior to the year of the filing. Testimony in the rate case explained that the focus of the evaluation report will be to demonstrate the Company's continued commitment to pursuing increased energy savings over time. The Full Decoupling Evaluation Report will be filed in the summer (September 1) of any given year, following the previous year's CIP Status Report (filed on May 1.) Information contained in this Report not presented in the CIP Status report would include historical context and lifetime savings, as well as any non-CIP activity that demonstrates a commitment to efficiency and conservation.

For historical comparison, information in the evaluation report would be for 2007 through the most recently completed calendar year prior to the filing (e.g., for report filed in 2017, would contain info for 2007-2016). Information would be less granular than provided in the CIP Status Report to avoid unnecessary duplication. Data would be provided at the portfolio and sector level and by rate class (as appropriate), but not by individual program.

CenterPoint Energy proposes the following outline for its new Full Revenue Decoupling Evaluation Plan for Docket G-008/GR-13-316.

Information Proposed to be Included in Annual Evaluation Reports

A. Executive Summary of Results (new)

Short summary of the results detailed in the report to follow. Summary will include highlights of the previous year's activities and the results of the full revenue decoupling program on the Company's financial results.

B. Proposed Timeline for Evaluation

YEAR ONE:	
July 1, 2015	RD Rider activity tracking begins
June 30, 2016	RD Rider – Year one (1) tracking ends
September 1, 2016	Submit Evaluation Report Year 1. Decoupling Adjustment Factors implemented in billing for the July 1, 2015 – June 30, 2016 Evaluation Period. Adjustment Factor will show on customer’s bills from September 1, 2016 through August 31, 2017.
YEAR TWO:	
July 1, 2016	RD Rider – Year 2 begins
June 30, 2017	RD Rider – Year two (2) tracking ends
September 1, 2017	Submit Evaluation Report Year 2. Decoupling Adjustment Factors implemented in billing for the July 1, 2016 – June 30, 2017 Evaluation Period. Includes prior period balance carry-over to adjust billing factors. Updated adjustment factor will show on customer’s bills from September 1, 2017 through August 31, 2018.
YEAR THREE:	
July 1, 2017	RD Rider – Year 3 begins
June 30, 2018	RD Rider – Year three (3) tracking ends
September 1, 2018	Submit Evaluation Report Year 3. Decoupling Adjustment Factors implemented in billing for the July 1, 2017 – June 30, 2018 Evaluation Period. Includes prior period balance carry-over to adjust billing factors. Updated adjustment factor will show on customer’s bills from September 1, 2018 through August 31, 2019.

C. Evaluation of CenterPoint Energy’s Commitment to Increased Energy Savings

This section will compare energy conservation efforts in the pre-decoupling baseline period and the post-decoupling evaluation period, and will be updated to include CIP expenditures and energy savings in the last calendar year. Information in this

section will include information formerly reported in the prior partial decoupling CE Rider evaluation in sections B and I.

CenterPoint Energy's Full Revenue Decoupling Evaluation reports' marketing and outreach information would be summarized. Overall spending figures and a discussion of marketing strategy and tactics would continue to be included, as well as a comparison to prior years, but examples of individual marketing materials would not be provided (except upon request).

Conservation program results are collected and reported on a calendar year basis for the annual status reports, and therefore conservation information included in the Full Decoupling Evaluation Plan will follow a calendar year cut-off, and not the July to June decoupling period. The conservation information will be lagged by six months.

- 1) A comparison of the Company's annual CIP expenditures and resulting energy savings in the pre-decoupling baseline period to the expenditures and savings in the post-decoupling evaluation period, updated to include CIP expenditures and energy savings since the Company's most recent decoupling evaluation report, for the overall CIP portfolio, by program segment, and by customer rate class.
- 2) For each year under consideration, energy savings from Company-sponsored CIP programs will be compared to the applicable three-year weather-normalized sales average at the portfolio level only, since the statutory savings goal is set at the portfolio level.
- 3) How did the Company's CIP energy savings achievements and expenditures compare to its Commissioner-approved energy savings goals and budgets for the years under consideration?
- 4) What were the associated "lost margins" from Company-sponsored CIP programs for each year under consideration, in total and by rate class? As in the Full Revenue Decoupling Evaluation Reports for the previous CE Rider partial decoupling pilot, the "lost margins" would be calculated by multiplying first year energy savings achieved by the applicable margin.
- 5) Since the most recent Full Revenue Decoupling Evaluation Report, has the Company proposed or implemented any changes or expansions to its energy conservation program offerings? Identify and describe such changes or expansions.

- 6) Describe the Company's marketing and outreach efforts related to CIP. Since the most recent Full Revenue Decoupling Evaluation Report, has the Company changed its marketing strategy or tactics for CIP in general or for specific CIP programs? How do recent marketing and outreach efforts compare to prior years?
- 7) What were the annual revenues collected from ratepayers to fund CIP programs, by rate class, for each year under consideration?
- 8) What were the lifetime energy savings that can be attributed to the Company's CIP offerings for each year under consideration? How do lifetime energy savings in the decoupled period compare to the pre-decoupling period?
- 9) What changes in participation, cost-effectiveness, or other metrics that gauge the performance of the CIP programs have occurred during the years under consideration?
- 10) Describe low income specific programs and/or impacts. What were the low-income CIP savings for the post-decoupling implementation time period compared to the pre-decoupling period?
- 11) What other information, whether qualitative or quantitative, should be considered in evaluating the Company's commitment to energy efficiency and conservation?

D. Revenue Accrued and Collected under Full Revenue Decoupling

- 1) Monthly, annual, cumulative revenue deferred

What was the monthly, annual, and cumulative amount of revenue over/under-collected by customer class through the RD Rider during the period being evaluated, before and after any adjustments to reflect the 10% cap? A discussion describing actions leading to these adjustments will be provided.
- 2) Monthly, annual, cumulative revenue recovered

What was the monthly, annual, and cumulative amount of revenue recovered by customer class through the decoupling mechanism during the period being evaluated? A discussion describing actions leading to these adjustments will be provided.
- 3) Calculations of and Adjustments(s) due to the 10% revenue cap (if any)

What was the mathematical result of the 10% cap calculation for each of the evaluation periods in the reporting period of the decoupling program?

4) Discussion of actions affecting decoupling calculations

Has CenterPoint Energy made any changes to its methods or calculations of the decoupling deferral over the course of the pilot? Describe any such changes, their purpose and impact on the deferral.

5) Changes to methodology, input values or calculations – purpose and impact

Were there any issues that arose regarding the methodology or input values for calculation of the accounting journal entries that impacted the decoupling accrual? Explain and quantify the impact of any changes in methodology or input values.

6) Pretax margin and net income impact – percentage

What was the pretax margin and net income impact resulting from the recoverable revenue accrual for the period being evaluated as a result of the pilot? What percentage of total pretax margins and net income for the Company's operations is represented by the accrual in each year?

7) By rate class – recorded gas margin revenue – before and after accrual

What was CenterPoint Energy's recorded gas margin revenue and recorded gas margin revenue by class and per customer for the period being evaluated, before and after decoupling accruals?

8) By rate class – decoupling surcharge/refund revenue Billing factors

Provide a detailed calculation of the factors to be billed by rate class for the upcoming year. (September – August).

9) Monthly bill impact for the upcoming year? Include analysis of typical uses

What is the monthly customer bill impact of the decoupling rate adjustment for customers during the recovery period? The bill impact analysis shall examine annual usages typical of customers having: a) the average residential levels of annual usage, b) natural gas space heat, c) water heat. This should be expressed as an average monthly dollar amount collected and percentage based on the total decoupling amount to be collected divided by total estimated revenue for residential customers.

10) Results under "Traditional", (i.e. no decoupling) regulation

A comparison of how revenues under traditional regulation would have differed from those collected under the decoupling pilot; and an evaluation of if the pilot

stabilized revenues for the class(es) under the pilot and how has such stabilization impacted the utility's overall risk profile.

11) Rate Case filings during evaluation period – impact on methods/mechanics

Did CenterPoint Energy file any rate cases during the pilot period? If so, when? To the extent new base rates took effect during the pilot period, when did those new rates take effect and what impact did that have on the methods and mechanics of the RD Rider over/under-collection calculations?

E. Related Rate and Usage Information (formerly sections F, G and H)

- 1) Total therms by rate schedule – What were total therm sales (and transportation) volumes by rate schedule in the period being evaluated?
- 2) Gas Margin – What were total gas margin revenues by rate schedule, in the period being evaluated?
- 3) Customer growth – What was the rate of average annual gas customer growth by rate schedule? How does this compare to CenterPoint Energy's historical levels of gas customer growth in the pre-decoupling time period? What is the Company's forecast for future customer growth? What were the average annual customer count totals by rate schedule for the Evaluation period?
- 4) Percentage of customers (count and sales volumes) residential vs. commercial – What proportion of customers subject to decoupling was residential versus commercial during the pilot. What proportion of usage from customers subject to decoupling was residential versus commercial during the pilot?
- 5) Use-per-customer – On a rate schedule basis, how has both actual annual gas use per customer changed through the periods being evaluated?
- 6) Changes to Prices – Chronological listing of dockets, price-per-therm adjustments (commodity, delivery, demand, GAP, decoupling factor, etc.) What has been the change in the Company's natural gas delivered average monthly price per therm by rate schedule pre-decoupling through the period being evaluated? Provide a detailed incremental chronological listing (including Docket #) and price per therm impact of all rate adjustments (commodity, general rate case, decoupling, etc.) What was the cumulative impact factoring in all rate adjustments from the period before decoupling to the period being evaluated?
- 7) Forecast – 5 year projection of customers/use per customer/total sales/margin. What is the Company's most recently available five year forecast for (a) natural gas rates/prices, and (b) numbers of customers by rate schedule, and (c) usage

per customer by rate schedule, and (d) overall therm volumes and margin revenues by rate schedule in each available projected future period?

8) New Customer Information – impact on model:

- a) What was the impact of new customers on the decoupling calculations for the period being evaluated? Specifically what was:
 - I. The number of customers used (by class) in the decoupling calculations,
 - II. The number of customers approved (by class) in the most recent general rate case,
 - III. The difference between i and ii,
 - IV. The margin associated with iii, and
 - V. The per customer impact of iv.
- b) Did CenterPoint Energy implement any changes to the methodology to account for new customers during the course of the pilot?
- c) What were the monthly numbers of customers served, by rate schedule, in the evaluation period being reported on?
- d) For the evaluation period being reported on, what was the actual average annual usage for customers subject to the decoupling rider?

9) Class migration information

- a) What was the annual number of customer migrations as scheduled by the Company between rate classes during the time of the pilot?
- b) Based on the answer to a) above, did customers migration have any impact upon the decoupling accruals since initiation of the pilot? Furthermore, what is the actual (or estimated if actual data is not readily available) therm usage resulting from customer migrations between rate classes.
- c) Does the Company periodically audit or verify rate class eligibility customer eligibility? If so, describe the timing and procedures for such audits.

F. Other information

1) Recognition of Decoupling by credit rating agencies or financial analysts

Was the RD Rider decoupling pilot in Minnesota recognized in any public reports issued by credit rating agencies or financial analysts? If so, provide a copy of the report.

- 2) Other information the company or interested parties deem helpful?
- a) Problems encountered – suggestions for improvement
 - b) Impact on service quality
 - c) Other

G. Exhibits – Detailed data, samples, backup workpapers

Comparison of Proposed Annual Evaluation Reports to Prior Partial Decoupling Pilot

The following table compares the proposed evaluation plan for the full revenue decoupling pilot mechanism (RD Rider) and the prior partial decoupling pilot mechanism (CE Rider).

	<u>Conservation Enabling (CE) Rider</u>	<u>Revenue Decoupling (RD) Rider</u>
		Added Summary
A.	Proposed Timeline for Evaluation	Becomes Part B.
B.	Evaluation of Conservation Improvement Program (CIP) Programs & Savings	Becomes Part C. <ul style="list-style-type: none"> • Streamlined – detailed information filed on May 1 with Annual CIP Status report • Includes Low-income results
C.	Revenue Accrued/Collected	Becomes Part D. <ul style="list-style-type: none"> • Includes Data found in Part K – revenue under traditional regulation
D.	Proportion Margin “Lost” to CIP and Inverted Block Rates (IBR)	Becomes part of Part C – no IBR data – discontinued
E.	Impact of General Rate Cases	Moved to Part D – Revenue under Decoupling
F.	New Customer Usage & Adjustment	Moved to Part E – Related Rate & Usage Information
G.	Customer Migration between Rate Classes	Moved to Part E – Related Rate & Usage Information
H.	Related Rate and Customer Use Information (Actual and Forecasted)	Becomes Part E of RD Rider Evaluation
I.	Impact on Low Income and LIHEAP Customers	Added to Part C of RD Rider Evaluation
J.	Energy Savings due to Inverted Block Rates	Not applicable
K.	Other Information <ul style="list-style-type: none"> • Credit Rating • Financial Reports • Revenue under Traditional Regulation • Problems encountered/improvements • Service quality 	Becomes Part F <ul style="list-style-type: none"> • Revenue under traditional regulation moved to Part E
I.	Exhibits	Becomes Part G

I. Full Revenue Decoupling Communication Plan

In the June 9, 2014 Order in CenterPoint Energy's ("Company") 2013 rate case, Docket No. G-008/GR-13-316, the Minnesota Public Utilities Commission ("Commission") ordered that the Company work with interested stakeholders to develop and file a proposal for a "comprehensive, effective and meaningful education and outreach program that sets forth the goals of, and explains, revenue decoupling."¹ Provided below is a description of the process used to develop the communication and education plan, followed by the proposed communication and education plan. A summary table that shows the plan timing of all tactics is also included.

Background

In preparing the decoupling communication and education plan, the Company began by researching other decoupled utilities throughout the country to understand how other utilities have informed customers about decoupling. The Company reviewed the websites of 53 decoupled utilities in the U.S.; for a complete list of utilities included in the review, see attachment 2-A. The Company found relatively few examples of online decoupling information in its review. A number of the utility websites appeared to have no online informational materials about decoupling available. It is possible that utilities informed customers about decoupling through other methods, such as print or radio. Considering that many of the utilities included in the review had decoupling mechanisms approved earlier, it is also possible that the online communications may have been removed from utility websites.

The Company found that most utilities in its review had minimal or no decoupling information available online; however, a few utilities had a number of helpful examples of decoupling educational materials. These helpful examples of decoupling communication materials were found at company websites for Hawaiian Electric, Pacific Gas and Electric, Southwest Gas Corporation and Minnesota Energy Resource Corporation. In addition to the utility examples, the Company found several instructive decoupling-related educational materials distributed by nonprofit organizations such as the American Council for an Energy-Efficient Economy, the Natural Resources Defense Council, the Missouri Energy Initiative and Fresh Energy.

The Company drafted its initial decoupling communication and education plan by combining materials similar to online examples found through its research process along with communication pieces used by CenterPoint Energy to communicate previous rate changes. The Company then worked with its internal communication and marketing staff to brainstorm other outreach ideas to be included in the decoupling communication and education proposal, drawing on concepts of outreach campaigns from outside the utility industry.

¹ Ordering Point 3 in the Commission's Order filed on June 9, 2014 in Docket No. G-008/GR-13-316

The initial draft communication plan was then sent to a variety of interested stakeholder groups for feedback and recommendations. Stakeholders consulted included Minnesota state agencies (the Public Utility Commission Office of Consumer Affairs, the Department of Commerce Division of Energy Resources, and the Office of the Attorney General), national and local environmental organizations (Natural Resource Defense Council, Fresh Energy, Izaak Walton League, Center for Energy and Environment and Minnesota Center for Environmental Advocacy), and a low-income advocate organization (Energy Cents Coalition). The Company met with some of the environmental organizations to obtain their feedback in person; however, most stakeholders chose to provide feedback by email for the initial round of input.

Feedback and recommendations from those stakeholders were then incorporated into a second draft and sent back to the same stakeholder group for another review. After the second review, the Company convened a stakeholder meeting to discuss the proposed plan, obtain additional feedback and determine next-steps. Feedback obtained from those meetings has been incorporated into the proposed communication and education program provided below.

Introduction to CenterPoint Energy's Proposed Full Revenue Decoupling Communication and Education Program Plan

The Company's proposed decoupling communication and education plan includes events and publications that will take place at various stages of implementation of the Company's approved decoupling pilot program. Because implementation will occur over the course of nearly two years, the Company does not currently have a draft of each proposed piece. Rather, similar to the feedback process described above, the Company will send drafts of educational items as they become available for stakeholder input. Stakeholder input will be accepted by email, via phone or through in-person meetings. The Company will incorporate input from the different stakeholders into the final communication pieces.

Goal

- To improve the understanding of key audiences, including customers, employees and community leaders, about CenterPoint Energy's new, approved full revenue decoupling pilot mechanism.

Strategy

- Proactively educate and inform all key audiences (customers, trade allies, employees, government officials, etc.) about the new, approved full revenue decoupling pilot mechanism.
- Use multiple communication methods that are effective, accurate and timely.

Key Messages

- As a result of the recently approved general rate case, new distribution rates will begin in December 2014
 - The rate change will impact all customer classes.
 - The interim rate refund will also occur at this time.

- Additionally, a new full revenue decoupling mechanism will begin in July of 2015 (the customer will see the resulting decoupling factor on their bill starting in September 2016)
 - Decoupling is an annual rate adjustment that allows CenterPoint Energy to match the actual revenue received from customers to the revenue level approved by the MPUC. Revenue decoupling separates the link between the volume of gas sales and utility revenues and allows CenterPoint Energy to promote energy conservation, while maintaining adequate revenues
 - Under the new decoupling pilot program, the majority of a customer's bill is still based on a volumetric charge. Therefore, customers will lower their bills if they reduce their usage.

Tactics

1. Bill Insert² with implementation of final rates for all customers (December 2014) –

CenterPoint Energy is planning a bill insert to be included in all customers' bills in December 2014, the month in which final rates will be implemented. The bill insert will describe the changes to rates, as well as general information about the future implementation of the revenue decoupling rate adjustment. The bill insert will also include the following:
 - Current and new monthly basic and delivery charges;
 - Impact of new rates on average monthly customer bills;
 - Basic information about revenue decoupling;
 - Web addresses where customers can find additional information; and
 - Phone numbers for customers who have questions or wish to request more information in print.

² In Docket No. G008/M-14-753, CenterPoint Energy is seeking approval to change the Company's current bill format to allow for bill onserts, (communications included directly on customer bills), in addition to bill inserts. This education and communication plan references several bill inserts. However, depending upon the outcome of the bill format request, inserts referenced herein may become a bill onsert. Any onserts used in place of the inserts included in this proposal would include the same information as included in the insert descriptions.

2. Carrier Envelope for monthly bills (December 2014) –

December 2014 bill carrier envelopes will feature a brief message referencing the enclosed insert for information on CenterPoint Energy's new rates and upcoming revenue decoupling pilot.

3. Bill Insert with implementation of the revenue decoupling adjustment to all customers (July 2015) –

CenterPoint Energy is planning a bill insert to be included in all customers' bills in July 2015, the month in which the revenue decoupling rate mechanism goes into effect. The bill insert will include the Company's key messages, describe the revenue decoupling mechanism and explain how decoupling may affect their bills. The insert will also direct customers to CenterPoint Energy's website where additional information is available (including decoupling FAQ's and a decoupling fact page - see "website updates" below) and provide a phone number where customers can contact CenterPoint Energy directly with questions or to order educational materials by mail.

4. Website updates (Ongoing, beginning December 2014) –

Several updates to our website will be in place when new rates go into effect and will continue to be updated as the decoupling pilot is implemented, including:

- a) Feature landing page articles – Feature landing page articles about the new rates and the decoupling pilot during the month of December 2014, July 2015 and September 2016 in all three sections of our website (Residential, Business, and Builders & Trade Allies).
- b) New tariff pages – The existing tariff pages on our website will be updated with the new tariff pages. The Decoupling General Information Page will link directly to the new tariff pages.
- c) Decoupling General Information Page (with vanity URL) – In order to make it easier for customers to find information on our rate case, a decoupling vanity url will be established, which will be advertised in all rate case communications materials. The page will contain the Company's key messages and general information about full revenue decoupling, and links to a FAQ's page and a fact sheet page.
- d) Information throughout website linking back to Decoupling General Info Page
- e) Customer FAQ's – A new section with questions and answers related to new final rates and the revenue decoupling mechanism will also be added to CenterPoint Energy's website.

- f) Sample Bill with How to read your bill – An image of a typical customer’s bill explaining the various bill components will be featured on CenterPoint Energy’s website.
- g) Educational Video – The video will include the Company’s key messages about decoupling, an explanation of how full revenue decoupling works, the timing of implementation for the new decoupling pilot and a description of how decoupling may affect customer bills. The video will also include images of how the decoupling adjustment will appear on bills.

5. Social Media Campaign (Ongoing, beginning first quarter 2015) –

The Company will launch a coordinated social media campaign using Twitter and Facebook. The Company will post messages through its Twitter and Facebook accounts that link to the Company’s educational video and other online decoupling materials. Information posted to Twitter and Facebook will include:

- a) Commonly asked questions found on the Company’s Online FAQ webpage – Through Twitter, the Company will periodically promote questions similar to those found on the Company’s Decoupling FAQ webpage (such as, “What is decoupling?” “Under decoupling, will I pay less if I use less gas?” “How will decoupling affect my bill?”). The questions will then provide a link to the answers, which will be found on the Company’s FAQ webpage.
- b) Twitter Account –
 - I. The Company will post Twitter ads periodically throughout the decoupling implementation timeline that will include links to the Company’s website with general information and articles related to decoupling.
 - II. The Company will promote and link to the decoupling video available at the Company’s YouTube channel.
- c) Facebook Account –
 - I. The Company will post geo-targeted ads on Facebook periodically throughout the decoupling implementation timeline with links to general information on the Company’s website and articles related to full revenue decoupling. These will be promoted posts that will be targeted to a Minnesota audience, using the geo-targeting capabilities of Twitter’s advertising platform.
 - II. The Company will post messages to its Facebook account at milestones within the implementation of the full revenue decoupling pilot program with the Company’s key messages about decoupling and links to the Company’s website for more information.
 - III. The Company will post and promote the Company’s decoupling video at the Company’s YouTube channel.

6. Customer Email (Spring 2015) –

The Company will send out emails to all customers for whom the Company has an email address, approximately 400,000 of its customers in Minnesota, with the Company's key messages about decoupling, general information about the new full revenue decoupling mechanism and links to the Company's website for more information. The email will also promote and link to the decoupling video on the CenterPoint Energy YouTube channel.

7. Customer Email (July 2015) –

At the point that the new decoupling pilot is effective, the Company will send out an additional email to all customers for whom the Company has an email address, approximately 400,000 of its customers in Minnesota, with the Company's key messages about decoupling, general information about the new full revenue decoupling mechanism and links to the Company's website for more information. The email will also promote and link to the decoupling video on the CenterPoint Energy YouTube channel.

8. Customer Email (August 2016) –

Just before the decoupling factor appears on customer bills, the Company will send out an email to all customers for whom the Company has an email address, approximately 400,000 of its customers in Minnesota, with the Company's key messages about decoupling, general information about the new full revenue decoupling mechanism and links to the Company's website for more information. The email will also promote and link to the decoupling video on the CenterPoint Energy YouTube channel.

9. Interactive Web-based Communication Product (Second Quarter 2015) –

The Company will deliver an interactive, animated informational product to its customers through email and mail. The mailing will include a web address where the customer will view and click through an animated web video, which will include the Company's key messages, general decoupling information and links to the Company's website. The web-based product will allow the Company to quantify the number of customers that view the content and use the links. It will also allow the Company to ask for feedback from customers about how well they understand decoupling.

10. Fact Sheet (First Quarter 2015) –

A fact sheet regarding the new full revenue decoupling mechanism will be made available to customers, as well as other interested parties (such as community leaders, legislators, trade allies etc.). The fact sheet will include general

information about revenue decoupling as well as the Company's key messages about decoupling. This sheet will be available electronically and in print.

11. General Newsletter Feature Article (September/October 2016 Issue) –

The article will include the Company's key messages about decoupling as well as an explanation of revenue decoupling and how it may affect customer bills. The article will also include web addresses for the General Decoupling Information page, the electronic decoupling fact sheet, FAQ's and online video, as well as a phone number where customers can contact a CenterPoint Energy representative for more information.

12. Quarterly Newsletter for Commercial and Industrial Customers and Trade Allies Feature Article (January 2015 Issue) –

This article will include the Company's key messages about decoupling as well as an explanation of revenue decoupling and how it may affect customer bills. The article will also include web addresses for the General Decoupling Information Page, the electronic decoupling fact sheet, FAQ's and online video, as well as a phone number where customers can contact a CenterPoint Energy representative for more information.

13. Residential Trade Ally Marketing Meeting (September 2015) –

Meetings are held annually for residential heating contractors and distributors to provide updates on energy efficiency programs and other important information prior to the heating season. In the September 2015 meeting, the Company will include high-level decoupling information in the meeting as well as have the decoupling fact sheet (discussed above) and other educational materials available onsite.

14. Commercial Trade Ally Kick-Off Meetings (January/February 2015) –

These meetings are held annually to update commercial trade allies on CenterPoint Energy's energy efficiency offerings and other important information, such as natural gas pricing or Company updates. The Company will include general information about the upcoming full revenue decoupling pilot and timeline for implementation to commercial trade allies (including mechanical contractors, distributors, architects and engineers) in the January/February Trade Ally Kick-off meetings.

15. Seasonal Energy Management Seminars (SEMS) (September 2015) –

Seminars are held annually to prepare dual fuel customers for the upcoming heating season and potential curtailment, as well as other information, such as our energy efficiency program and natural gas pricing. The Company will include

decoupling information in meeting as well as have the decoupling fact sheet (discussed above) and other educational materials available onsite at the 2015 meeting.

16. Employee E-mail –

CenterPoint Energy employees will receive several email updates (at the time of the final rate case decision; at the time that the decoupling mechanism goes into effect; and at the time that the first decoupling adjustment will be displayed on customer bills) in preparation for implementation of the full revenue decoupling mechanism so that all employees will be prepared to answer customer and trade ally questions. Email content will also include information about the overall rate case results and timeline for implementation of final rates, the interim rate refund and the decoupling mechanism.

17. Training Customer Service Representatives (CSRs) –

All CSRs will be participating in training prior to the implementation of new rates so that they will be adequately prepared to explain new rates, the interim rate refund, and the implementation timeline and answer any customer questions about the upcoming decoupling pilot. CSRs will have additional training on decoupling and how to answer decoupling-related customer questions in the summer of 2015, prior to the decoupling pilot effective date. Finally, CSRs will have an in-depth, instructor-led training about decoupling and how to answer decoupling-related customer questions in the summer of 2016, before customers will first see the decoupling factor line item on bills.

18. FAQs for CSRs (December 2014) –

A list of frequently asked questions and answers regarding full revenue decoupling and the Company's implementation timeline will be provided to all of CenterPoint Energy's CSRs before final rates are in effect for guidance in answering customer questions regarding the upcoming decoupling pilot.

19. Pocket card (December 2014) –

A pocket card with key messages related to the rate case and full revenue decoupling will be provided to all field-based employees to be used as a reference during customer interactions.

20. Communication to communities served (December 2014) –

CenterPoint Energy's Community Relations Department will send communications to all of CenterPoint Energy's communities explaining the new rates and full revenue decoupling rate design.

21. New Customer Brochure updated (December 2014) –

All new CenterPoint Energy customers currently receive a company welcome booklet, which communicates important and required information. CenterPoint Energy's existing welcome booklet will be updated with information on the new rates and the new full revenue decoupling rate design. The customer brochure will be updated December of 2014. The insert describing current rates will be updated upon any change to customer rates.

22. Bill Insert when decoupling factor appears on customer bills (September 2016) –

Another bill insert is planned for the fall of 2016 when the decoupling adjustment will first appear on customers' bills explaining the new adjustment. The bill insert will describe the full revenue decoupling rate structure and how decoupling may affect their bills. The insert will also direct customers to CenterPoint Energy's website where additional information is available (including decoupling FAQ's and a decoupling fact page - see "website updates" below) and provide a phone number where customers can contact CenterPoint Energy with questions or to order educational materials by mail. Energy efficiency information will be included in this bill insert.

23. Work with external organizations to educate and communicate about decoupling (Ongoing) –

CenterPoint Energy will continue to work with various stakeholder groups to develop and distribute materials contained within this proposal. Stakeholders will include, but are not limited to, the Minnesota Public Utilities Commission Office of Consumer Affairs, the Minnesota Department of Commerce, Fresh Energy, Energy Cents Coalition, National Resource Defense Council, Center for Energy and Environment and the Izaak Walton League of America as well as other community organizations. The Company will also work with Community Action Partnership (CAP) agencies to provide outreach materials for the communities the CAP agencies serve.

24. External Communication and Media –

The Company will work with external organizations that have existing channels of communication (websites, blogs, online and print publications) to facilitate and promote decoupling-related articles and communications pieces. The Company will promote those applicable decoupling communication pieces on the Company's website and through social media.

Timing And Primary Messages of Communication Tactics

Timing	Primary Message	Communication Tactic
December 2014 (Final Rates become effective)	Notify customers of new rates Explain interim rate refunds Introduce the new full decoupling pilot program	<ul style="list-style-type: none"> ▪ Bill Insert ▪ Carrier Envelope for monthly bills ▪ Employee E-mail ▪ Training Customer Service Representatives ▪ FAQs for CSRs* ▪ Pocket cards * ▪ Communication to communities served
1 st Quarter 2015	Continue to introduce the new full decoupling pilot program, including timeline of implementation Educate customers about decoupling	<ul style="list-style-type: none"> ▪ Web site updates* ▪ Customer Email ▪ Fact Sheet* ▪ Quarterly Newsletter for Commercial and Industrial Customers and Trade Allies Feature Article ▪ Commercial Trade Ally Kick-Off Meetings ▪ Social Media Campaign*
2 nd Quarter 2015	Continue educating customers about full decoupling Remind customer about the upcoming effective date of the Company's new full decoupling pilot program	<ul style="list-style-type: none"> ▪ Interactive Web-based Communication Product*
July 2015 (Revenue Decoupling Pilot becomes effective)	Notify customers that the full decoupling pilot program is in effect Continue educating customers about full decoupling	<ul style="list-style-type: none"> ▪ Bill Insert ▪ Customer Email ▪ Employee E-mail
3 rd Quarter 2015	Continue educating customers about decoupling	<ul style="list-style-type: none"> ▪ Residential Trade Ally Marketing Meeting ▪ Seasonal Energy Management Seminars ▪ Training Customer Service Representatives
4 th Quarter 2015	Continue educating customers about decoupling	<ul style="list-style-type: none"> ▪ Ongoing communication items*
1 st Quarter 2016	Continue educating customers about decoupling	<ul style="list-style-type: none"> ▪ Ongoing communication items*
2 nd Quarter 2016	Continue educating customers about decoupling	<ul style="list-style-type: none"> ▪ Training for Customer Service Representatives
September 2016 (Decoupling factor appears on customer bills)	Explain the decoupling factor on customer bills Continue educating customers about decoupling.	<ul style="list-style-type: none"> ▪ Customer Email ▪ General Newsletter Feature Article ▪ Employee E-mail ▪ Bill Insert
3 rd Quarter 2016	Continue educating customers about decoupling	<ul style="list-style-type: none"> ▪ Ongoing communication items*
4 th Quarter 2016	Continue educating customers about decoupling	<ul style="list-style-type: none"> ▪ Ongoing communication items*

* Materials will become available at the time specified in the chart; however, will be used on an ongoing basis throughout the implementation of the decoupling pilot program.

Utility Name	State	Year Decoupling was Approved
Arkansas Oklahoma Gas	AR	2007
Arkansas Western Gas	AR	2007
CenterPoint Energy	AR	2007
Southwest Gas	AZ	2012
Pacific Gas and Electric	CA	2002
San Diego Gas and Electric	CA	2002
Southern California Gas	CA	2002
Southwest Gas	CA	2002
Hawaiian Electric	HI	2013
North Shore Gas Company	IL	2008
Peoples Gas Light and Coke Company	IL	2008
Citizens Energy Group	IN	2007
Vectren Indiana Gas	IN	2006
Vectren Southern Indiana G&E	IN	2006
Boston Gas and Colonial Gas	MA	2010
Columbia Gas of Massachusetts (Bay State Gas)	MA	2009
Fitchburg Gas and Electric	MA	2011
New England Gas	MA	2010
Baltimore Gas and Electric	MD	1998
Washington Gas Light	MD	2005
Integrays Michigan Gas Utilities	MI	2010
DTE Energy (Michigan Consolidated Gas)	MI	2010
CenterPoint Minnesota Gas	MN	2008
Minnesota Energy Resources Corporation	MN	2012
Piedmont Natural Gas	NC	2005
Public Service Co. of North Carolina	NC	2008
New Jersey Natural Gas	NJ	2006
South Jersey Gas	NJ	2006
Southwest Gas	NV	2009
Central Hudson Gas & Electric	NY	2009
Consolidated Edison of New York	NY	2007
Corning Gas	NY	2009
National Fuel Gas Distribution	NY	2007
National Grid Long Island	NY	2009

Utility Name	State	Year Decoupling was Approved
National Grid New York (Brooklyn Union Gas)	NY	2009
National Grid Niagara Mohawk	NY	2009
New York State Electric & Gas Corporation	NY	2010
Orange and Rockland Utilities	NY	2009
Rochester Gas and Electric	NY	2009
St. Lawrence Gas	NY	2009
Cascade Natural Gas	OR	2006
Northwest Natural Gas	OR	2002
National Grid Narragansett	RI	2012
Chattanooga Gas	TN	2010
Questar Gas Company	UT	2006
Columbia Gas of Virginia	VA	2009
Virginia Natural Gas	VA	2006
Washington Gas Light	VA	2010
Avista Corp.	WA	2006
Cascade Natural Gas	WA	2006
Wisconsin Public Service	WI	2008
Questar Gas Company	WY	2009
SourceGas	WY	2011

III. Implementation Plan – Data required, Proposed Mechanics

In this section of the compliance filing, CenterPoint Energy provides the mechanics of the decoupling rider, including the timeline for implementation, the data to be tracked, the accounting entries, and other items related to implementation of the decoupling rider prior to the program to clarify the mechanics.

Timeline for Implementation

The full decoupling pilot will start July 2015, however customers will not see anything different on their bill until September 2016.

This implementation section discusses 4 topics related to the implementation of the full decoupling pilot:

- 1) Coordination with prior partial decoupling pilot
- 2) Monthly calculations/tracking
- 3) Treatment of Market Rate Customers
- 4) Next Rate Case

1) Coordination with prior partial decoupling pilot:

December 2014 – January 2015 – End of Conservation Enabling (CE) Rider revenue adjustments

CenterPoint Energy filed its proposed Evaluation Plan for the partial decoupling CE Rider on July 1, 2010. At the same time it implemented final rates in its Rate Case Docket No. G-008/GR-08-1075 and began tracking for the decoupling pilot. The Minnesota Department of Commerce/Office of Energy Security and the Izaak Walton League of America – Midwest Office filed comments in the following months, recommending refinements to the proposed plan. CenterPoint Energy's first CE Rider decoupling evaluation plan was approved by Commission order on January 11, 2011. The program was a partial decoupling program that used weather-normalized results and included an Inverted Block Rate structure for gas-costs. (The Inverted Block Rate part of the rate structure was suspended on October 4, 2011 due to unintended consequences.)

CenterPoint Energy reported its first full year results (January – December 2011) on March 1, 2012, and similarly reported the second full-year's results on March 1, 2013. The pilot program tracking ended June 30, 2013, and the Company carried the decoupling balances through the end of the year, reporting the results on February 28, 2014. The Decoupling Adjustment billing factors were implemented, subject to Commission approval, on March 1, 2014, with the plan to make the adjustments for the next 12 months, or through February 28, 2015.

As requested by the Company and authorized by the Public Utilities Commission in its August 11, 2014 Order in Docket No. G-008/GR-08-1075 for the final CE Rider Evaluation Report, revenues or surcharge adjustments will be tracked for the customers currently included in the partial decoupling program. When the class balance is close to \$0, the Company will notify parties of its intent to stop the adjustment for that class, the adjustment factor will be changed to zero, the line item will be removed from the bill detail, and a bill message will be included on bills the first month notifying customers of the end of the first pilot.

Message: The current “Decoupling adjustment” on your bill has ended for the pilot program started in 2010. A new full decoupling rider will be introduced mid-year 2015.

2) Monthly and annual calculations/tracking

CenterPoint Energy will calculate and book a decoupling accrual monthly as one of its month-end accounting activities; at the end of the twelve-month evaluation period, the annual RD Rider adjustments by class will be calculated.

Monthly

The monthly accounting entry will reflect the over/under-collection of non-gas revenues due to the decoupling program, consistent with the proposed tariff in Section V, page 28 which states: “CenterPoint Energy shall record its best estimate of the amounts to be recognized under the RD Rider so as to reflect in its books and records a fair representation of the impact of this rider in actual earnings.” The net amount will be carried until the end of the Evaluation Period and will not result in changes on customer’s bills until the September after the Evaluation Period.

A spreadsheet based revenue decoupling model will be used to calculate the monthly accrual. The calculation of the monthly accrual will reflect the total for each class, unadjusted for any caps. CenterPoint Energy will apply the caps in the calculation of the rate class RD Rider annual adjustments. Each class will be calculated separately (separate tab in the model). For purposes of the decoupling model, system and transport sales volumes will all be included. The \$100 additional basic charge for transportation service will be ignored (not included) for purposes of the decoupling model. The accounting entry will be entered into the Company’s accounting records as a single value; the model will track the by-class accruals, but the accounting entry will reflect only the total accrual. The spreadsheet model will be updated with sales volumes and customer counts in order to determine the monthly accrual.

The Sales volumes for customers taking firm service will be the sum of the twenty-one cycles actually billed in that month, which matches the rate-case database used

to determine the Commission approved sales forecast. CenterPoint Energy will not include any unbilled sales adjustments in the full revenue decoupling models. CenterPoint Energy will usually reflect any prior period billing corrections in the month they are corrected, unless the correction results in class-level negative sales or obvious outlier requiring correction at the customer-level. Such adjustments will be tracked and noted in the models for review.

The sales volumes reflected for the dual fuel telemetered accounts (Small Volume Dual Fuel – A; Small Volume Dual Fuel – B; Large Volume Dual Fuel) will be matched to the months that the volumes were used. Telemetered volumes are billed in the month following the use, so a report for July Sales reflects June sales for accounts on telemetry. In this example, those sales would be considered June sales, not July sales. As discussed below in section 3, sales information for customers identified in the “Decoupling Market Rate” group will be summed and subtracted from the Total Large Volume Sales figures for the month, leaving the remaining sales volumes to be included in the Large Volume portion of the Full Revenue Decoupling model.

The sales volumes used in the RD Rider model won't tie to accounting records. This will be because accounting records include all accounts posted in a calendar month, which could be more or less than the 21 cycles combined as a month, and because accounting records include an unbilled revenue entry that will not be included in the Revenue Decoupling model.

There were no customers taking Large General Service (Section V, page 3 of the tariff book) in the rate case sales forecast; the Large General Service volumetric delivery charge is equivalent to the Large Volume Dual Fuel Sales Service (Section V, pages 6 – 6a of the tariff book). Subsequently, one customer who was included in the Small Volume Dual Fuel forecast is now taking service under the Large General Service tariff. For the Large General Service decoupling calculations, the RD Rider model will use the Commission approved Large General Service rates and the Large Volume Dual Fuel monthly use per forecast to calculate the authorized monthly revenue per customer.

The customer counts used in the RD Rider model will be the actual month-end customer counts. CenterPoint Energy will use the count of installations active on the last day of the month by rate class. Customers locked for non-payment and other inactive meters will not be included. The model contains the comparison logic contained in the tariff that allows the use of the greater of the rate case number of customers in that class or the current month number of customers to be used in the calculation of “Authorized Revenue”.

Annual

At the end of each 12-month evaluation period, CenterPoint Energy will sum the accumulated monthly over/under-collections by rate class as specified in the model. CenterPoint Energy will then determine by rate class if the 10% cap, as defined in the testimony, applies. CenterPoint Energy will only reflect the 10% cap on under-recovered revenue at the end of the year reconciliation. The Company may reflect monthly under-recovered revenue in excess of 10%, (should it happen), in its monthly RD Rider model calculation, allowing potential revenue offsets in other months to offset the one-month value.

In addition to the Full Revenue Decoupling Evaluation Report information detailed above, the filed adjustment will be implemented in customer billing. Following the completion of Year 1, beginning with September bills that include the Decoupling Adjustment Factors, prior-period decoupling factor billing by rate class will be booked as revenue or refund by class and summed each month.

The Company plans to “drop-in” the factor, meaning the factor will be applied to all volumes billed beginning September 1, not pro-rated, similar to the decoupling adjustments in the prior partial decoupling pilot.

3) Treatment of Market Rate Customers

An aspect of the RD Rider full decoupling pilot that is different than the prior CE Rider partial decoupling pilot is which customer classes are included. The RD Rider includes additional customer classes, but excludes CenterPoint Energy’s group of Large Volume Market Rate customers. Customers in this group have negotiated delivery rates based upon the capability to switch to alternate energy supplies or service based upon “effective competition.” As detailed in the Surrebuttal Testimony of Paul Gastineau (Docket No. G-008/GR-13-316, January 10, 2014; page 2, line 17 thru page 3, line 4), the LV Market Rate customer count and volume usage will be removed from the Company’s pre-decoupling revenue.

CenterPoint Energy plans to leave the group of large volume dual fuel market rate customers static in the full revenue decoupling models in each year, and remove volumes used when calculating the decoupling deferral. In other words, the list of large volume dual fuel market rate customers will be set at the start of the evaluation period and then be reevaluated at the end of each program year to “re-set” the group as needed for the subsequent year.

Currently connected customers on standard rates who, after the group has been set, move to market rates based on changes to their competitive position will be excluded from the “Decoupling Market Rate” group until the subsequent year’s assignment to the “Decoupling Market Rate” group. In the event that a newly-

connected customer is deemed to be a Large Volume Market rate customer from the beginning of their service, their volumes will be included or added to the “Decoupling Market Rate” group.

4) Next Rate Case

The Company currently expects to file its next base rate case in August 2015, and expects to implement interim rates in October 2015 (based on MPUC acceptance of the case). The implementation of interim rates would require modifications to the RD Rider model calculations. Specifically, the authorized basic charge and volumetric (Delivery, CIP, and GAP) charges used in the model would require modification to include any authorized interim rate increase beginning with the first full month the interim rates are effective. Additionally, the billing determinants (customer count and sales/transport volumes) used to calculate authorized revenue in the RD Rider model would need modification to match the current rate case test-year billing determinants.

The RD Rider model would use the interim rates and updated billing determinants until the authorized final rates resulting from the rate case are implemented. At that time, the RD Rider model would be updated with the final rates and billing determinants for the months that the model used the interim rates to calculate the monthly over/under-collection. A final true-up amount would then be calculated. If a decoupling adjustment has been implemented based on an over/under-collection using the interim rates and billing determinants, then the difference between the final over/under-collection and the interim rates over/under-collection would be used to adjust the decoupling adjustment then in effect to return to or collect from customers the final true-up amount over the remaining months of the surcharge/refund period.

REVENUE DECOUPLING RIDER (RD RIDER)

1. Purpose:

The purpose of this Revenue Decoupling Rider is to reduce CenterPoint Energy's financial disincentive to the promotion of energy efficiency and conservation by severing the link between the recovery of CenterPoint Energy's non-gas distribution costs and the volume of gas sales. to its small volume firm customer rate classes. This will be accomplished by comparing the level of non-gas revenues authorized in the last general rate case adjusted for increases in customer counts to the level of non-gas revenues collected by rate class to calculate either a class revenue shortfall or revenue surplus. If either a revenue shortfall or a revenue surplus exists in an applicable rate class, then the delivery charge per therm for that rate class will be increased or decreased to collect from or return to the applicable rate class the calculated revenue shortfall or revenue surplus. This rider complies with the legislative intent and the language of Minnesota Statutes, Section 216B.2412 Decoupling of Energy Sales from Revenues.

2. Applicability:

This rider shall apply to all CenterPoint Energy's small volume firm service customers except those taking service under the Company's Large Volume Market Rate Service Rider receiving gas service throughout CenterPoint Energy's service territory including under the Residential Sales Service, and the Small Volume Commercial and Industrial Sales Service, Large General Firm Sales Service, Small Volume Dual Fuel Sales Service, Small Volume Firm/Interruptible Sales Service, Large Volume Dual Fuel Sales Service, Small Volume Firm Transportation Service, Large Volume Firm Transportation Service, Small Volume Dual Fuel Transportation Service and Large Volume Dual Fuel Transportation Service rate schedules.

3. Evaluation Report Filing and Review:

No later than ~~March 4~~September 1 of the ~~calendar~~ pilot year following the July 1, 2015 Minnesota Public Utility Commission (MPUC) ~~approval~~ authorized start of the RD Rider, and then no later than ~~March 4~~September 1 of each year thereafter, CenterPoint Energy shall file annually with the Minnesota Public Utility Commission an Evaluation Report calculating the RD Rider adjustments, if any, in accordance with the provisions of Section 4 Calculation of RD Rider Adjustment. CenterPoint Energy shall provide workpapers and data supporting the calculations reflected in the Evaluation Report. The Evaluation Report shall reflect the annual Evaluation Period, which for the first Evaluation Period shall begin with the bills rendered on the first day of July 1, 2015 ~~the month succeeding the implementation of interim rates as approved in Docket No. G-008/GR-13-316 until December 31~~June 30 of ~~that~~ the following year, and then for the succeeding Evaluation Periods shall be the twelve-month period ended ~~December 31~~June 30 of the year immediately preceding the filing of the associated Evaluation Report.

The applicable rate adjustment under the RD Rider shall be effective with bills rendered on or after ~~March~~September 1 of the year in which the Evaluation Report is filed and will continue for twelve months. At the end of the twelve month collection period, any remaining amounts to be collected from or refunded to customers will be added to or subtracted from the Annual RD Rider Adjustment for the next RD Rider filing. If the RD Rider is terminated, then the current RD Rider rate adjustment will continue in effect until the full amounts are either collected from or refunded to customers.

In the event any portions of the proposed rate adjustments are modified by the Minnesota Public Utility Commission, the proposed rate adjustments shall be adjusted in accordance with the Commission's order.

CenterPoint Energy shall record its best estimate of the amounts to be recognized under the RD Rider so as to reflect in its books and records a fair representation of the impact of this rider in actual earnings. Such estimate shall be adjusted, if necessary, upon filing the RD Rider calculations with the Commission, and again upon final Commission approval.

4. CALCULATION OF RD RIDER ADJUSTMENT:

The RD Rider Adjustment will be calculated annually and on a class-by-class basis for each class of customers to which the RD Rider applies and will be applied on a per therm basis. For purposes of calculating the RD Rider Adjustment, the following terms shall be defined as follows:

Authorized Revenue Per Customer - the rate schedule non-gas revenue requirements divided by the number of customers used to determine the final rates for the applicable rate class resulting from CenterPoint Energy's last general rate case.

Allowed Revenues – Authorized Revenue Per Customer multiplied by the greater of (1) the actual Evaluation Period number of customers or (2) the number of customers used to determine final rates in the last general rate case in the applicable rate class, calculated each month of the twelve month Evaluation Period, and summed.

The RD Rider Adjustment shall equal the Allowed Revenues less the Evaluation Period actual Non-Gas Revenues, divided by the class forecast volumes used to determine final rates from the last general rate case.

The RD Rider Adjustment for the applicable rate classes *to collect an under-recovery amount of non-gas revenues* will be capped at ~~+5% of the total volumetric charge~~+10% of non-gas margins, including basic charge revenue, after removing the CCRC (recovery of bas energy conservation costs) for each of the rate classes, *while the RD Rider adjustment for the applicable rate classes to return an over-recovered amount of non-gas revenues shall not be capped.* ~~The average of the total actual non-gas margin after removing the CCRC volumetric rates effective for the Valuation Period will be used to calculate the total volumetric charge used to apply the cap.~~

5. EXPIRATION OF RD RIDER:

The RD Rider will be effective for a pilot period of three years (36 months) from the July 1, 2015 start of the Evaluation Period. However, CenterPoint Energy may request authorization to extend the effective period of the RD Rider.