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May 1, 2014

Dr. Burl Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

Mr. William Grant  
Deputy Commissioner  
Minnesota Department of Commerce  
Division of Energy Resources  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101-2198

RE: CenterPoint Energy's 2013 Conservation Improvement Program Status Report, 2013 Demand-Side Management Financial Incentive, Conservation Improvement Program Tracker Report and 2013 Conservation Cost Recovery Adjustment Aggregated Compliance Filing.  
Docket No. E,G999/CI-08-133  
Docket No. G-008/CI-10-111  
Docket No. G-008/CI-12-564  
Docket No. G-008/M-14-\_\_\_

Dear Dr. Haar and Deputy Commissioner Grant:

CenterPoint Energy respectfully submits to the Minnesota Public Utilities Commission and the Minnesota Department of Commerce, Division of Energy Resources, its aggregated compliance filing for the Conservation Improvement Program (CIP) Status Report; the 2013 Demand-Side Management (DSM) Financial Incentive; the CIP Tracker Report for the period of January 1, 2013 through December 31, 2013; and its request to update the Conservation Cost Recovery Adjustment ("CCRA" or "CIP Adjustment"). This filing complies with the Public Utilities Commission's (PUC) Orders in the Matter of the Commission Review of Utility Performance Incentives for Energy Conservation (Docket No. E,G-999/CI-08-133), CIP rules and regulations to submit an annual Status Report, and the PUC's requirement that CenterPoint Energy submit its CIP Adjustment annually in conjunction with its CIP Tracker Report and DSM Financial Incentive filing (Docket No. G-008/M-10-634).

CenterPoint Energy's 2013 energy savings achievements surpassed the Company's approved savings goal for the year. At 1,584,019 MCF<sup>1</sup>, a record achievement for the Company's CIP program, savings were 15.8 percent above goal, representing 1.16 percent of the Company's average sales.<sup>2</sup>

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<sup>1</sup> The 2013 savings figures, as reported in this filing, represent a finalized figure since the February 28, 2014 Revenue Decoupling Evaluation in Docket No. G008/GR-08-1075.

<sup>2</sup> The three-year average, weather-normalized sales figure of 136,490,212 Dth, is net of exempt customer sales volumes and was filed in the March 29, 2013 Triennial Plan in Docket No. G008/CIP-12-564.

The 2013 CIP program expenditures were \$22,829,710<sup>3</sup> (\$2,088,661 below the 2013 approved budget), which represents 2.57% of 2011 gross operating revenues from non-exempt customers. Under the mechanism approved by the PUC in Docket No. E,G999/CI-08-133, this level of performance qualifies the Company for a financial incentive of \$10,890,131.

In addition, CenterPoint Energy was assessed a total of \$392,669 under the Next Generation Energy Act of 2007 (the NGEA). These assessments are recoverable under the provisions of the NGEA through the CIP Tracker mechanism. In combination with the CIP program expenditures, this results in total deferred expenses on the CIP Tracker account of \$23,222,379. The Company also requests approval of its 2013 CIP Carrying Charges in the amount of \$344,598, resulting in a year-end Tracker balance of \$8,501,064.

In Docket No. G008/M-10-634, the PUC ordered CenterPoint Energy to file its CIP adjustment with its annual CIP Tracker and DSM Financial Incentive filings. Accordingly, this filing also includes a request to update the Conservation Cost Recovery Adjustment.

By copy of this transmittal letter, CenterPoint Energy is notifying persons on the service lists of this filing. A copy of this filing is available for public inspection at CenterPoint Energy's business office at 800 LaSalle Avenue South in Minneapolis and at the office of the Minnesota Department of Commerce. CenterPoint Energy will provide a copy of the filing to interested persons upon request. Please address requests to receive a copy of the filing, as well as comments or questions regarding the Status Report, to Audrey Peer at (612) 321-4318 or [audrey.peer@centerpointenergy.com](mailto:audrey.peer@centerpointenergy.com).

Please note that this filing is available through the eDockets system maintained by the Minnesota Department of Commerce and the Minnesota Public Utilities Commission. Access this document by going to eDockets through the websites of the Department of Commerce or the Public Utilities Commission or going to the eDockets homepage at <https://www.edockets.state.mn.us/EFiling/home.jsp>.

Please call Audrey Peer at (612) 321-4318 with any questions.

Sincerely,

/s/ Audrey C. Peer

Audrey C. Peer  
Regulatory Analyst, Conservation Improvement Programs

CC: Service List

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<sup>3</sup> The 2013 spending figures, as reported in this filing, represent a finalized figure since the February 28, 2014 Revenue Decoupling Evaluation in Docket No. G008/GR-08-1075.

**AFFIDAVIT OF SERVICE**

STATE OF MINNESOTA )  
 )  
COUNTY OF HENNEPIN )

Audrey C. Peer, being first duly sworn on oath, deposes and says that she is an employee in the office of CenterPoint Energy, Minneapolis, Minnesota 55402, and that on the 1<sup>st</sup> day of May 2014, she delivered the enclosed notice of filing to those individuals and agencies listed on the attached pages, by:

placing such notice in envelopes, properly addressed with postage paid, and depositing the same in the United States Mail at Minneapolis, Minnesota, for delivery by the United States Post Office,

personal service,

express mail,

delivery service,

electronic filing.

          /s/ Audrey C. Peer            
Audrey C. Peer

Subscribed and sworn to before me  
this 1<sup>st</sup> day of May 2014.

          /s/ Mary Jo Schuh            
Mary Jo Schuh  
Notary Public (Commission Expires January 31, 2015)

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**CENTERPOINT ENERGY**  
**SUMMARY OF TARIFF FILING**  
**Rule 7829.1300, Subp. 1**

CenterPoint Energy submits its 2013 Conservation Improvement Program (“CIP”) Status Report and associated filings. In addition to the Status Report, the associated filings include a request for approval of the Company’s December 31, 2013 CIP Tracker balance of \$8,501,064; a request for approval of the 2013 CIP Financial Incentive in the amount of \$10,890,131 (to be credited to the CIP tracker account upon receipt of approval from the Minnesota Public Utilities Commission); and a request for approval of updates to the Company’s tariff book to incorporate the requested Conservation Cost Recovery Adjustment (“CCRA”) factor of \$0.00884 per therm.

**CENTERPOINT ENERGY  
SUMMARY OF TARIFF FILING  
Rule 7829.1300, Subp. 3**

A. The name, address, and telephone number of the utility:

CenterPoint Energy, a division of CenterPoint Energy Resources Corporation, a Delaware Corporation  
800 LaSalle Avenue  
PO Box 59038  
Minneapolis, Minnesota 55459-0038  
(612) 372-4664

B. The name, address, and telephone number of the attorney for the utility:

Brenda A. Bjorklund, Assistant General Counsel  
800 LaSalle Avenue  
Minneapolis, Minnesota 55459-0038  
(612) 321-4976

C. The date of the filing and the date the proposed rate or service change will take effect:

Date Filed: May 1, 2014  
Effective Dates: January 1, 2015 (CCRA)  
Upon receipt of Commission approval (Financial Incentive)

D. The statute that the utility believes controls the timeframe for processing the filing:

CenterPoint Energy is unaware of any statute or rule that controls the time frame for processing this filing.

E. The signature and title of the utility employee responsible for this filing:

\_\_\_\_\_  
/s/  
Audrey C. Peer  
Regulatory Analyst, Conservation Improvement Program  
(612) 321-4318

## **AGGREGATED COMPLIANCE REPORTS OVERVIEW**

CenterPoint Energy submits its 2013 Conservation Improvement Program (“CIP”) Status Report and associated compliance reports. The purpose of the filing is to report 2013 CIP project activity; to request approval to allocate the 2013 financial incentive to CenterPoint Energy’s CIP Tracker; to update CIP Tracker activity through December 31, 2013 and request approval of the CIP Tracker balance; and to request approval of the Company’s CIP Adjustment.

This filing is an aggregation of the four compliance reports. The filing is divided into five sections consisting of the following compliance reports and their corresponding attachments:

- Section 1. 2013 Conservation Improvement Program (CIP) Status Report;
- Section 2. 2013 Demand-Side Management (DSM) Financial Incentive;
- Section 3. Conservation Improvement Program Tracker Report, December 31, 2012 through December 31, 2013;
- Section 4. Conservation Cost Recovery Adjustment;
- Section 5. Attachments.

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# **SECTION 1: 2013 CONSERVATION IMPROVEMENT PROGRAM STATUS REPORT**

CenterPoint Energy (the Company) submits this Status Report on its CIP program in compliance with Minnesota Department of Commerce (“Department”) Rules and the Commissioner’s Decisions. This report covers the 2013 CIP year, January 1 through December 31. The report is divided into four sections:

- I. Summary of Accomplishments
- II. Update of Program Modifications
- III. Compliance Overview
- IV. 2013 CIP Program Results

## Summary of Accomplishments

CenterPoint Energy's CIP programs achieved a new record level of energy savings in 2013, exceeding 1.5 billion cubic feet of natural gas savings for the first time. The total energy savings of 1,584,019 dekatherms (Dth) exceeded the approved goal of 1,367,966 Dth by 15.8% and represents 1.16% of sales.<sup>1</sup>

These results were achieved through program spending of \$22,829,710 – more than two million dollars (8.4 percent) under the approved budget. The combination of high savings achievement and controlling program expenses resulted in highly cost-effective programs; the total portfolio cost of saved energy was \$14.41 per first-year Dth saved, twenty percent lower than the approved cost of \$18.22 per first-year Dth. Viewed over the lifetime of the achieved savings, the programs were even more cost-effective with an average of about \$1.11 per lifetime Dth saved. Further demonstrating CenterPoint Energy's ongoing commitment to helping its customers achieve cost-effective energy conservation is the fact that the Company's overall CIP portfolio, as well as the residential and commercial/industrial market sectors, were cost-effective from both the utility and societal perspectives.

In the residential market sector, the Company exceeded its energy savings goal by 10.8 percent (51,398 Dth), while residential expenditures were under budget by one percent (\$113,418). Much of the success of the residential sector was due to high participation in the Whole Home New Construction Project (Whole Home Project), in turn a result of a resurgence in new home construction relative to recent years. That project exceeded its participation goal by 270 percent and its savings goal by 575 percent. The high achievement in the Whole Home Project also helped offset the loss of savings in the Attic Weatherization Project and Wall Insulation Rebate Project, which the Company will not claim for 2013 (see Update of Project Modifications).

The Company also exceeded its goals in the commercial and industrial sector, achieving energy savings of 1,036,671 Dth (192,015 Dth or 22.7 percent above the goal) while finishing the year under budget by more than \$1.6 million (22 percent). As a result, the sector's cost per first-year Dth saved (\$5.67) was 36.4 percent lower than the approved cost of \$8.92 per first-year Dth. Strong performers in the C&I sector (relative to goal) included the Prescriptive Heating and Water Heating Project and the Recommissioning Project. Both of these projects experienced higher than anticipated savings per participant; for the Recommissioning Project this was enough to more than offset the fact that the project fell short of its participation goal while the Prescriptive Heating and Water Heating Project exceeded its participation goal as well, resulting in energy savings 34 percent above goal.

2013 was the first year in which the Company's dedicated low-income projects were treated as a market sector separate from either the residential or commercial sector. Minnesota statutes require gas utilities to spend at least 0.4 percent of gross operating revenue from residential customers on conservation programs that directly serve the needs of low-income customers. While there are five projects in the low-income sector of the Company's portfolio, the Low Income Weatherization (LIW) project is the primary vehicle for addressing the statutory low-income spending requirement. In late 2013, CenterPoint Energy learned from the implementation vendor for this project that the vendor did not expect to meet its spending goal for the year. Accordingly, the Company undertook a number of actions to ensure that it would meet its statutory spending obligations. These included:

- Increased outreach efforts in order to drive participation in the Company's low-income offerings;
- Expanding no-fee residential audits available to low-income customers to include Standard as well as Basic audits; and
- Sending free residential energy efficiency kits to all of the Company's LIHEAP customers who were not recent participants in LIW.

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<sup>1</sup> Based on weather-normalized average sales to non-exempt customers, as reported on page 6 of the Company's updated CIP Triennial Plan.



Through these various efforts, the Company was able to achieve its statutory minimum spending requirement in 2013. Total spending in the low-income sector was \$2,915,754, representing 0.5 percent of gross operating revenue from residential customers. This figure includes the \$754,003 spent to deliver free energy efficiency kits to 25,236 LIHEAP recipients.<sup>2</sup> More information on these efforts and their relationship with dedicated low-income program results is included in the Compliance section and in the Individual Program Results section.

2013 saw a number of events which were not anticipated during the development and approval of CenterPoint Energy's 2013-2015 CIP Triennial Plan. These included changes to statute, new information about the market for particular conservation measures, and new information ranging from the possible direction of energy policy in Minnesota to the specific technical assumptions for individual efficiency measures. One thing which did not change was the CenterPoint Energy's commitment to helping its customers achieve cost-effective energy conservation, and the Company believes the overall results presented in this 2013 Status Report demonstrate that commitment. While there remain challenges in meeting Minnesota's aggressive energy efficiency goals, the Company looks forward to continuing to approach those challenges with same effort and dedication that have made it a recognized national leader in delivering natural gas energy efficiency programs.

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<sup>2</sup> Note that all references to low-income spending in this report, including BENCOST results and other analyses, include the spending and participation associated with these kits unless otherwise indicated. Because the kits were sent unsolicited by the Company, no energy savings are claimed for this effort in 2013.

## Update of Program Modifications

The Deputy Commissioner's *Order* approving CenterPoint Energy's 2013-2015 CIP Triennial Plan required that the Company "submit modification updates annually in its status report to keep the Department and all other interested parties informed of any modifications to its CIP, including those modifications not requiring formal approval."<sup>3</sup> Accordingly, the Company provides the following information regarding various formal and informal modifications to the CIP Triennial Plan, as well as occurrences not anticipated in the Plan document or during the approval process.

### Formal Modifications

#### Project Development Modification

The Company's approved 2013-2015 Triennial Plan initially contemplated updating the Minnesota Natural Gas Energy Efficiency study (completed in March 2009) during the 2014 CIP program year, and included funding for that work in the 2014 Project Development budget. Early in 2013, the Company realized that conducting the study earlier would allow more time for the findings to be incorporated into the 2016-2018 planning process, as well as potentially provide information for the Department's Energy Savings Goal stakeholder process and the 2014 legislative session. The Company worked with Navigant Consulting, who conducted the first study, to identify a project scope and cost estimate for the updated study. The Company then requested permission in 2013 to exceed its approved 2013 Project Development budget in order to fund an updated conservation potential study in 2013 (rather than 2014 as initially contemplated in the Triennial Plan).<sup>4</sup> This request was approved with the provisions that the Company not exceed the combined two-year budget for Project Development and or the statutory research and development spending cap.<sup>5</sup>

Work on the study update occurred during 2013 and the first part of 2014. As of the time of this filing, the results are complete and the Company anticipates sharing the study report with stakeholders in the near future. While the results were not available in time to be incorporated in the Energy Savings Goal process in 2013, the Company believes the undertaking was a valuable exercise which will help inform its planning for the 2016-2018 Triennial Plan. Spending was managed to remain in compliance with the provisions described above, as demonstrated in the Compliance Overview and CIP Program Results sections of this filing.

#### Low-Income Renter Efficiency Project

From 2010 through 2012 the Company conducted a Low-Income Renter Research Project intended to help identify whether additional energy efficiency benefits could be achieved for low-income renters by targeting landlords directly; the research project was extended through 2013 during the approval process for the 2013-2015 Triennial Plan. In August 2013, the Company filed a Modification Request proposing a permanent Low-Income Rental Efficiency Project based on the model used in the pilot project.<sup>6</sup> The proposal was approved as filed, adding the Low-Income Rental Efficiency Project to the Company's CIP portfolio for 2014 and 2015.<sup>7</sup> As the research pilot concluded in 2013, the Company began an RFP process to identify a vendor to take over delivery of the permanent program; that process began late in 2013 and continued into 2014.

Note that all spending, participation, and energy savings related to the Low-Income Renter program in 2013 pertain to the research pilot; the permanent Low-Income Rental Efficiency Project will begin delivery in 2014 and its first results will be reported in the Company's 2014 Status Report (filed in 2015).

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<sup>3</sup> Deputy Commissioner's *Decision* of October 19, 2012, in Docket No. G-008/CIP-12-564, p. 28, Decision Point 11.

<sup>4</sup> See the Company's filing of August 18, 2013 in the current docket.

<sup>5</sup> Deputy Commissioner's Letter of September 5, 2013 in the current docket.

<sup>6</sup> See the Company's Modification Request filed August 28, 2013 in the current docket.

<sup>7</sup> Deputy Commissioner's *Order* of December 3, 2013 in the current docket.

### Attic Weatherization Rebate and Wall Insulation Rebate Projects

On November 15, 2013, the Company filed a request to suspend its Attic Weatherization Rebate and Wall Insulation Rebate projects (the ASI Projects), in light of an identified need to revise the project delivery model to one that provided more control over the work performed under the program, the quantification of achieved energy savings, and the quality of data collected. In that filing, CenterPoint Energy offered to forgo all energy savings claims for these projects in 2013, though it believes recovery of program costs is reasonable. The regulatory process for this request extended into 2014; on February 28, 2014, the Deputy Commissioner issued an *Order* terminating the ASI Projects, directing the Company not to claim energy savings for the then-current ASI projects in 2013 or 2014<sup>8</sup>, and confirming that the program costs continue to be an eligible CIP expenditure.<sup>9</sup> The *Order* also required CenterPoint Energy to file a proposal for one or more projects to promote air sealing and insulation measures within 60 days; the Company filed its proposal in compliance with this requirement on March 31, 2014.

Consistent with the Deputy Commissioner's *Order* and its proposal in the initial *Petition* of November 15, 2013, the energy savings reported in this Status Report include no savings from the ASI Projects. Program costs are included in the spending figures reported.

### **Modifications Not Requiring Formal Approval**

#### Energy Design Assistance

The Company established a policy that in cases where the calculated gas savings would be less than 5 percent of the building's usage, CenterPoint Energy would not pay a rebate to the customer, but would plan to claim influenced savings and pay for the other program incentives (covering design review, etc). This policy was established for the purpose of consistency with Xcel Energy policies, as the program is a joint offering for customers of both utilities. A courtesy notification was sent to DER Staff regarding the establishment of the policy; it did not affect any CenterPoint Energy Energy Design Assistance projects in 2013.

#### Whole Home New Construction

Although buildings participating in the Whole Home Project are not eligible for CIP equipment rebates, CenterPoint Energy made a decision to pay trade ally incentives for these homes consistent with the trade ally rebates that would have been paid under the standard rebate programs. This was done because a number of builders decided to have all of their new construction projects go through the Whole Home Project, and the trade allies felt that they were losing access to the rebates based on a decision made by another party which they had no opportunity to influence. It also helps CenterPoint Energy maintain its good relationship with trade allies, which is critical to the success of other rebate offerings. It is notable that the maximum that would be paid in trade ally rebates for a single home would be \$65 (total trade ally rebate for a furnace, hearth, and water heater). Because the Company was able to negotiate a favorable rate with the Whole Home Project implementation vendor, the actual cost per home remained under the budgeted cost per home even with the trade ally rebates (the trade ally rebates for Whole Home Project were paid from the Whole Home Project budget). This policy decision was discussed with DER Staff and communicated in a written courtesy notification.

#### Commercial Water Heaters

During 2013, CenterPoint Energy engineers identified an issue where the deemed savings formula for commercial water heaters had the potential to result in unrealistically high energy savings estimates, due in part to the use of potentially unreliable information provided by the customer regarding square footage. Using the same Lawrence Berkeley National

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<sup>8</sup> The Deputy Commissioner's *Order* states that CenterPoint Energy "may not claim any energy savings from the current ASI Projects toward the Company's 2013 or 2014 CIP accomplishments." The Company interprets this to refer to the ASI Projects as originally approved in the 2013-2015 Triennial Plan, given that the ASI Projects remained active in 2014 while the Deputy Commissioner's *Order* was still pending. The Company will plan to claim energy savings in 2014 for the recently-proposed Residential Weatherization Rebate Program.

<sup>9</sup> Deputy Commissioner's *Order* of February 28, 2014 in the current docket.

Laboratory report that the deemed savings methodology originally referenced, the Company developed a way to “reality-check” the square footage information based on the data provided about the water heater itself, and calculate the savings using the most conservative figure in order to avoid over-claiming savings. A more complete description of this calculation was provided to DER Staff with a courtesy notification regarding the adjustment to the savings methodology. The correction has the effect of reducing energy savings claimed for any given water heater, if it changes savings at all, and was used to calculate the energy savings for all prescriptive water heater savings claimed in the Commercial and Industrial Market Segment for 2013.

#### Low-Income Sector Spending Efforts

2013 was the first year in which the Company’s dedicated low-income projects were treated as a market sector separate from either the residential or commercial sector. Minnesota statutes require gas utilities to spend at least 0.4 percent of gross operating revenue from residential customers on conservation programs that directly serve the needs of low-income customers. While there are five projects in the low-income sector of the Company’s portfolio, the Low Income Weatherization (LIW) project is the primary vehicle for addressing the statutory low-income spending requirement. In late 2013, CenterPoint Energy learned from the implementation vendor for this program that the vendor did not expect to meet its spending goal for the year. Consultation with other low-income sector program implementers revealed that they were also tracking short of project goals, and as of mid-November 2013, CenterPoint Energy projected an estimated shortfall of \$600,000 to \$700,000 relative to the statutory minimum. Accordingly, the Company undertook a number of actions to ensure that it would meet its statutory spending obligations. These included:

- Increased outreach efforts in order to drive participation in the Company’s low-income offerings;
- Expanding no-fee residential audits available to low-income customers to include Standard as well as Basic audits; and
- Sending free residential energy efficiency kits to all of the Company’s LIHEAP customers who were not recent participants in LIW.

Through these various incremental efforts, the Company was able to achieve its statutory minimum spending requirement in 2013. Total spending in the low-income sector was \$2,915,754, representing 0.5 percent of gross operating revenue from residential customers. This figure includes the \$754,003 spent to deliver free energy efficiency kits to 25,236 LIHEAP recipients.<sup>10</sup> More information on these efforts and their relationship with dedicated low-income program results is included in the Compliance Overview section and in the Individual Program Results section. These incremental efforts were discussed with DER Staff and communicated through a courtesy notification.

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<sup>10</sup> Note that all references to low-income spending in this report, including BENCOST results and other analyses, include the spending and participation associated with these kits unless otherwise indicated. Because the kits were sent unsolicited by the Company, no energy savings are claimed for this effort in 2013.

## Compliance Overview

### Energy Savings Goals (Minnesota Statute §216B.241, subd. 1c.)

CenterPoint Energy's approved 2013 energy savings goal represents one percent of the Company's three-year average gross annual retail energy sales, in compliance with Minn. Statute 216B.241, subd. 1c. (d). The Company surpassed the approved 2013 energy savings goal by 216,053 MCF; achieving energy savings equivalent to 1.16 percent of CenterPoint Energy's approved three-year averaged weather normalized energy sales, net of energy sales to exempt customers.

**Table 1. Compliance with Annual Energy Savings Goal**

Average Weather-Normalized Energy Sales (2009-2011)	136,490,212 MCF
2013 Energy Savings Goal	1,367,966 MCF
<b>2013 CIP Energy Savings Goal - Percent of Average Weather-Normalized Energy Sales</b>	<b>1.00%</b>
2013 Actual Energy Savings	1,584,019 MCF
<b>2013 CIP Energy Savings - Percent of Average Weather-Normalized Energy Sales</b>	<b>1.16%</b>

### Minimum Spending Requirements (MN Stat. §216B.241, subd. 1a; MN Rules 7690.1200, subp. 1a)

Minnesota Statutes §216B.241, subd. 1a, requires gas utilities to spend 0.5 percent of gross operating revenue on CIP; Minnesota Rules 7690.1200 subp. 1A(2) establishes the Gas Jurisdictional Annual Report as the source of data to be used for calculating this amount. In 2013, CenterPoint Energy spent a total of \$22,829,710 on CIP programs, which represents 2.57 percent of the Company's approved gross operating revenue, net of sales to CIP exempt customers.

**Table 2. Compliance with Minimum Spending Requirement**

2011 Total Gross Operating Revenue (GOR)*	\$918,707,700
Revenue from Exempt Customers**	\$30,723,563
2011 Net GOR***	\$887,984,137
<b>Statutory Spending Factor</b>	<b>0.5%</b>
Statutory Minimum CIP Spending	\$4,439,921
2013 CIP Program Spending	\$22,829,710
<b>2013 CIP Program Spending as a Percent of Net GOR</b>	<b>2.57%</b>

\* From 2011 Gas Jurisdictional Report, Page G-39 (Total Revenue Corresponding to Sales).

\*\* MN Statutes 216B.241, subd. 1a states that gross operating revenues do not include sales to customers exempt from CIP.

\*\*\* The 2011 Net GOR was filed and approved in the Company's 2013-2015 Triennial Plan in Docket No. G008/CIP-12-564.

### Low-Income Spending Requirement (MN Stat. 216B.241, subd. 7)

As amended by HF 854, Minnesota Statutes §216B.241, subd. 7 requires a gas utility to spend at least 0.4 percent of its most recent three-year average residential gross operating revenue (GOR) annually on low-income programs. In 2013, CenterPoint Energy spent a total of \$2,915,754 on low-income programs, representing 0.51 percent of the Company's three-year average GOR from residential customers.<sup>11</sup>

**Table 3. Compliance with Low-Income Spending Requirement**

2009 GOR from Residential Customers	\$603,917,000
2010 GOR from Residential Customers	\$551,982,300
2011 GOR from Residential Customers	\$555,038,100
2009-2011 Average GOR from Residential Customers*	\$570,312,467
<b>Statutory Spending Factor</b>	<b>0.4%</b>
Statutory Minimum Low-Income Spending	\$2,281,250
2013 Actual Low-Income Spending **	\$2,915,754
<b>Proposed Low-Income Spending as Percent of Residential GOR (2013)</b>	<b>0.51%</b>

\* Annual GOR from residential customers figures come from the Company's 2009-2011 Gas Jurisdictional Annual Report, Page G-38 (Revenue Corresponding to Sales for Residential With Heating and Residential Without Heating).

\*\*2013 Low-Income Program Spending includes spending associated with a one-time Energy Efficiency Kit mailing to the Company's customers that received LIHEAP support in 2013.

### Research and Development Spending Cap (MN Stat. 216B.241, subd. 2c)

Minnesota Statutes §216B.241, subd. 2c establishes a maximum that utilities may spend on research and development through CIP. This cap is set at ten percent of the minimum spending requirement. The table below demonstrates CenterPoint Energy's compliance with the research and development spending cap.

**Table 4. Compliance with Research and Development Spending Cap**

Statutory Minimum CIP Spending	\$4,439,921
<b>R&amp;D Spending Cap</b>	<b>\$443,992</b>
2013 R&D Spending in Project Development	\$249,653
2013 R&D Spending in the Low-Income Renter Research Pilot	\$67,302
<b>2013 Total R&amp;D Spending</b>	<b>\$316,954</b>

### Distributed and Renewable Generation Cap (Minnesota Statutes §216B.241 1, subd. 1(a))

Minnesota Statutes §216B.241 1, subd. 1(a) allows utilities to spend up to five percent of their minimum annual spending requirements on distributed and renewable generation (DRG) projects. CenterPoint Energy did not expend funds on any DRG projects in 2013.

<sup>11</sup> Consistent with how CIP energy savings goals are calculated for Triennial Plan filings, the Company calculated its three-year average GOR from residential customers using the three most recent years prior to filing the 2013-2015 CIP Triennial Plan.

## 2013 CIP Program Results

The information provided in the following tables is required by Department of Commerce Rules 7690.0550.

### Program Summary

Summary	Budget	Participation	Energy Saved (MCF)	Demand Energy Saved (MCF)
<b>Residential Market Segment</b>				
2013 Goal	\$12,981,925	300,855	477,757	4,778
2013 Actual	\$12,868,507	306,310	529,155	5,292
Variance	(113,418)	5,455	51,398	514
<b>Low-Income Market Segment</b>				
2013 Goal	\$3,145,510	2,192	45,553	456
2013 Actual	\$2,915,754	26,481	17,075	171
Variance	(229,756)	24,289	(28,478)	(285)
<b>C/I Market Segment</b>				
2013 Goal	\$7,530,936	7,587	844,656	8,447
2013 Actual	\$5,875,196	8,080	1,036,671	10,367
Variance	(1,655,740)	493	192,015	1,920
<b>Other Projects</b>				
2013 Goal	\$1,260,000	0	0	0
2013 Actual	\$1,170,253	9	1,119	11
Variance	(\$89,747)	9	1,119	11
<b>Total</b>				
2013 Goal	\$24,918,371	310,634	1,367,966	13,680
2013 Actual	\$22,829,710	340,880	1,584,019	15,840
Variance	(\$2,088,661)	30,246	216,053	2,161

## 2013 Budget Summary

Project	Budget	Actual Spending	Difference	Percent Difference
<b>Residential Market Segment Projects</b>				
Residential Heating	\$5,806,050	\$6,176,046	\$369,996	6.4%
Residential Water Heater	\$940,875	\$859,925	(\$80,950)	-8.6%
Showerhead & Faucet	\$581,000	\$444,862	(\$136,138)	-23.4%
Attic Insulation & Air Sealing	\$1,626,400	\$1,138,866	(\$487,534)	-30.0%
Wall Insulation	\$18,600	\$11,477	(\$7,123)	-38.3%
Pilotless Hearth	\$255,000	\$206,109	(\$48,891)	-19.2%
Residential Audit	\$486,250	\$524,250	\$38,000	7.8%
Home Energy Report	\$1,748,750	\$1,738,251	(\$10,499)	-0.6%
Home Energy Squad (Quick Fix)	\$975,000	\$639,054	(\$335,946)	-34.5%
Whole Home New Construction	\$435,000	\$1,032,511	\$597,511	137.4%
Energy Efficiency Kits	\$109,000	\$97,157	(\$11,843)	-10.9%
Subtotal:	<b>\$12,981,925</b>	<b>\$12,868,507</b>	<b>(\$113,418)</b>	<b>-0.9%</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	\$1,806,500	\$1,515,103	(\$291,397)	-16.1%
Non-Profit Affordable Housing	\$215,250	\$166,879	(\$48,371)	-22.5%
Low-Income Multi-Family Building	\$287,250	\$67,956	(\$219,294)	-76.3%
Low-Income Heating System Tune-ups	\$200,000	\$69,798	(\$130,202)	-65.1%
Low-Income Renter Research	\$636,510	\$342,015	(\$294,495)	-46.3%
Low-Income Energy Efficiency Kit Mailing	--	\$754,003	\$754,003	--
Subtotal:	<b>\$3,145,510</b>	<b>\$2,915,754</b>	<b>(\$229,756)</b>	<b>-7.3%</b>
<b>C/I Market Segment Projects</b>				
Foodservice	\$508,737	\$507,725	(\$1,012)	-0.2%
Heating & Water Heating	\$2,914,803	\$2,882,957	(\$31,846)	-1.1%
Custom	\$2,495,980	\$1,640,546	(\$855,434)	-34.3%
Natural Gas Energy Analysis	\$273,500	\$86,239	(\$187,261)	-68.5%
Energy Design Assistance	\$520,000	\$294,572	(\$225,428)	-43.4%
Process Efficiency	\$452,500	\$197,071	(\$255,429)	-56.4%
Education & Seminars	\$107,700	\$107,279	(\$421)	-0.4%
Engineering Assistance	\$78,408	\$40,448	(\$37,960)	-48.4%
Recommissioning	\$165,000	\$116,770	(\$48,230)	-29.2%
LEED Assistance	\$14,308	\$1,589	(\$12,719)	-88.9%
Subtotal:	<b>\$7,530,936</b>	<b>\$5,875,196</b>	<b>(\$1,655,740)</b>	<b>-22.0%</b>
<b>Other Projects</b>				
General Efficiency/Marketing & Promotions Project	\$650,000	\$563,039	(\$86,961)	-13.4%
Project Development	\$175,000	\$249,653	\$74,653	42.7%
Planning & Regulatory Affairs	\$150,000	\$84,436	(\$65,564)	-43.7%
EnerActNow	\$285,000	\$273,125	(\$11,875)	-4.2%
Subtotal:	<b>\$1,260,000</b>	<b>\$1,170,253</b>	<b>(\$89,747)</b>	<b>-7.1%</b>
<b>Total</b>				
	<b>\$24,918,371</b>	<b>\$22,829,710</b>	<b>(\$2,088,661)</b>	<b>-8.4%</b>



## 2013 Energy Savings Summary

Project	Goal Energy Savings	Actual Energy Savings	Difference	Percent Difference
<b>Residential Market Segment Projects</b>				
Residential Heating	209,734	220,011	10,277	4.9%
Residential Water Heater	13,998	13,923	-75	-0.5%
Showerhead & Faucet	69,900	94,952	25,052	35.8%
Attic Insulation & Air Sealing <sup>12</sup>	40,390	--	-40,390	-100.0%
Wall Insulation <sup>13</sup>	1,645	--	-1,645	-100.0%
Pilotless Hearth	6,570	6,583	13	0.2%
Residential Audit	N/A	N/A	N/A	N/A
Home Energy Report	92,667	80,181	-12,486	-13.5%
Home Energy Squad (Quick Fix)	22,500	15,271	-7,229	-32.1%
Whole Home New Construction	12,600	85,058	72,458	575.1%
Energy Efficiency Kits	7,753	13,175	5,422	69.9%
Subtotal:	<b>477,757</b>	<b>529,155</b>	<b>51,398</b>	<b>10.8%</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	12,028	6,368	(5,660)	-47.1%
Non-Profit Affordable Housing	2,833	1,918	(915)	-32.3%
Low-Income Multi-Family Building	27,000	5,931	(21,069)	-78.0%
Low-Income Heating System Tune-ups	1,800	1,273	(527)	-29.3%
Low-Income Renter Research	1,892	1,585	(307)	-16.2%
Low-Income Energy Efficiency Kit Mailing	N/A	N/A	N/A	N/A
Subtotal:	<b>45,553</b>	<b>17,075</b>	<b>(28,478)</b>	<b>-62.5%</b>
<b>C/I Market Segment Projects</b>				
Foodservice	46,040	47,538	1,498	3.3%
Heating & Water Heating	463,616	621,711	158,095	34.1%
Custom	305,000	320,527	15,527	5.1%
Natural Gas Energy Analysis	N/A	N/A	N/A	N/A
Energy Design Assistance	--	10,392	10,392	N/A
Process Efficiency	20,000	21,989	1,989	9.9%
Education & Seminars	N/A	N/A	N/A	N/A
Engineering Assistance	N/A	N/A	N/A	N/A
Recommissioning	10,000	14,515	4,515	45.2%
LEED Assistance	N/A	N/A	N/A	N/A
Subtotal:	<b>844,656</b>	<b>1,036,671</b>	<b>192,015</b>	<b>22.7%</b>
<b>Other Projects</b>				
General Efficiency/Marketing & Promotions Project	N/A	N/A	N/A	N/A
Project Development	--	1,119	1,119	N/A
Planning & Regulatory Affairs	N/A	N/A	N/A	N/A
EnerActNow	N/A	N/A	N/A	N/A
Subtotal:	--	<b>1,119</b>	<b>1,119</b>	N/A
<b>Total</b>	<b>1,367,966</b>	<b>1,584,019</b>	<b>216,053</b>	<b>15.8%</b>

<sup>12</sup> As discussed in the Update of Program Modifications section of this report, CenterPoint Energy may not claim energy savings from the current ASI Projects toward the Company's 2013 or 2014 CIP accomplishments, in compliance with the Deputy Commissioner's Order.

<sup>13</sup> Id.

### 2013 Demand Energy Savings Summary

Project	Goal Demand Energy Savings	Actual Demand Energy Savings	Difference	Percent Difference
<b>Residential Market Segment Projects</b>				
Residential Heating	2,097	2,200	103	4.9%
Residential Water Heater	140	139	-1	-0.5%
Showerhead & Faucet	699	950	251	35.8%
Attic Insulation & Air Sealing	404	--	-404	-100.0%
Wall Insulation	16	--	-16	-100.0%
Pilotless Hearth	66	66	--	0.2%
Residential Audit	N/A	N/A	N/A	N/A
Home Energy Report	927	802	-125	-13.5%
Home Energy Squad (Quick Fix)	225	153	-72	-32.1%
Whole Home New Construction	126	851	725	575.1%
Energy Efficiency Kits	78	132	54	69.9%
Subtotal:	<b>4,778</b>	<b>5,292</b>	<b>514</b>	<b>10.8%</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	120	64	(57)	-47.1%
Non-Profit Affordable Housing	28	19	(9)	-32.3%
Low-Income Multi-Family Building	270	59	(211)	-78.0%
Low-Income Heating System Tune-ups	18	13	(5)	-29.3%
Low-Income Renter Research	19	16	(3)	-16.2%
Low-Income Energy Efficiency Kit Mailing	N/A	N/A	N/A	N/A
Subtotal:	<b>456</b>	<b>171</b>	<b>(285)</b>	<b>-62.5%</b>
<b>C/I Market Segment Projects</b>				
Foodservice	460	475	15	3.3%
Heating & Water Heating	4,636	6,217	1,581	34.1%
Custom	3,050	3,205	155	5.1%
Natural Gas Energy Analysis	N/A	N/A	N/A	N/A
Energy Design Assistance	--	104	104	N/A
Process Efficiency	200	220	20	9.9%
Education & Seminars	N/A	N/A	N/A	N/A
Engineering Assistance	N/A	N/A	N/A	N/A
Recommissioning	100	145	45	45.2%
LEED Assistance	N/A	N/A	N/A	N/A
Subtotal:	<b>8,447</b>	<b>10,367</b>	<b>1,920</b>	<b>22.7%</b>
<b>Other Projects</b>				
General Efficiency/Marketing & Promotions Project	N/A	N/A	N/A	N/A
Project Development	--	11	11	N/A
Planning & Regulatory Affairs	N/A	N/A	N/A	N/A
EnerActNow	N/A	N/A	N/A	N/A
Subtotal:	--	<b>11</b>	<b>11</b>	<b>N/A</b>
<b>Total</b>	<b>13,680</b>	<b>15,840</b>	<b>2,161</b>	<b>15.8%</b>

### Low Income Participation Summary

Project	Participation Goal	Actual Participation	Low-Income Participation Goal	Actual Low-Income Participation
<b>Residential Market Segment Projects</b>				
Residential Heating	40,230	42,009	2,897	1,049
Residential Water Heater	7,225	6,990	896	168
Showerhead & Faucet	42,000	54,651	3,150	3,395
Attic Insulation & Air Sealing	2,800	2,158	176	95
Wall Insulation	50	34	3	5
Pilotless Hearth	1,500	1,503	32	-
Residential Audit	2,500	2,500	63	150
Home Energy Report	200,000	190,216	10,400	6,358
Home Energy Squad (Quick Fix)	2,500	2,165	275	211
Whole Home New Construction	300	1,110	-	-
Energy Efficiency Kits	1,750	2,974	131	194
Subtotal:	<b>300,855</b>	<b>306,310</b>	<b>18,022</b>	<b>11,625</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	650	280	650	280
Non-Profit Affordable Housing	100	95	100	95
Low-Income Multi-Family Building	300	114	300	114
Low-Income Heating System Tune-ups	1,000	707	1,000	707
Low-Income Renter Research	142	49	142	49
Low-Income Energy Efficiency Kit Mailing	--	25,236	--	25,236
Subtotal:	<b>2,192</b>	<b>26,481</b>	<b>2,192</b>	<b>26,571</b>
<b>C/I Market Segment Projects</b>				
Foodservice	539	622	-	-
Heating & Water Heating	5,622	6,256	-	-
Custom	125	81	-	-
Natural Gas Energy Analysis	225	50	-	-
Energy Design Assistance	48	51	-	-
Process Efficiency	10	3	-	-
Education & Seminars	1000	1,012	-	-
Engineering Assistance	7	1	-	-
Recommissioning	10	4	-	-
LEED Assistance	1	0	-	-
Subtotal:	<b>7,587</b>	<b>8,080</b>	-	-
<b>Other Projects</b>				
General Efficiency/Marketing & Promotions Project	-	-	-	-
Project Development	-	9	-	-
Planning & Regulatory Affairs	-	-	-	-
EnerActNow	-	-	-	-
Subtotal:	-	<b>9</b>	-	-
<b>Total</b>	<b>310,634</b>	<b>340,880</b>	<b>20,214</b>	<b>38,196</b>

The methodologies used to determine low-income customer participation rates for applicable projects are contained in the individual project reports that follow. The number of reported low-income participants is based on the following methodologies:

- Residential customers income-qualified for participation in low-income programs, as documented by third party agencies such as community action agencies and non-profits;
- Low-income multifamily housing customers providing documentation to CenterPoint Energy showing pre-qualification in the Department of Energy Weatherization Assistance Program (WAP), certification for the Minnesota Low Income Rental Classification (LIRC), and other documentation including (but not limited to) participation in the project-based Section 8 voucher program; and
- A cross-check of 2013 residential CIP participants against energy assistance recipients.

### 2013 Renter Participation Summary

Project	Participation Goal	Actual Participation	Renter Participation Goal	Actual Renter Participation
<b>Residential Market Segment Projects</b>				
Residential Heating	40,230	42,009	201	2,089
Residential Water Heater	7,225	6,990	29	290
Showerhead & Faucet	42,000	54,651	672	5,105
Attic Insulation & Air Sealing	2,800	2,158	25	70
Wall Insulation	50	34	0	-
Pilotless Hearth	1,500	1,503	2	29
Residential Audit	2,500	2,500	93	182
Home Energy Report	200,000	190,216	7,800	5,518
Home Energy Squad (Quick Fix)	2,500	2,165	110	144
Whole Home New Construction	300	1,110	-	-
Energy Efficiency Kits	1,750	2,974	133	576
Subtotal:	<b>300,855</b>	<b>306,310</b>	<b>9,065</b>	<b>14,003</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	650	280	45	74
Non-Profit Affordable Housing	100	95	25	-
Low-Income Multi-Family Building	300	114	300	114
Low-Income Heating System Tune-ups	1,000	707	70	40
Low-Income Renter Research	142	49	142	49
Low-Income Energy Efficiency Kit Mailing	--	25,326	--	10,466
Subtotal:	<b>2,192</b>	<b>26,481</b>	<b>582</b>	<b>10,743</b>
<b>C/I Market Segment Projects</b>				
Foodservice	539	622	-	10
Heating & Water Heating	5,622	6,256	-	1,181
Custom	125	81	68	31
Natural Gas Energy Analysis	225	50	-	15
Energy Design Assistance	48	51	-	-
Process Efficiency	10	3	-	-
Education & Seminars	1,000	1,012	-	-
Engineering Assistance	7	1	-	-
Recommissioning	10	4	-	1
LEED Assistance	1	0	-	-
Subtotal:	<b>7,587</b>	<b>8,080</b>	<b>68</b>	<b>1,238</b>
<b>Other Projects</b>				
General Efficiency/Marketing & Promotions Project	-	-	-	-
Project Development	-	9	-	-
Planning & Regulatory Affairs	-	-	-	-
EnerActNow	-	-	-	-
Subtotal:	-	<b>9</b>	-	-
<b>Total</b>	<b>310,634</b>	<b>340,880</b>	<b>9,714</b>	<b>25,984</b>

The methodologies used to determine renter participation rates for applicable projects are contained in the individual project reports that follow.

## 2013 Cost-Benefit Analyses

Project	Ratepayer Impact Test	Utility Cost Test	Societal Test	Participant Test
<b>Residential Market Segment Projects</b>				
Residential Heating	0.62	2.71	1.40	2.05
Residential Water Heater	0.47	1.10	0.64	1.18
Showerhead & Faucet	0.73	7.92	9.47	N/A
Attic Insulation & Air Sealing <sup>14</sup>	N/A	N/A	N/A	N/A
Wall Insulation <sup>15</sup>	N/A	N/A	N/A	N/A
Pilotless Hearth	0.60	2.31	1.83	3.15
Residential Audit	N/A	N/A	N/A	N/A
Home Energy Report	0.40	0.79	0.84	N/A
Home Energy Squad (Quick Fix)	0.45	1.00	1.01	6.85
Whole Home New Construction	0.73	7.47	2.29	3.36
Energy Efficiency Kits	0.70	5.03	6.02	N/A
Subtotal:	<b>0.62</b>	<b>2.74</b>	<b>1.42</b>	<b>2.29</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	0.23	0.32	0.46	N/A
Non-Profit Affordable Housing	0.43	0.92	0.92	N/A
Low-Income Multi-Family Building	0.76	6.64	2.66	2.55
Low-Income Heating System Tune-ups	0.16	0.21	0.22	N/A
Low-Income Renter Research	0.00	0.33	0.47	N/A
Subtotal:	<b>0.28</b>	<b>0.42</b>	<b>0.23</b>	<b>0.35</b>
<b>C/I Market Segment Projects</b>				
Foodservice	0.77	5.60	2.33	2.46
Heating & Water Heating	0.81	9.04	4.78	5.69
Custom	0.79	14.86	8.45	9.19
Natural Gas Energy Analysis	N/A	N/A	N/A	N/A
Energy Design Assistance	0.70	3.20	3.94	9.78
Process Efficiency	0.82	8.05	6.71	10.34
Education & Seminars	N/A	N/A	N/A	N/A
Engineering Assistance	N/A	N/A	N/A	N/A
Recommissioning	0.80	4.61	1.50	1.67
LEED Assistance	N/A	N/A	N/A	N/A
Subtotal:	<b>0.83</b>	<b>10.56</b>	<b>2.34</b>	<b>2.24</b>
<b>Other Projects</b>				
General Efficiency/Marketing & Promotions Project	N/A	N/A	N/A	N/A
Project Development	0.14	0.17	0.20	N/A
Planning & Regulatory Affairs	N/A	N/A	N/A	N/A
EnerActNow	N/A	N/A	N/A	N/A
Subtotal:	<b>0.03</b>	<b>0.03</b>	<b>0.04</b>	<b>N/A</b>
<b>Total</b>	<b>0.70</b>	<b>4.90</b>	<b>2.26</b>	<b>2.74</b>

<sup>14</sup> Because the Company claimed no savings in the Residential Attic Insulation and Air Sealing Project, cost-benefit analysis results are not provided.

<sup>15</sup> Because the Company claimed no savings in the Residential Wall Insulation Project, cost-benefit analysis results are not provided.

### 2013 Cost per MCF Saved Comparison

Project	Approved Cost per MCF Saved	Actual Cost per MCF Saved	Percent Difference
<b>Residential Market Segment Projects</b>			
Residential Heating	\$27.68	\$28.07	1.4%
Residential Water Heater	\$67.21	\$61.76	-8.1%
Showerhead & Faucet	\$8.31	\$4.69	-43.6%
Attic Insulation & Air Sealing	\$40.27	N/A	-100.0%
Wall Insulation	\$11.31	N/A	-100.0%
Pilotless Hearth	\$38.81	\$31.31	-19.3%
Residential Audit	N/A	N/A	N/A
Home Energy Report <sup>16</sup>	\$18.87	\$21.68	14.9%
Home Energy Squad (Quick Fix)	\$43.33	\$41.85	-3.4%
Whole Home New Construction	\$34.52	\$12.14	-64.8%
Energy Efficiency Kits	\$14.06	\$7.37	-47.5%
Subtotal:	<b>\$27.17</b>	<b>\$24.32</b>	<b>-10.5%</b>
<b>Low-Income Market Segment Projects</b>			
Low-Income Weatherization	\$150.19	\$237.91	58.4%
Non-Profit Affordable Housing	\$75.98	\$86.99	14.5%
Low-Income Multi-Family Building	\$10.64	\$11.46	7.7%
Low-Income Heating System Tune-ups	\$111.11	\$54.85	-50.6%
Low-Income Renter Research	\$336.42	\$215.83	-35.8%
Low-Income Energy Efficiency Kit Mailing	N/A	N/A	N/A
Subtotal:	<b>\$69.05</b>	<b>\$170.76</b>	<b>147.3%</b>
<b>C/I Market Segment Projects</b>			
Foodservice	\$11.05	\$10.68	-3.3%
Heating & Water Heating	\$6.29	\$4.64	-26.2%
Custom	\$8.18	\$5.12	-37.5%
Natural Gas Energy Analysis	N/A	N/A	N/A
Energy Design Assistance	N/A	\$28.35	N/A
Process Efficiency	\$22.63	\$8.96	-60.4%
Education & Seminars	N/A	N/A	N/A
Engineering Assistance	N/A	N/A	N/A
Recommissioning	\$16.50	\$8.04	-51.2%
LEED Assistance	N/A	N/A	N/A
Subtotal:	<b>\$8.92</b>	<b>\$5.67</b>	<b>-36.4%</b>
<b>Other Projects</b>			
General Efficiency/Marketing & Promotions Project	N/A	N/A	N/A
Project Development	N/A	\$223.10	N/A
Planning & Regulatory Affairs	N/A	N/A	N/A
EnerActNow	N/A	N/A	N/A
Subtotal:	N/A	\$1,045.80	N/A
<b>Total</b>	<b>\$18.22</b>	<b>\$14.41</b>	<b>-20.4%</b>

CenterPoint Energy's 2013 CIP projects in both the residential and commercial market achieved an improvement over the Department-approved cost per MCF targets. The achieved variations from the targets are as follows:

<sup>16</sup> The cost per MCF savings for the Home Energy Reports Project was calculated using the 3-year averaged savings figure for both the goal and actual cost per MCF.

- Residential: 10.5 percent below;
- Commercial/Industrial: 36.4 percent below; and
- Overall: 20.4 percent below.



## Residential Market Segment Projects

CenterPoint Energy’s Residential Market Segment achieved 102 percent of the sector’s participation goal and 111 percent of the energy savings goal, while being under budget by one percent.

CenterPoint Energy submits 2013 year-end information on the following residential projects:

- High-Efficiency Heating System Rebate Project;
- High-Efficiency Residential Water Heater Project;
- Low-Flow Showerhead and Faucet Aerator Project;
- Residential Attic Insulation & Air Sealing Project;
- Residential Wall Insulation Project,
- Residential Electronic Ignition Hearth Project
- Residential Energy Audit Project;
- Home Energy Report Project;
- Home Energy Squad Project;
- Whole Home Construction Project; and
- Residential Energy Efficiency Kits.

Residential Market Segment	Project Spending	Project Participation	Energy Savings	\$/MCF	Societal BenCost Test Results
Heating System Rebate	\$6,176,046	42,009	220,011	\$28.07	1.40
Water Heater Rebate	\$859,925	6,990	13,923	\$61.78	0.64
Low-Flow Showerhead & Aerator	\$444,862	54,651	94,952	\$4.69	9.47
Attic Weatherization Rebate	\$1,138,866	2,158	0	N/A	N/A
Wall Insulation Rebate	\$11,477	34	0	N/A	N/A
Electronic Ignition Hearth Rebate	\$206,109	1,503	6,583	\$31.31	1.83
Residential Energy Audit	\$524,250	2,500	0	N/A	N/A
Home Energy Reports	\$1,738,251	190,216	80,181	\$21.68	0.84
Home Energy Squad	\$639,054	2,165	15,271	\$41.85	1.01
Whole Home New Construction	\$1,032,511	1,110	85,058	\$12.14	2.29
Residential Efficiency Kits	\$97,157	2,974	13,175	\$7.37	6.02
<b>Residential Total</b>	<b>\$12,868,507</b>	<b>306,310</b>	<b>529,155</b>	<b>\$24.32</b>	<b>1.42</b>

### Methodology Used to Determine Achievement of Low-Income and Renter Goals for the Residential Market Segment

The figures regarding low-income participation were established through a cross-check between CenterPoint Energy’s CIP participation and LIHEAP recipient records. Renter participation was established through a cross-check of rental data in CenterPoint Energy’s customer information system.

### High-Efficiency Heating System Rebate Project

Discussion: The project achieved 104% of its participation and 105% of its energy savings goals while project spending was over budget by only 6.4%. Not only were there more participants than planned, but a greater-than-expected share of them installed heating equipment with higher efficiency ratings, which were eligible for higher incentive levels. Thus the total incentive spending was increased by both higher participation and higher spending per customer.

The total participation represents 42,009 measures installed by 35,603 customers. Customers who installed programmable thermostats in addition to their high-efficiency heating equipment were eligible for an additional rebate, according to the Company’s Triennial Plan. 6,406 customers took advantage of this opportunity, in addition to

installations of 1,200 92% efficient furnaces; 3,056 94% efficient furnaces; 307 95% efficient furnaces; 7,406 96% efficient furnaces; 243 83.5% efficient boilers; and 238 91% efficient boilers. 23,153 customers also received rebates for furnace or boiler tune-ups.

The following additional information is provided with regard to this project:

Equipment Type	Replacements	New Construction	1- and 2-Family	Townhouses
<b>92% Furnace</b>	557	643	1,585	84
<b>94% Furnace</b>	3,056	N/A	2,472	171
<b>95% Furnace</b>	N/A	307	431	39
<b>96% Furnace</b>	7,406	N/A	7,031	120
<b>83.5 % Boiler</b>	241	2	548	--
<b>91% Boiler</b>	187	53	239	5

### High-Efficiency Water Heater Rebate Project

Discussion: The project achieved 97% of its participation and 99% of its energy savings goals while project spending was 8.6% under budget.

Of the total of 6,990 natural gas storage tank water heaters rebated, 4,335 had an energy factor of 0.62, 296 had an energy factor of 0.64, and 2,142 had an energy factor of 0.67 or greater. An additional 175 tankless water heaters were rebated, 21 of which had an energy factor between .82 and .90 and 154 had an energy factor of .90 or above. Forty-two indirect water heaters (installed with 91% AFUE or greater condensing boilers) were rebated through the program.

The Company was ordered to report in its Status Report filing any irregular dips in system pressure or other issues identified in the Company’s routine system monitoring activities that are determined or believed to be the result of tankless water heaters.<sup>17</sup> The Company is not aware of any dips in system pressure or other irregularities due to tankless water heaters.

### Low-Flow Showerhead Project

Discussion: The project achieved 130% of its participation and 136% of its energy savings goals while project spending was 23.4% under budget. The 11,439 participating customers received 25,451 low-flow showerheads and 29,200 low-flow faucet aerators. There were 703 participating low-income customers, who received 1,537 low-flow showerheads and 1,858 low-flow faucet aerators.

### Residential Attic Weatherization Rebate Project

Discussion: The project achieved 77% of its participation goal and remained under budget by 30%. Consistent with the February 28, 2014 *Decision* in Docket No. G008/CIP-12-564, CenterPoint Energy will not claim energy savings for the Attic Weatherization Rebate Project in the 2013 program year due to inconsistencies in the data provided on rebate forms.

<sup>17</sup> From the October 19,2012 *Decision* in Docket No. G008/CIP-12-564, page 13.

## **Residential Wall Insulation Rebate Project**

Discussion: The project achieved 68% of its participation goal and remained under budget by 38.3%. Consistent with the February 28, 2014 *Decision* in Docket No. G008/CIP-12-564, CenterPoint Energy will not claim energy savings for the Wall Insulation Rebate Project in the 2013 program year due to inconsistencies in the data provided on rebate forms.

## **Electronic Ignition Hearth Project**

Discussion: The project achieved 100% of its participation goal and energy savings goals while project spending was under budget by 19.2%.

## **Residential Energy Audit Project**

Discussion: The project achieved 100% of its participation goal and project spending was over budget by 7.8%. A total of 172 Basic and 2,328 Standard energy audits were conducted. Eighty-six no-fee energy audits were conducted for low-income participants. As part of the Company's effort to increase CIP services to low-income customers, CenterPoint Energy offered both the standard audit and the basic audit for no-fee to low-income CenterPoint Energy customers.

## **Home Energy Report Project**

Discussion: The project achieved 95% of its participation goal and 87% of its energy savings goal. The project spending was under budget by 0.6%.

## **Home Energy Squad Project**

Discussion: The project achieved 87% of its participation goal and 68% of its energy savings goal while project spending was under budget by 34.5%. The 2,165 participating customers installed 8,161 energy conservation measures through the program.

## **Whole Home New Construction Project**

Discussion: The project achieved 370% of its participation goal and 675% of its energy savings goals while project spending was over budget by 137.4%. Higher than expected participation and energy savings in this project was due to high rates of new construction in the residential market in 2013 and higher than anticipated rates of participation among home builders.

## **Residential Energy Efficiency Kits Project**

Discussion: The project achieved 170% of its participation and energy savings goals while project spending was under budget by 10.9%. This participation and spending does not include the mailing of 25,236 kits to the Company's customers that received LIHEAP support in order to reach more of the Company's low-income customers. The spending and participation for the Energy Efficiency Kit mailing to LIHEAP recipients is included in the Low-Income Market Segment. The Company did not count energy savings for the 25,236 kits sent out to LIHEAP recipients in either market segment.

## Low-Income Market Segment Projects

With the addition of a one-time mailing of Energy Efficiency Kits to the Company's LIHEAP recipients, the Low-Income Market Segment achieved 1,208 percent of the sector's participation goal, 37 percent of the energy savings goal, and was under budget by 7.3 percent.

CenterPoint Energy submits 2013 year-end information on the following low-income projects:

- Low-Income Weatherization Project;
- Non-Profit Affordable Housing Project;
- Low-Income Multifamily Building Rebate Project;
- Low-Income Heating System Tune-Ups;
- Low-Income Renter Research Project; and
- Low-Income Energy Efficiency Kit Mailing.

Low-Income Market Segment	Project Spending	Project Participation	Energy Savings	\$/MCF	Societal BenCost Test Results
Low-Income Weatherization	\$1,515,103	280	6,368	\$237.91	0.46
Non-Profit Affordable Housing	\$166,879	95	1,918	\$86.99	0.92
Low Income Multifamily Buildings	\$67,956	114	5,931	\$11.46	2.66
Low-Income Heating System Tune-ups	\$69,798	707	1,273	\$54.85	0.22
Low-Income Renter Research Pilot	\$342,015	49	1,585	\$215.83	0.47
Low-Income Energy Efficiency Kit Mailing <sup>18</sup>	\$754,003	25,236	0	N/A	N/A
<b>Low-Income Total</b>	<b>\$2,915,754</b>	<b>26,481</b>	<b>17,075</b>	<b>\$170.76</b>	<b>.23</b>

## Low-Income Weatherization Project

Discussion: During the 2013 program year, the Low-Income Weatherization Project delivery vendor notified CenterPoint Energy that they would not meet project goals for participation, energy savings or project spending. As a result the Company took a number of steps to supplement project offerings and outreach efforts to the Company's low-income customers; these efforts are discussed in the Summary of Accomplishments section of this report.

The Low-Income Weatherization Project achieved 43% of its participation goal and 53% of its energy savings goal and was under budget by 16.1%. In addition to the 280 weatherization recipients, 113 low-income participants benefited from the project through the replacement of defective furnaces with high-efficiency furnaces; 16 customers received high-efficiency boiler replacements; 130 participants received high-efficiency water heater replacements; and 23 customers received mechanical repairs on their existing heating systems.

The average weatherization cost was \$1,838.07. The average cost for the installation of 113 high-efficiency furnaces was \$4,441.25; the average cost of the 16 high-efficiency boiler replacements was \$7,593.07; the average cost of the 130 high-efficiency water heater replacements was \$2,194.25; and the average cost of the 23 heating system mechanical repairs was \$956.62.

<sup>18</sup> The Low-Income Energy Efficiency Kit Mailing was added in 2013 in response to underperformance in the Company's existing Low-Income projects. Energy Efficiency Kits, similar to those used for the Residential Energy Efficiency Kit Project, were sent to the Company's customers who received LIHEAP assistance in 2013.

Methodology Used to Determine Achievement of Low-Income and Renter Goals: The determination of low-income and renter participation was based on Community Action Program agency income verification and reporting of rental status.

### **Non-Profit Affordable Housing Project**

Discussion: The project achieved 95% of its participation goal and 68% of its energy savings goal and was under budget by 22.5%. The project performed better in 2013 than in several recent years, which is attributable to overall growth in the housing market, including for non-profit affordable housing agencies. Of the 95 participants, 84 installed a heating system, 60 installed a high efficiency water heater, 86 installed programmable thermostats, and seven installed heat recovery ventilation. Fifty-four showerheads and 108 faucet aerators were installed through the program. In addition, 47 participants performed major air sealing, and 56 participants upgraded attic insulation.

The following additional information is also provided with regard to this project:

<b>Equipment Type</b>	<b>Replacements</b>	<b>New Construction</b>	<b>1- and 2-Family</b>	<b>Townhouses</b>
<b>92% Furnace</b>	58	21	79	0

Methodology Used to Determine Achievement of Low-Income Goals: The determination of low-income participation was based on income verification by the non-profit organization partners.

### **Low-Income Heating System Tune-Up Project**

Discussion: The project achieved 71% of its participation and energy savings goal and was under budget by 65.1%. Participation in this project is determined by the level of response to outreach efforts of Community Action Program agencies.

Methodology Used to Determine Achievement of Low-Income and Renter Goals: The determination of low-income and renter participation was based on Community Action Program agency income verification and reporting of rental status.

### **Low-Income Multi-family Building Rebate Project**

Discussion: The project achieved 38% of its participation goal and 22% of its energy savings goal and was under budget by 76.3%. The Company attributes the low overall participation level to the fact that 2013 was the first year that this project was offered. The Company anticipates higher participation as the project matures and awareness of the project increases.

The 32 participating buildings had a total of 1,839 units, 1,770 of which were low-income occupied units. Of the 114 measures installed in this project, 20 were heating systems, 16 were high efficiency water heaters, 24 were boiler controls, 42 were boiler tune-ups, five were unit heaters, and seven were carbon monoxide sensors.

Methodology Used to Determine Achievement of Low-Income Goals: The determination of low-income and renter participation was based on documentation provided by participants to CenterPoint Energy for project eligibility.

## **Low-Income Renter Research Project**

Discussion: The project achieved 35% of its participation goal and 84% of energy savings goal; project spending was 46.3% under budget.

The Low-Income Renter Research Pilot Project had 49 participating buildings in 2013: 26 single family homes, 20 duplexes, one triplex and 2 four-plexes. Of the participating buildings 70 units received weatherization, 29 received an updated heating system, 24 received a programmable thermostat, 9 received a new high-efficiency water heater, and 7 received a boiler tune-up.

This is the final year for the Low-Income Renter Research Pilot Project. A new project, based on the pilot project model, called the Low-Income Rental Efficiency Rebate Project has been approved for the 2014 and 2015 CIP program years.

### Methodology Used to Determine Achievement of Low-Income and Renter Goals:

This project is aimed exclusively at low-income renter customers. Low-income status is verified either by Energy Cents Coalition (ECC) through confirmation with partner organizations (HRAs or CDAs), or by CenterPoint Energy by a check against the Company's energy assistance data. Renter status is verified by ECC through confirmation with partner organizations or customer self-reporting.

## **Low-Income Energy Efficiency Kit Mailing**

Discussion: The Company became aware that projects in the Low-Income Market Segment were not meeting spending and participation goals for 2013 and became concerned about falling short of statutory spending requirements in the low-income sector. In order to ensure compliance with the statutory minimum spending on low-income CIP projects, the Company worked to identify additional opportunities to serve CenterPoint Energy's low-income customers. In addition to increased outreach efforts for the Company's existing low-income projects, CenterPoint Energy sent 25,236 energy efficiency kits to the Company's customers that received LIHEAP payments in 2013. The Company believes it reasonable to count the spending associated with these energy efficiency kits (\$754,003) towards compliance for the overall low-income spending requirement. Because the kits were sent unsolicited, the Company did not claim energy savings for these kits. The Company engaged verbally with the Department of Commerce Staff regarding plans for the additional low-income activities and then sent a follow-up Courtesy Notification.

Methodology Used to Determine Achievement of Low-Income and Renter Goals: The figures regarding low-income participation were established through a cross-check between CenterPoint Energy's CIP participation and LIHEAP recipient records. Renter participation was established through a cross-check of rental data in CenterPoint Energy's customer information system.

## Commercial/Industrial Market Segment Projects

CenterPoint Energy’s Commercial/Industrial Market Segment achieved 106 percent of the sector’s participation goal and 123 percent of the energy savings goal, while under budget by 22 percent.

CenterPoint Energy submits 2013 year-end information on the following commercial/industrial (C/I) projects:

- Food Service Rebate Project;
- Commercial and Industrial Heating and Water Heating Project;
- Custom Rebate Project;
- Natural Gas Energy Analysis;
- Energy Design Assistance;
- Process Efficiency Project;
- Commercial and Industrial Education and Training;
- Engineering Assistance Project;
- LEED Certification Assistance Project; and
- Recommissioning Project.

### Methodology Used to Determine Achievement of Low-Income and Renter Goals in the C/I Market Segment

Commercial and Industrial customers are not considered low-income participants in the C/I market segment. Renter participation was established through a cross-check of SIC codes in CenterPoint Energy’s customer information system. Participants with SIC codes representing multifamily housing are considered “renter participants” in the C/I market.

C/I Market Segment	Project Spending	Project Participation	Energy Savings	\$/MCF	Societal BenCost Test Results
Foodservice	\$507,725	622	47,538	\$10.68	2.33
C&I Heating & Water Heating	\$2,882,957	6,256	621,711	\$4.64	4.78
Custom	\$1,640,546	81	320,527	\$5.12	8.45
Natural Gas Energy Analysis	\$86,239	50	0	N/A	N/A
Energy Design Assistance	\$294,572	51	10,392	\$28.35	3.94
Process Efficiency	\$197,071	3	21,989	\$8.96	6.71
Training & Education	\$107,279	1,012	0	N/A	N/A
Engineering Assistance	\$40,448	1	0	N/A	N/A
Recommissioning	\$116,770	4	14,515	\$8.04	1.50
LEED Assistance	\$1,589	0	0	N/A	N/A
<b>C/I Total</b>	<b>\$5,875,196</b>	<b>8,080</b>	<b>1,036,671</b>	<b>\$5.67</b>	<b>2.34</b>

## Food Service Rebate Project

Discussion: The project achieved 115% of its participation goal and 103% of its energy savings goal while project spending was under budget by 0.2%. The 377 participating customers installed 622 energy conservation measures through the program.

## C&I Heating and Water Heating Rebate Project

Discussion: The project achieved 111% of its participation goal and 134% of its energy savings goal while project spending was under budget by 1.1%. The 2,794 participating customers installed 6,256 energy conservation measures through the program.

Energy savings attributed to water heaters in this project were calculated using the methodology described in the Update of Program Modifications section of this report.

## Custom Rebate Project

Discussion: The project achieved 65% of its participation goal and 105% of its energy savings goal while project spending was under budget by 34.3%. Of the 81 projects rebated, 59 were efficiency projects related to heating and water heating systems and 22 were efficiency projects related to industrial processing.

The Company provides the following information regarding expenses related to large custom project energy savings measurement and verification (M&V) included in the Commercial and Industrial Project spending total<sup>19</sup>:

### 2013 M&V Expenses

Labor	\$125,000
Equipment	\$0
Contracting Expenses	\$9,606
Total	\$134,605

The Company rebated two custom projects in 2013 whose initial savings estimates exceeded 20,000 MCF of energy savings and thus required Measurement and Verification plans. M&V plans for these projects were provided to and discussed with Department Staff; after review Staff accepted the plan. Final M&V results were provided to Staff. Final energy savings for these projects (after the results of the M&V work) are included in the total energy savings reported for this project.

## Natural Gas Energy Analysis Project

Discussion: The project achieved 22% of its participation goal and project spending was under budget by 68.5%. The Company believes that the low participation in the project for 2013 was due primarily to the low cost of gas. CenterPoint Energy will continue to work to promote participation in this project in 2014.

## Energy Design Assistance Project

Discussion: The project achieved 106% of its participation goal project spending was under budget by 43.4%. CenterPoint Energy filed an energy savings goal of zero for this project in the 2013 program year with the expectation that, though participants would enroll to participate, none of the projects would be completed in the first year. However, one project was finalized in 2013 and therefore the project exceeded its 2013 energy savings goal by 10,392 MCF.

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<sup>19</sup> In the Commissioner's Order of August 25, 2008, in Docket No. G008/CIP-06-789, the Company was ordered to "track all labor, equipment, and third-party contracting expenses associated with its Measurement and Verification activities and to report these expenses as separate line items in its annual CIP status reports."



## **Process Efficiency Project**

Discussion: The project achieved 30% of its participation goal and 110% of its energy savings goal while project spending was under budget by 56.4%. In addition to the three participants that installed measures in the Process Efficiency project, two additional customers enrolled in the project in 2013.

## **C/I Education and Training Project**

Discussion: The project achieved 101% of its participation goal and project spending was under budget by 0.4%. Of the 1,012 participants, 124 were participants in online webinars, 575 participated in the high efficiency food service equipment training, 73 participated in the Seasonal Energy Management Seminar, 132 in the CIP technology conference, 83 in the CIP trade ally meeting, and 25 in the high-efficiency boiler seminar.

## **Engineering Assistance Project**

Discussion: The project achieved 14% of its participation goal and project spending was under budget by 48.4%.

## **Recommissioning Project**

Discussion: The project achieved 40% of its participation goal and 145% of its energy savings goal while project spending was under budget by 29.2%.

## **LEED Certification Assistance Project**

Discussion: This project had no participants in the 2013 program year and was under budget by 88.9%.

## Other Projects

CenterPoint Energy submits 2013 year-end information on the following CIP projects:

- Project Development;
- Marketing and Promotions Project;
- Planning and Regulatory Affairs; and
- EnerChange.

Other Projects	Project Spending	Project Participation	Energy Savings	\$/MCF	Societal BenCost Test Results
General Energy Efficiency Awareness	\$563,039	0	0	N/A	N/A
Project Development	\$249,653	9	1,119	\$223.10	.20
Planning & Regulatory	\$84,436	0	0	N/A	N/A
EnerChange	\$273,125	0	0	N/A	N/A
<b>Other Projects Total</b>	<b>\$1,170,253</b>	<b>9</b>	<b>1,119</b>	<b>\$1,045.80</b>	<b>.04</b>

## General Energy Efficiency Awareness

Discussion: The project expenditures were 13.4% under budget.

Expenditure Allocation and Activities:

Project Delivery:	\$2,034
Administrative:	\$27
Advertising and Promotion:	<u>\$560,978</u>
Total:	\$563,039

Marketing and promotional activities included general energy efficiency program awareness advertising on network and cable television; advertising on commercial radio stations to promote energy efficiency and CenterPoint Energy's portfolio of CIP offerings; a Severe Weather sponsorship with WCCO radio with energy efficiency messaging; skyway advertising throughout the downtown Minneapolis skyway system; sports sponsorships with the Minnesota Twins, at the University of Minnesota and at the National Sports Center, where we advertised energy efficiency; as well as paid search advertising. In addition, the Marketing and Promotions Project budget paid for the printing of energy efficiency brochures, such as an overview of all CenterPoint Energy's residential CIP offerings, an energy efficiency program overview January bill insert, energy efficiency articles in CenterPoint Energy's TouchPoint Customer Newsletter and CenterPoint Energy's participation in various events including the Eco Experience and Blue Flame Lodge at the Minnesota State Fair.

## Project Development

Discussion: Project Development expenditures were 42.7% over budget. The overage was driven by moving forward the update to the Conservation Potential Study, initially planned for 2014. This project achieved 1,119 MCF of savings through a multifamily direct install pilot project delivered by the Center for Energy and the Environment.

Expenditure Allocation and Activities:

Administrative: \$15,493  
Project Delivery: \$234,160  
Total: \$249,653

Activities supporting the development of CIP projects included membership in the Energy Solutions Center's Food Processing Consortium; the Gas Technology Institute's Emerging Technology Program; the Energy Solutions Center's Commercial Building Consortium; the Midwest Energy Efficiency Alliance; and the Consortium for Energy Efficiency. Project development funds also supported funding for several pilot projects and research efforts, including:

- *Multi-Family Direct Install Pilot Project*, conducted by the Center for Energy and Environment beginning in 2012 and completed in 2013. Savings achieved through this program resulted from the installation of low-flow faucet aerators and showerheads installed in the resident spaces of participating buildings. A full project report is available on the Center for Energy and Environment's website at <http://mncee.org/Innovation-Exchange/Resource-Center/Technical-Reports/Direct-Install-Plus-Multifamily-Pilot-Program---Fi/>.
- *Condensing Rooftop Unit Pilot*, conducted by the Gas Technology Institute with support from CenterPoint Energy. The pilot effort is analyzing the performance of condensing rooftop HVAC equipment in cold climates; this work is ongoing.
- *Conservation Potential Study Update*. As described above, this work was originally planned for 2014 and moved forward to begin in 2013 with approval from the Department of Commerce. The work was conducted in the latter half of 2013 and the first half of 2014; the Company anticipates sharing the study report with interested stakeholders in the near future.

Other Project Development activity in 2013 included internal discussion and consideration of various project possibilities for future CIP plans as well as discussions with external consultants on potential future project options and opportunities.

**Planning and Regulatory Affairs**

Discussion: The project expenditures were 43.7% under budget.

Expenditure Allocation and Activities:

Administrative: \$84,436  
Total: \$84,436

Planning and Regulatory Affairs project expenditures include staff salaries; benefits; and expenses (such as computers, printing, phones, and postage) associated with managing, tracking, and administering the CIP program.

**EnerChange**

Discussion: Project spending was 4.2% below budget in 2013.

Expenditure Allocation and Activities:

Project Delivery \$273,125  
Total: \$273,125

The EnerChange project was proposed for inclusion in the Company's CIP by the National Initiative by Consumers of Energy (NICE). The Deputy Commissioner's December 29, 2012 *Decision*, in Docket No. G008/CIP-12-564, approved the EnerChange Project with a total budget of \$750,000 for each of the 2013-2015 program years to be split between CenterPoint Energy and Xcel Energy.<sup>20</sup> The project is an indirect-impact conservation project for which no energy savings are claimed. NICE filed its Annual Program Status Report for 2013 on March 1, 2014 in Docket No. G008/CIP-12-564.

Because EnerChange is an Alternative CIP proposed and managed by NICE, CenterPoint Energy requests that any requests for additional information regarding project activity be directed to NICE.

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<sup>20</sup> In Ordering Point 3 of the above cited *Decision*, the Deputy Commissioner allocated 38 percent of the EnerChange Project's annual budget to CenterPoint Energy, totaling \$285,000 per year.

## Total Project Cost-Benefit Analysis

The following Bencosts provided below include the cost-benefit analyses for the Company's total 2013 CIP Program goals and actual results.

### Conservation Improvement Program (CIP)

### BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**  
 Project: **Total CenterPoint Energy CIP 2013 Goal**

Input Data			First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.76	16 Utility Project Costs			
Escalation Rate =	4.28%	16 a) Administrative & Operating Costs =	13,172,060	-	-
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000	16 b) Incentive Costs =	11,461,311	-	-
Escalation Rate =	2.80%	16 c) Total Utility Project Costs =	24,633,371	\$0	\$0
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh	17) Direct Participant Costs (\$/Part.) =	149.36	-	-
3) Commodity Cost (\$/MCF) =	\$4.34	18) Participant Non-Energy Costs (Annual \$/Part.) =	-	-	-
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
4) Demand Cost (\$/Unit/Yr) =	\$109.11	19) Participant Non-Energy Savings (Annual \$/Part.) =	-	-	-
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
5) Peak Reduction Factor =	1.00%	20) Project Life (Years) =	9.776	-	-
6) Variable O&M (\$/MCF) =	\$0.0500	21) Avg. MCF/Part. Saved =	5.000	-	-
Escalation Rate =	4.28%	22) Avg Non-Gas Fuel Units/Part. Saved =	-	-	-
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.027	22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	-	-	-
Escalation Rate =	2.80%	23) Number of Participants =	310,634	-	-
8) Non-Gas Fuel Loss Factor	5.80%	24) Total Annual MCF Saved =	1,553,298	-	-
9) Gas Environmental Damage Factor =	\$0.3500	25) Incentive/Participant =	\$36.90		
Escalation Rate =	1.73%				
10) Non Gas Fuel Enviro. Damage Factor (\$/Uni	\$0.0123				
Escalation Rate =	1.73%				
11) Participant Discount Rate =	6.97%				
12) Utility Discount Rate =	6.97%				
13) Societal Discount Rate =	2.67%				
14) General Input Data Year =	2012				
15a) Project Analysis Year 1 =	2013				
15b) Project Analysis Year 2 =	2014				
15c) Project Analysis Year 3 =	2015				

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	\$79.30			<b>Ratepayer Impact Measure Test</b>	(\$43,122,321)	0.65
Cost per Participant per MCF =	45.72816			<b>Utility Cost Test</b>	\$54,746,533	3.22
Lifetime Energy Reduction (MCF)	15,532,980			<b>Societal Test</b>	\$41,056,045	1.69
Societal Cost per MCF	3.83494658			<b>Participant Test</b>	\$62,934,077	2.36

Conservation Improvement Program (CIP)

BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**  
 Project: **CenterPoint Energy CIP 2013 Total Actual**

Input Data			First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.77	16 Utility Project Costs			
Escalation Rate =	4.28%	16 a) Administrative & Operating Costs =	12,309,670	-	-
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000	16 b) Incentive Costs =	10,520,040	-	-
Escalation Rate =	2.80%	16 c) Total Utility Project Costs =	22,829,710	\$0	\$0
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh	17) Direct Participant Costs (\$/Part.) =	158.72	-	-
3) Commodity Cost (\$/MCF) =	\$4.34	18) Participant Non-Energy Costs (Annual \$/Part.) =	-	-	-
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
4) Demand Cost (\$/Unit/Yr) =	\$109.11	19) Participant Non-Energy Savings (Annual \$/Part.) =	-	-	-
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
5) Peak Reduction Factor =	1.00%	20) Project Life (Years) =	12.830	-	-
6) Variable O&M (\$/MCF) =	\$0.0500	21) Avg. MCF/Part. Saved =	5.117	-	-
Escalation Rate =	4.28%	22) Avg Non-Gas Fuel Units/Part. Saved =	-	-	-
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.027	22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	-	-	-
Escalation Rate =	2.80%	23) Number of Participants =	340,880	-	-
8) Non-Gas Fuel Loss Factor	5.80%	24) Total Annual MCF Saved =	1,744,381	-	-
9) Gas Environmental Damage Factor =	\$0.3500	25) Incentive/Participant =	\$30.86		
Escalation Rate =	1.73%				
10) Non Gas Fuel Enviro. Damage Factor (\$/Uni	\$0.0123				
Escalation Rate =	1.73%				
11) Participant Discount Rate =	6.97%				
12) Utility Discount Rate =	6.97%				
13) Societal Discount Rate =	2.67%				
14) General Input Data Year =	2012				
15a) Project Analysis Year 1 =	2013				
15b) Project Analysis Year 2 =	2014				
15c) Project Analysis Year 3 =	2015				

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	\$66.97			<b>Ratepayer Impact Measure Test</b>	(\$49,012,909)	0.70
Cost per Participant per MCF =	44.1040023			<b>Utility Cost Test</b>	\$88,922,924	4.90
Lifetime Energy Reduction (MCF)	22,676,953			<b>Societal Test</b>	\$83,770,193	2.26
Societal Cost per MCF	2.92870667			<b>Participant Test</b>	\$94,351,400	2.74

## **SECTION 2: 2013 DEMAND-SIDE MANAGEMENT FINANCIAL INCENTIVE**

CenterPoint Energy submits this report in compliance with the Minnesota Public Utilities Commission's (Commission) Order Establishing Utility Performance Incentives for Energy Conservation and the Commission's Rules of Practice and Procedures.

The Company used the financial incentive mechanism as approved in the Commission's December 20, 2012 Order, in Docket No. E,G-999/CI-08-133, to calculate the requested financial incentive amount. Details of the calculation of the financial incentive are included in Attachment A of this filing. The calculations also rely on the results of the BENCOST cost-effectiveness analysis of the Company's 2013 CIP, which is also included in Attachment A.

On August 6, 2013, the Department filed a letter stating that electric and natural gas utilities' 2013 New Shared Savings DSM Financial Incentive compliance filings were fully compliant with Commission's Orders. On November 25, 2013 CenterPoint Energy made a corrected compliance filing in Dockets Nos. E,G-999/CI-08-133 and G008/CI-10-111 with an updated 2013 CIP Financial Incentive Plan.

As the Company indicated in its November 25, 2013 updated compliance filing and as permitted by Commission Order, CenterPoint Energy has elected to exclude the third-party EnerChange project from its financial incentive calculations; the figures given here and in Attachment A reflect that election.<sup>21</sup> Assessments under the Next Generation Energy Act of 2007 (NGEA) are also excluded from the calculation of the incentive per the Commission's Order.<sup>22</sup>

The following tables summarize these adjustments to the Company's 2013 CIP spending:

### **Adjustments to Post-Year Spending:**

Total Spending (from CIP Tracker Report)	<b>\$23,222,379</b>
Exclude NGEA Assessments	(\$392,669)
Exclude EnerChange	(\$273,125)
Total Post-Year Spending	<b>\$22,556,585</b>

As detailed in the 2013 Status Report section of this filing, the Company's total energy savings in 2013 were 1,584,019 MCF, or 116% of goal. As shown in the worksheets in Attachment A, this level of performance would qualify the Company for a financial incentive award of 16.6 percent of the benefits achieved, below the Commission-approved cap on incentives of 20% of net benefits. 16.6 percent times the achieved benefits of \$89,196,049 results in an incentive amount of \$14,820,999. However, the cap on the financial incentive of \$6.875 per MCF limits the 2013 financial incentive to \$10,890,131, representing 12.2 percent of net benefits achieved. The tables below illustrate the application of the caps to the Company's CIP financial incentive.

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<sup>21</sup> The EnerChange Project was approved as a third-party CIP project in the Company's 2013-2015 CIP in the Director's December 29, 2012 *Decision*, in Docket No. G008/CIP-12-564. The Commission's January 27, 2010 *Order* in Docket No. E,G-999/CI-08-133 allows utilities to elect whether to include or exclude the spending and energy savings of third-party CIP projects in their financial incentive mechanisms.

<sup>22</sup> See the Commission's January 27, 2010 *Order* in Docket No. E,G-999/CI-08-133, Ordering Point 10.

<b>Application of the Cap on Net Benefits</b>		
<b>2013 Total Net Benefits Achieved</b>	\$89,196,049	Net benefits achieved
<b>Commission-approved Incentive Cap</b>	20%	Of net benefits
<b>Percent of Net Benefits Awarded</b>	16.6%	As calculated by the incentive mechanism
<b>2013 Financial Incentive</b>	\$14,821,000	

<b>Application of the \$6.875 per MCF Saved Cap</b>		
<b>Financial Incentive Calculated by Mechanism</b>	\$14,821,000	(From table above)
<b>Calculated Incentive per MCF Saved</b>	\$9.357	Per MCF Saved
<b>Approved average incentive award cap</b>	\$6.875	Per MCF Saved
<b>Resulting Incentive after Application of Cap</b>	\$10,890,131	\$6.785 times achieved savings of 1,584,019 MCF

Also of note is the fact that CenterPoint Energy's 2013 CIP efforts will result in approximately \$78,305,918 in net benefits after the incentive.

<b>Summary of CenterPoint Energy's 2013 Requested Financial Incentive</b>	
<b>Requested 2013 Financial Incentive</b>	<b>\$10,890,131</b>
<b>Requested Incentive as a Percent of Net Benefits Achieved</b>	12.2%
<b>2013 Total Net Benefits Achieved</b>	\$89,196,049
<b>2013 CIP Net Benefit After Requested Incentive</b>	\$78,305,918

The Company therefore respectfully requests that the Commission approve CenterPoint Energy's 2013 CIP financial incentive in the amount of \$10,890,131, to be entered in the Company's CIP tracker as of the issue date of the Commission's Order.



## **SECTION 3: CONSERVATION IMPROVEMENT PROGRAM TRACKER REPORT**

CenterPoint Energy's CIP Tracker activity is presented in the table below this discussion.

The CIP Tracker 2013 beginning balance was an under-recovery of \$14,225,552<sup>23</sup>. The ending balance on December 31, 2013 is an under-recovery of \$8,501,064. This report reflects the final approved Conservation Cost Recovery Charge (CCRC) from the Company's 2008 rate case (Docket No. G008/GR-08-1075) through September 2013 and the interim CCRC starting in October 2013.<sup>24</sup> On October 1, 2013 interim rates went into effect, adjusting CIP base rate recovery in 2013 for October through December.<sup>25</sup>

On October 18, 2013 the Minnesota Public Utilities Commission ("the Commission") approved a CIP adjustment factor (CCRA) of \$0.00659 per therm, which went into effect on November 1, 2013.<sup>26</sup> That CCRA amount remained in effect throughout the remainder of 2013; see Section 4 of this filing for more discussion of the CCRA. The amount recovered via the CCRA is reflected in the report separately from the amount recovered through base rates.

Monthly CIP expenses are shown in the table as a single total. These deferred expense totals include assessments made by the Department of Commerce under the Next Generation Energy Act of 2007 (the NGEA). These assessments have not been included in the total CIP program spending reported in Section 1 of this filing, but are included in the CIP Tracker because of the NGEA's provision for utilities to recover the assessment through the CIP Tracker mechanism.<sup>27</sup> As described in Section 1, total CIP program spending in 2013 was \$22,829,710; the assessments totaled \$392,669, resulting in total recoverable CIP expenses of \$23,222,379 in 2013. These assessments were also excluded from the calculation of the financial incentive requested in Section 2.<sup>28</sup>

### **Miscellaneous Expenses**

Included in the \$22,829,710 of CIP program expenses are various meals, travel, and miscellaneous CIP-related expenses.

CenterPoint Energy believes it is necessary and reasonable to spend a modest amount of ratepayer funds on meal, travel, and miscellaneous expenses to encourage participation in the Company's CIP program. In particular, expenses incurred educating customers and vendors, such as heating dealers, mechanical contractors, and architects and engineers, about available CIP offerings results in higher customer participation in CIP and greater energy savings. Other examples of reasonable and necessary expenses supporting CIP include employee participation in energy efficiency workshops and conferences, employee training, and a variety of miscellaneous expenses such as program related mileage and parking expenses for employees involved in delivering and promoting CIP.

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<sup>23</sup> The Company's 2012 CIP Tracker ending balance of \$14,225,552 was approved in the Commission's *Order* of October 18, 2013 Docket No. G-008/M-13-373.

<sup>24</sup> On August 2, 2013, CenterPoint Energy filed a new rate case in Docket No. G-008/GR-13-316. Interim rates went into effect on October 1, 2013.

<sup>25</sup> The Company filed a new allowed rate of return in the 2013 rate case in Docket No. G-008/GR-13-316. The filed rate was in effect for October through December of 2013 and will be adjusted when final rates are approved if final rates differ from the filed rate.

<sup>26</sup> Minnesota Public Utilities Commission *Order* October 18, 2013 Docket No. G-008/M-13-373.

<sup>27</sup> MN Statutes §216B.241, subd. 1d, 1e, & 1f provide for assessments for technical assistance, research and development grants, and facilities energy efficiency; each subdivision states that the assessments "must be deposited in the state treasury and credited to the energy and conservation account;" the total of CenterPoint Energy's assessments under these three subdivisions for 2012 is \$588,377.

<sup>28</sup> The Commission's *Order Establishing Utility Performance Incentives for Energy Conservation* (January 27, 2010 in Docket No. G008/M-10-634), Ordering Point 10, states: "The costs of mandated, non-third party projects (e.g., Next Generation Energy Act assessment, University of Minnesota Institute for Renewable Energy and the Environment costs) shall be excluded from the calculation of net benefits awarded at specific energy savings levels (calculated before the CIP year begins) and in the post-CIP year calculation of net benefits and energy savings achieved and incentive awarded."

The expenses (\$49,192.42) are 0.21% of the total CIP program expenses included for recovery in this docket (\$22,829,710). The total amount in each of category is as follows:

Meals:	\$10,676.59
Entertainment:	\$0
Miscellaneous:	\$26,866.13
Travel:	\$11,649.70

The various categories listed above are generally defined as follows:

“Meals expenses” – these are defined as meals taken with customers, vendors, or other employees where specific Company business discussions take place or as meals taken by the employee while away from his or her normal work location on a business day trip.

“Entertainment expenses” – includes outings with customers, clients, vendors or others who are seeking to do business with the Company to clubs, theaters, or sporting events, etc. when a business discussion takes place immediately before, during, or immediately after the event.

“Miscellaneous expenses” would pertain to other business-related expenses not specifically covered under another expense category. Examples would include items such as conference registration fees, organizational dues, employee professional dues and licenses, training courses and seminars, and parking for a specific off-site meeting or conference.

“Travel expenses” are defined as expenses incurred while on a business trip requiring an overnight stay, and would include items such as airfare, lodging, and travel meals for the employee.

CenterPoint Energy tracks CIP-related spending separately from other utility spending, using FERC account numbers to ensure that conservation-related expenses are not recorded in non-conservation accounts and vice-versa. This in turn ensures that ratepayers are not charged twice for a single expense; conservation expenses are approved through the annual CIP tracker filings while non-conservation expenses are addressed in other proceedings (e.g., utility rate cases). These expenses are incorporated into the Company’s CIP benefit/cost analysis through their inclusion in the Company’s total CIP spending for 2013.

CenterPoint Energy Minnesota Gas  
CIP Tracker and Balance  
2013 Actual

	Jan 13 Actual	Feb 13 Actual	Mar 13 Actual	Apr 13 Actual	May 13 Actual	June 13 Actual	July 13 Actual	Aug 13 Actual	Sept 13 Actual	Oct 13 Actual	Nov 13 Actual	Dec 13 Actual	Annual Summary	
<b>Expenses</b>														
1	Beginning Tracker Balance (\$) - Under / (Over) Recovered	14,225,552	11,182,371	8,008,682	5,142,945	2,758,809	2,063,850	2,149,938	2,878,038	3,474,831	3,659,135	7,007,639	6,475,609	\$ 14,225,552.00
2	CIP Program Expenditures	1,803,994	1,582,376	1,236,918	972,410	1,670,941	1,232,710	1,577,014	1,428,447	986,476	1,788,615	2,115,589	6,826,889	\$ 23,222,379.06
3	Performance Incentive	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,207,411	\$ -		\$ 3,207,411
4	<b>Total Expenses &amp; Incentive</b> (Lines 1 + 2 + 3)	<b>16,029,546</b>	<b>12,764,747</b>	<b>9,245,599</b>	<b>6,115,355</b>	<b>4,429,750</b>	<b>3,296,561</b>	<b>3,726,952</b>	<b>4,306,485</b>	<b>4,461,307</b>	<b>8,655,162</b>	<b>9,123,229</b>	<b>13,302,498</b>	<b>\$ 26,429,790.06</b>
<b>Recovery</b>														
5	Total Volumes (Dt)	27,383,252	26,121,215	22,339,769	21,181,109	13,671,187	8,621,674	6,491,508	7,506,164	7,148,803	8,156,575	12,746,581	21,826,742	\$ 183,194,580.60
6	Exemptions (Dt)	(2,319,523)	(2,932,863)	(2,383,917)	(4,892,814)	(2,187,039)	(3,025,475)	(2,314,219)	(3,396,440)	(3,176,627)	(3,037,709)	(2,123,325)	(2,630,475)	\$ (34,420,426.90)
7	Volumes less Exemptions (Dt)	25,063,729	23,188,353	19,955,852	16,288,295	11,484,148	5,596,199	4,177,289	4,109,723	3,972,177	5,118,866	10,623,256	19,196,267	\$ 148,774,153.70
8	Base Rate Recovery (CCRC) (per Dt)	0.0644	0.0644	0.0644	0.0644	0.0644	0.0644	0.0644	0.0644	0.0644	0.0644	0.0644	0.0644	
9	<b>Base Rate Cost Recovery (\$)</b>	<b>(1,614,104)</b>	<b>(1,493,330)</b>	<b>(1,285,157)</b>	<b>(1,048,966)</b>	<b>(739,579)</b>	<b>(360,395)</b>	<b>(269,017)</b>	<b>(264,666)</b>	<b>(255,808)</b>	<b>(329,655)</b>	<b>(684,138)</b>	<b>(1,236,240)</b>	\$ (9,581,055.00)
10	<b>Interim Rate</b>										0.1222	0.1222	0.1222	
11	<b>Interim Rate Recovery</b>										(625,525)	(1,298,162)	(2,345,784)	\$ (4,269,471.15)
12	CCRA (per Dt)	0.1426	0.1426	0.1426	0.1426	0.1426	0.1426	0.1426	0.1426	0.1426	0.1426	0.0659	0.0659	
13	<b>CCRA Recovery (\$)</b>	<b>(3,574,088)</b>	<b>(3,306,659)</b>	<b>(2,845,705)</b>	<b>(2,322,711)</b>	<b>(1,637,639)</b>	<b>(798,018)</b>	<b>(595,681)</b>	<b>(586,047)</b>	<b>(566,432)</b>	<b>(729,950)</b>	<b>(700,073)</b>	<b>(1,265,034)</b>	\$ (18,928,037.00)
14	<b>Total Recovery (Line 9 + Line 11 + Line 13)</b>	<b>(4,908,505)</b>	<b>(4,799,989)</b>	<b>(4,130,862)</b>	<b>(3,371,677)</b>	<b>(2,377,218)</b>	<b>(1,158,413)</b>	<b>(864,698)</b>	<b>(850,713)</b>	<b>(822,240)</b>	<b>(1,685,130)</b>	<b>(2,682,373)</b>	<b>(4,847,058)</b>	<b>\$ (32,498,876.15)</b>
<b>Carrying Charges</b>														
15	Sub-Balance (\$) (Line 4 + Line 14)	11,121,041	7,964,758	5,114,737	2,743,678	2,052,532	2,138,148	2,862,254	3,455,772	3,639,067	6,970,031	6,440,856	8,455,440	\$ (2,079,301.94)
16	Accum. Deferred Tax (Line 15 x 41.37% x -1)	(4,600,775)	(3,295,020)	(2,115,967)	(1,135,060)	(849,132)	(884,552)	(1,184,114)	(1,429,653)	(1,505,482)	(2,883,502)	(2,664,582)	(3,498,016)	\$ (26,045,854.56)
17	Net Investment (Line 15 + Line 16)	6,520,266	4,669,737	2,998,770	1,608,618	1,203,399	1,253,596	1,678,140	2,026,119	2,133,585	4,086,529	3,776,274	4,957,425	
18	Carrying Charge Rate	0.94%	0.94%	0.94%	0.94%	0.94%	0.94%	0.94%	0.94%	0.94%	0.92%	0.92%	0.92%	
19	<b>Carrying Charge (Line 17 x Line 18)</b>	<b>61,330</b>	<b>43,924</b>	<b>28,207</b>	<b>15,131</b>	<b>11,319</b>	<b>11,791</b>	<b>15,785</b>	<b>19,058</b>	<b>20,069</b>	<b>37,608</b>	<b>34,753</b>	<b>45,623</b>	<b>\$ 344,598.00</b>
20	<b>Ending Tracker Balance - Under / (Over) Recovered</b> (Line 15 + Line 19)	<b>11,182,371</b>	<b>8,008,682</b>	<b>5,142,945</b>	<b>2,758,809</b>	<b>2,063,850</b>	<b>2,149,938</b>	<b>2,878,038</b>	<b>3,474,830.67</b>	<b>3,659,135</b>	<b>7,007,639.30</b>	<b>6,475,609</b>	<b>8,501,064</b>	

Footnotes to Tracker:

1. January beginning balance is equal to the December 31, 2012 ending balance approved in Docket No. G008/M-13-373.
2. CCRC implementation of \$0.0644 was approved in Docket No. G008/GR-08-1075
3. Interim rates went into effect on October 1, 2013, as filed in Docket No. G008/GR-13-316
4. CCRA in the amount of \$0.1426 was implemented January 1, 2013 as approved on December 20, 2012 Docket No. G008/M-12-437.
5. CCRA in the amount of \$0.0659 was implemented November 1, 2013 as approved on October 18, 2013 Docket No. G008/M-13-373.
6. The interest rate to calculate carrying charges was changed with the implementation of interim rates on October 1, 2013, to be consistent with the interest rate used in the Company's 2013 rate case proceeding, Docket No. G008/GR-13-316

In the Company's 2008 rate case (Docket No. G008/GR-10-1075), the Commission approved carrying charges on the Company's CIP Tracker balance. On August 2, 2013 the Company filed a new rate case in Docket No. G-008/GR-13-316, resulting in a new rate for CIP carrying charges. The 2013 CIP Tracker uses the approved 2008 rate case carrying charge rate from January through September of 2013 and the new rate proposed in the 2013 rate case for October through December of 2013. The 2013 year-end CIP Tracker balance of \$8,501,064 includes \$344,598 in total carrying charges. Calculation of the monthly carrying charge is shown in the table above; the calculation of the monthly interest factor for both the approved 2008 rate case figure and the proposed 2013 rate case figure are shown below.

**Interest Factor from Approved 2008 Rate Case (January through September 2013):**

$$\begin{aligned}\text{Annual Interest Factor} &= (\text{Overall Rate of Return} - (\text{Weighted Debt Cost} \times \text{Tax Rate})) / (1 - \text{Tax Rate}) \\ &= (0.0809 - (0.0271 \times 0.4137)) / (1 - 0.04137) \\ &= 0.1189 \\ &= 11.89\%\end{aligned}$$

$$\begin{aligned}\text{Monthly Interest Factor} &= ((1 + \text{Annual Interest Factor})^{(1/12)}) - 1 \\ &= ((1 + 0.1189)^{(1/12)}) - 1 \\ &= 0.0094 \\ &= 0.94\%\end{aligned}$$

**Interest Factor from Filed 2013 Rate Case (October through December 2013):**

$$\begin{aligned}\text{Annual Interest Factor} &= (\text{Overall Rate of Return} - (\text{Weighted Debt Cost} \times \text{Tax Rate})) / (1 - \text{Tax Rate}) \\ &= (0.0780 - (0.0238 \times 0.4137)) / (1 - 0.04137) \\ &= 0.1162 \\ &= 11.62\%\end{aligned}$$

$$\begin{aligned}\text{Monthly Interest Factor} &= ((1 + \text{Annual Interest Factor})^{(1/12)}) - 1 \\ &= ((1 + 0.1162)^{(1/12)}) - 1 \\ &= 0.0092 \\ &= 0.92\%\end{aligned}$$

## **SECTION 4: CONSERVATION COST RECOVERY ADJUSTMENT**

### **Introduction and Summary**

In the Company's 2008 rate case, the Minnesota Public Utilities Commission ("the Commission") approved \$9.7 million in CIP cost recovery via a Conservation Cost Recovery Charge (CCRC) of \$0.00644 per therm, as well as a Conservation Improvement Program Adjustment Rider (CCRA) initially set at \$0.00 per therm.<sup>1</sup> On December 20, 2012 in Docket No. G008/M-12-437, the Company's CCRA amount was approved at \$0.01426 per therm and was implemented January 1, 2013. On August 2, 2013 CenterPoint Energy filed a new rate case in Docket No. G008/GR-13-316, for which interim rates went into effect on October 1, 2013 and included a CCRC of \$0.01866 per therm. On October 18, 2013 in Docket No. G008/M-13-373, the Commission approved a new CCRA rate of \$0.00659, effective November 1, 2013.

The Commission has required CenterPoint Energy to file future adjustments with its CIP tracker and financial incentive filings on May 1 of each year.<sup>2</sup> Accordingly, the Company includes here its request to update the CCRA for the 2015 program year.

The purpose of the CCRA is to allow the Company to recover approved CIP expenses not recovered through base rates. In recent years, CenterPoint Energy's spending on CIP has increased significantly as the Company sought to achieve the aggressive energy-savings goals established in the Next Generation Energy Act. The Company's approved CIP budget for 2014 is \$25.2 million, increasing to \$25.6 million in 2015.<sup>3</sup> Additionally, there is currently a significant (\$8.5 million) unrecovered balance in the CIP Tracker, as seen in Section 3 of this filing.

To more closely align base rate recovery with CIP budgets, the Company included the new CCRC amount in the Company's August 2013 rate case. However, due to the existing under-recovered Tracker balance, an increase in the CCRA is necessary to reduce the under-recovered balance of the CIP Tracker account. The CCRA amount proposed below, along with the CCRC amount proposed in the 2013 rate case, will better match CIP recovery to CIP spending, reduce under-recovered balances in the CIP Tracker, and minimize the level of carrying charges paid by customers.

Based on the calculations presented in Attachment B, the Company respectfully requests Commission approval of a CCRA in the amount of \$0.00884 per therm, which the Company proposes to implement on January 1, 2015. This represents an increase of \$0.00225 per therm (34.1%) from the currently approved CCRA. In combination with the proposed CCRC amount in the 2013 rate case, which is currently included in interim rates, the proposed CCRA amount would result in a total CIP collection of approximately \$0.0275 per therm.

### **CCRA Calculations**

In recent CCRA filings, the Company has attempted to collect the costs for ongoing CIP activity as well as mitigate growth of the under-recovered CIP Tracker balance through increased CCRA amounts. However, to avoid a sudden, potentially burdensome increase in rates with these increasing CCRA amounts, the Company has not attempted to fully erase the CIP Tracker balance in a single year. In keeping with previous years, the Company proposes a 2015 CCRA amount that reduces the CIP Tracker balance, but does not bring the CIP Tracker balance to zero by the end of 2015. Future adjustments may be required in order to recover any remaining balance, but by increasing the rate in stages, the Company hopes to reduce the impact on customers.

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<sup>1</sup> Docket No. G008/GR-08-1075

<sup>2</sup> Commission *Order* of October 11, 2010 in Docket No. G008/M-10-634, Ordering Point 4.

<sup>3</sup> Approved in the December 3, 2013 *Decision* in Docket No. G008/CIP-12-564.

The Company projects that the under-recovered balance in the CIP Tracker will be approximately \$6.7 million at the end of 2014 under the current CCRC and CCRA rates (see attachment B).<sup>4</sup> To determine the requested CCRA amount for 2015, the Company calculated a projected CIP Tracker balance through 2015 assuming the current CCRC amount and a CCRA of zero (See Attachment B), which results in a \$16,064,363 CIP Tracker balance by the end of 2015. This balance reflects the shortfall between the approved CIP spending and recovery through base rates. To fully recover the projected 2015 CIP Tracker Balance, the Company would need a total effective conservation rate of approximately \$0.030 per therm, which would require a CCRA of \$0.0115 per therm (a 75 percent increase over the currently approved CCRA amount).

As discussed above, the Company believes it important to balance the impact on ratepayers of a sudden, significant rate increase along with the need to recover the CIP Tracker balance. The currently approved total effective conservation recovery rate is \$0.025 per therm. An increase in the 2015 CCRA to a total effective rate of \$0.030 per therm could be an onerous increase to customers. Therefore, the Company requests a more modest increase in the CCRA to \$0.00884 (a 34 percent increase over the currently approved CCRA amount), for a total conservation recovery rate of \$0.0275 per therm. The proposed 2015 CCRA rate is projected to decrease the CIP Tracker balance to approximately \$3.8 million by the end of 2015, a 44 percent decrease from the projected 2014 ending balance. Though this proposed increase to the CCRA amount will not eliminate the under-recovered balance in the CIP Tracker, it will reduce the under-recovered amount and decrease the level of carrying charges paid by customers.

CenterPoint Energy proposes an implementation date of January 1, 2015, based on experience with the Commission's procedural schedule. However, an earlier implementation date could allow an earlier stabilization of the CIP Tracker balance.

Tracker projections for 2014, using the currently approved CCRA and CCRC, and projections for 2015, using the proposed CCRA recovery rate, are provided in Attachment B.<sup>5</sup> A tariff sheet reflecting the proposed rate is provided in Attachment C. CenterPoint Energy respectfully requests that the Commission approve the revised tariff with the new CCRA amount of \$0.00884 per therm as described above, as well as the following bill message.

CenterPoint Energy's Proposed Bill Message:

*The MPUC has approved a Conservation Cost Recovery Adjustment (CCRA) factor of \$0.00884 per therm. This charge is used to fund energy conservation activities and has been added to your delivery charge. For more information please call 1-800-245-2377 or visit our website at [www.centerpointenergy.com](http://www.centerpointenergy.com).*

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<sup>4</sup> Attachment B calculations use 2014 and 2015 budgets approved in the Commissioner's December 3, 2012 *Decision*, Docket No. G008/CIP-12-564.

<sup>5</sup> The current CCRC amount in interim rates may be adjusted upon approval of final rates. Tracker projections for 2014 and 2015 use the interim CCRC rate to estimate CCRC recovery; actual CCRC recovery will depend upon the final approved CCRC amount.

## **SECTION 5: ATTACHMENTS**

**Attachment A: DSM Financial Incentive Mechanism -2013 Financial Incentive Calculations and Associated BENCOSTs**

**Attachment B: CIP Tracker and Balance Projections for 2014 and 2015 with the 2014 Approved CCRA and CCRC and the proposed 2015 CCRA of \$0.0884 per Dth**

**Attachment C: Revised Tariff**



### **Attachment A: DSM Financial Incentive Mechanism – 2013 Financial Incentive Calculations and Associated BENCOSTs**

The following pages contain the worksheets used to calculate the requested 2013 Financial Incentive, taken from the spreadsheet provided by the Minnesota Office of Energy Security.

Year	Energy Savings Achieved	Single-year Weather-Normalized sales	Savings as percent of same-year sales
2007	825,030	149,874,067	0.55%
2008	827,340	149,641,416	0.55%
2009	938,978	136,579,996	0.69%
2010	1,300,228	134,603,482	0.97%
2011	1,488,231	138,287,158	1.08%

3-year Weather-Normalized Sales Average: 136,490,212  
**1.0% of Sales:** 1,364,902 From Utility's Triennial filing

For CIP Budget, Energy Goal, and Estimated Benefits, include only those modifications that were required by Order or which the utility notified the OES that it planned to include in the incentive calculation upon approval. Include a summary of the modifications below.

**Approved CIP Budget:** \$24,633,371 From Commissioner's Order approving Triennial Filing  
**Approved CIP Energy Goal:** 1,367,966 From Commissioner's Order approving Triennial Filing  
**Estimated Net Benefits at Approved Goal:** \$54,746,533 From Utility Triennial Filing.

**Inputs:**

Average Sales:	136,490,212
1.0% Energy Savings:	1,364,902
Historic Average Savings:	0.74%
Earning Threshold:	0.30% plus one unit of energy
Earning Threshold in Energy Savings:	409,472
Award zero point:	0.20%
Award zero point in Energy Savings:	272,980
Steps from zero point to 1.5%:	13
Size of steps in Energy Savings:	136,490

**Incentive Calibration:**

Average Incentive per unit at 1.5%:	\$9.00	Set by Commission in approval of incentive mechanism & calibration
Incentive Cap:	\$6.875	per MCF
Energy savings at 1.5%:	2,047,353	
Targeted incentive at 1.5%:	\$18,426,179	
<b>Multiplier:</b>	<b>1.72989%</b>	<b>Percent of Net Benefits received for every 0.1% of sales above zero point</b>

**Estimated Incentive Levels:**

Achievement Level (% of sales)	Energy Saved	Percent of Benefits Awarded	Estimated Net Benefits	Financial Incentive	Average Incentive per unit Saved
0.0%	0	0.00000%	\$0	\$0	\$0.00
0.1%	136,490	0.00000%	\$5,462,391	\$0	\$0.00
0.2%	272,980	0.00000%	\$10,924,782	\$0	\$0.00
0.3%	409,471	0.00000%	\$16,387,173	\$0	\$0.00
0.4%	545,961	3.45978%	\$21,849,564	\$755,946	\$1.38
0.5%	682,451	5.18966%	\$27,311,955	\$1,417,398	\$2.08
0.6%	818,941	6.91955%	\$32,774,346	\$2,267,838	\$2.77
0.7%	955,431	8.64944%	\$38,236,737	\$3,307,263	\$3.46
0.8%	1,091,922	10.37933%	\$43,699,128	\$4,535,675	\$4.15
0.9%	1,228,412	12.10921%	\$49,161,519	\$5,953,074	\$4.85
1.0%	1,364,902	13.83910%	\$54,623,911	\$7,559,459	\$5.54
1.1%	1,501,392	15.56899%	\$60,086,302	\$9,354,830	\$6.23
1.2%	1,637,883	17.29888%	\$65,548,693	\$11,260,442	\$6.88
1.3%	1,774,373	19.02876%	\$71,011,084	\$12,198,813	\$6.88
1.4%	1,910,863	20.00000%	\$76,473,475	\$13,137,183	\$6.88
1.5%	2,047,353	20.00000%	\$81,935,866	\$14,075,553	\$6.88
1.6%	2,183,843	20.00000%	\$87,398,257	\$15,013,923	\$6.88
1.7%	2,320,334	20.00000%	\$92,860,648	\$15,952,294	\$6.88
1.8%	2,456,824	20.00000%	\$98,323,039	\$16,890,664	\$6.88
1.9%	2,593,314	20.00000%	\$103,785,430	\$17,829,034	\$6.88
2.0%	2,729,804	20.00000%	\$109,247,821	\$18,767,404	\$6.88
2.1%	2,866,294	20.00000%	\$114,710,212	\$19,705,774	\$6.88

**Actual CIP Results**

Spending:	\$22,829,710	From Utility Status Report
Energy Saved:	1,584,019	From Utility Status Report
Net Benefits Achieved:	\$89,196,049	From Utility Status Report

**Resulting Incentive:**

Steps above Zero Point:	9.60537
Percent of Net Benefits Awarded:	16.61621%
Capped Net Benefit Award:	16.61621% (Lower of figure calculated above or 20%)

**Financial Incentive Award:** \$10,890,131

## 2013 Pre-Year BENCOST: 2013 CIP program excluding EnerChange project, Goal (used for pre-year inputs for financial incentive)

### Conservation Improvement Program (CIP)

### BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**  
 Project: **Total CenterPoint CIP GOAL Pre-Year Financial Incentive 2013-2015**

Input Data			First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.76	16 Utility Project Costs			
Escalation Rate =	4.28%	16 a) Administrative & Operating Costs =	\$13,172,060	\$0	\$0
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000	16 b) Incentive Costs =	\$11,461,311	\$0	\$0
Escalation Rate =	2.80%	16 c) Total Utility Project Costs =	\$24,633,371	\$0	\$0
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh	17) Direct Participant Costs (\$/Part.) =	\$149	\$0	\$0
3) Commodity Cost (\$/MCF) =	\$4.34	18) Participant Non-Energy Costs (Annual \$/Part.) =	\$0	\$0	\$0
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
4) Demand Cost (\$/Unit/Yr) =	\$109.11	19) Participant Non-Energy Savings (Annual \$/Part.) =	\$0	\$0	\$0
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
5) Peak Reduction Factor =	1.00%	20) Project Life (Years) =	10	-	-
6) Variable O&M (\$/MCF) =	\$0.0500	21) Avg. MCF/Part. Saved =	5.0	-	-
Escalation Rate =	4.28%	22) Avg Non-Gas Fuel Units/Part. Saved =	0 kWh	0 kWh	0 kWh
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.027	22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	0 kWh	0 kWh	0 kWh
Escalation Rate =	2.80%	23) Number of Participants =	310,634	-	-
8) Non-Gas Fuel Loss Factor	5.80%	24) Total Annual MCF Saved =	1,553,298	0	0
9) Gas Environmental Damage Factor =	\$0.3500	25) Incentive/Participant =	\$36.90	#DIV/0!	#DIV/0!
Escalation Rate =	1.73%				
10) Non Gas Fuel Enviro. Damage Factor (\$/Uni	\$0.0123				
Escalation Rate =	1.73%				
11) Participant Discount Rate =	6.97%				
12) Utility Discount Rate =	6.97%				
13) Societal Discount Rate =	2.67%				
14) General Input Data Year =	2012				
15a) Project Analysis Year 1 =	2013				
15b) Project Analysis Year 2 =	2014				
15c) Project Analysis Year 3 =	2015				

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	\$79.30			<b>Ratepayer Impact Measure Test</b>	(\$43,122,320)	0.65
Cost per Participant per MCF =	45.7282925					
Lifetime Energy Reduction (MCF)	15,532,980			<b>Utility Cost Test</b>	\$54,746,533	3.22
Societal Cost per MCF	3.83495982			<b>Societal Test</b>	\$41,055,839	1.69
				<b>Participant Test</b>	\$62,933,871	2.36

## 2013 Post-Year BENCOST: 2012 CIP program excluding EnerChange project, Actual (used for post-year inputs for financial incentive)

## Conservation Improvement Program (CIP)

## BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**  
 Project: **Total Post-Year Financial Incentive**  
**CenterPoint CIP 2013-2015**

Input Data			First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.77	16 Utility Project Costs			
Escalation Rate =	4.28%	16 a) Administrative & Operating Costs =	12,036,545.000	-	-
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000	16 b) Incentive Costs =	10,520,040.000	-	-
Escalation Rate =	2.80%	16 c) Total Utility Project Costs =	\$22,556,585	\$0	\$0
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh	17) Direct Participant Costs (\$/Part.) =	158.72	-	-
3) Commodity Cost (\$/MCF) =	\$4.34	18) Participant Non-Energy Costs (Annual \$/Part.) =	-	-	-
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
4) Demand Cost (\$/Unit/Yr) =	\$109.11	19) Participant Non-Energy Savings (Annual \$/Part) =	-	-	-
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
5) Peak Reduction Factor =	1.00%	20) Project Life (Years) =	12.830	-	-
6) Variable O&M (\$/MCF) =	\$0.0500	21) Avg. MCF/Part. Saved =	5.116	-	-
Escalation Rate =	4.28%	22) Avg Non-Gas Fuel Units/Part. Saved =	-	-	-
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.027	22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	-	-	-
Escalation Rate =	2.80%	23) Number of Participants =	340,972	-	-
8) Non-Gas Fuel Loss Factor	5.80%	24) Total Annual MCF Saved =	1,744,381	-	-
9) Gas Environmental Damage Factor =	\$0.3500	25) Incentive/Participant =	\$30.85		
Escalation Rate =	1.73%				
10) Non Gas Fuel Enviro. Damage Factor (\$/Uni	\$0.0123				
Escalation Rate =	1.73%				
11) Participant Discount Rate =	6.97%				
12) Utility Discount Rate =	6.97%				
13) Societal Discount Rate =	2.67%				
14) General Input Data Year =	2012				
15a) Project Analysis Year 1 =	2013				
15b) Project Analysis Year 2 =	2014				
15c) Project Analysis Year 3 =	2015				

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	\$66.15			<b>Ratepayer Impact Measure Test</b>	(\$48,739,784)	0.70
Cost per Participant per MCF =	43.9557991			<b>Utility Cost Test</b>	\$89,196,049	4.95
Lifetime Energy Reduction (MCF)	22,676,953			<b>Societal Test</b>	\$84,028,716	2.27
Societal Cost per MCF	2.91730643			<b>Participant Test</b>	\$94,336,798	2.74

**Attachment B: CIP Tracker and Balance Projections for 2014 and 2015 with the 2014 Approved CCRA and CCRC and the proposed 2015 CCRA of \$0.0884 per Dth<sup>1</sup>**

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<sup>1</sup> Sales volumes used in the 2014 and 2015 CIP Tracker projections are based on the test year sales forecast provided in the Department of Commerce witness Heinen surrebuttal testimony pages 12-13 and agreed to by the Company. The first three months of 2014 use actual sales volumes.

CenterPoint Energy Minnesota Gas  
CIP Tracker and Balance  
2014 Forecast  
Current Approved CCRA of \$0.659/Dth  
CCRC (CenterPoint Energy's 2013 Rate Case)

	Jan 14 Actual	Feb 14 Actual	Mar 14 Actual	Apr 14 Forecast	May 14 Forecast	June 14 Forecast	July 14 Forecast	Aug 14 Forecast	Sept 14 Forecast	Oct 14 Forecast	Nov 14 Forecast	Dec 14 Forecast	Annual Summary
<b>Expenses</b>													
1	8,501,064	9,300,490	8,531,103	6,438,082	(194,561)	(5,556,871)	(10,492,425)	(11,714,709)	(11,733,026)	(11,424,282)	(10,740,698)	(9,577,254)	8,501,064
2	1,471,242	1,555,166	2,280,921	1,360,884	1,531,549	1,266,775	1,484,709	1,701,388	1,625,878	1,977,837	2,344,717	6,232,693	24,833,758
3	-	-	-	-	-	-	-	-	-	-	-	10,890,131	10,890,131
4	<b>9,972,306</b>	<b>10,855,655</b>	<b>10,812,024</b>	<b>7,798,966</b>	<b>1,336,988</b>	<b>(4,290,096)</b>	<b>(9,007,716)</b>	<b>(10,013,321)</b>	<b>(10,107,147)</b>	<b>(9,446,446)</b>	<b>(8,395,981)</b>	<b>7,545,569</b>	<b>35,723,889</b>
<b>Recovery</b>													
5	33,488,800	29,112,856	26,368,771	13,363,176	9,250,737	6,886,559	6,823,345	6,484,562	5,784,696	7,858,141	12,079,398	19,327,973	176,829,015
6	(3,616,201)	(2,691,929)	(1,868,592)	(1,835,400)	(1,928,554)	(2,028,100)	(2,891,400)	(2,689,400)	(1,913,000)	(1,925,878)	(2,009,811)	(2,324,577)	(27,722,842)
7	4,241,940	9,387,469	17,459,381	31,653,400	27,184,302	24,340,671	10,471,776	6,561,337	4,973,559	4,897,467	4,474,751	3,460,119	<b>149,106,173</b>
8	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	
9	(791,546)	(1,751,702)	(3,257,920)	(5,906,524)	(5,072,591)	(4,541,969)	(1,954,033)	(1,224,345)	(928,066)	(913,867)	(834,989)	(645,658)	(27,823,210)
10	0.0659	0.0659	0.0659	0.0659	0.0659	0.0659	0.0659	0.0659	0.0659	0.0659	0.0659	0.0659	
11	(279,544)	(618,634)	(1,150,573)	(2,085,959)	(1,791,446)	(1,604,050)	(690,090)	(432,392)	(327,758)	(322,743)	(294,886)	(228,022)	(9,826,097)
12	<b>(721,729)</b>	<b>(2,370,336)</b>	<b>(4,408,493)</b>	<b>(7,992,483)</b>	<b>(6,864,037)</b>	<b>(6,146,019)</b>	<b>(2,644,123)</b>	<b>(1,656,737)</b>	<b>(1,255,824)</b>	<b>(1,236,610)</b>	<b>(1,129,875)</b>	<b>(873,680)</b>	<b>(37,299,946)</b>
<b>Carrying Charges</b>													
13	9,250,577	8,485,319	6,403,531	(193,517)	(5,527,049)	(10,436,115)	(11,651,839)	(11,670,058)	(11,362,971)	(10,683,056)	(9,525,856)	6,671,889	(1,925,418)
14	(3,826,964)	(3,510,377)	(2,649,141)	80,058	2,286,540	4,317,421	4,820,366	4,827,903	4,700,861	4,419,580	3,940,847	(2,760,161)	
15	5,423,613	4,974,943	3,754,390	(113,459)	(3,240,509)	(6,118,694)	(6,831,473)	(6,842,155)	(6,662,110)	(6,263,476)	(5,585,010)	3,911,729	
16	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	
17	49,913	45,784	34,551	(1,044)	(29,822)	(56,310)	(62,870)	(62,968)	(61,311)	(57,642)	(51,398)	35,999	(217,118)
18	<b>9,300,490</b>	<b>8,531,103</b>	<b>6,438,082</b>	<b>(194,561)</b>	<b>(5,556,871)</b>	<b>(10,492,425)</b>	<b>(11,714,709)</b>	<b>(11,733,026)</b>	<b>(11,424,282)</b>	<b>(10,740,698)</b>	<b>(9,577,254)</b>	<b>6,707,888</b>	



CenterPoint Energy Minnesota Gas  
CIP Tracker and Balance  
2015 Forecast  
CCRC (CenterPoint Energy's 2013 Rate Case)  
Proposed CCRA Rate

	Jan 15 Forecast	Feb 15 Forecast	Mar 15 Forecast	Apr 15 Forecast	May 15 Forecast	June 15 Forecast	July 15 Forecast	Aug 15 Forecast	Sept 15 Forecast	Oct 15 Forecast	Nov 15 Forecast	Dec 15 Forecast	Annual Summary
<b>Expenses</b>													
1 Beginning Tracker Balance (\$) - Under / (Over) Recovered	6,707,888	6,573,970	5,734,010	2,944,773	(2,173,554)	(6,951,017)	(10,964,737)	(12,402,663)	(12,545,853)	(12,327,951)	(11,760,129)	(10,508,724)	6,707,888
2 CIP Program Expenditures	1,369,146	1,933,814	1,929,507	1,382,575	1,555,960	1,286,966	1,508,374	1,728,507	1,651,793	1,977,738	2,538,359	6,706,789	25,569,528
3 Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$8,506,837	8,506,837
4 <b>Total Expenses &amp; Incentive</b> (Lines 1 + 2 + 3)	<b>8,077,035</b>	<b>8,507,783</b>	<b>7,663,518</b>	<b>4,327,348</b>	<b>(617,594)</b>	<b>(5,664,051)</b>	<b>(9,456,363)</b>	<b>(10,674,156)</b>	<b>(10,894,061)</b>	<b>(10,350,213)</b>	<b>(9,221,770)</b>	<b>4,704,902</b>	<b>34,076,365</b>
<b>Recovery</b>													
5 Total Volumes (Dt)	25,432,627	24,823,532	21,089,339	13,363,176	9,250,737	6,886,559	6,823,345	6,484,562	5,784,696	7,858,141	12,079,398	19,327,973	159,204,086
6 Exemptions (Dt)	(2,264,156)	(1,881,050)	(2,111,431)	(1,835,400)	(1,928,554)	(2,028,100)	(2,891,400)	(2,689,400)	(1,913,000)	(1,925,878)	(2,009,811)	(2,324,577)	(25,802,757)
7 Volumes less Exemptions (Dt)	5,593,985	10,198,348	17,216,542	23,597,227	22,894,978	19,061,239	10,471,776	6,561,337	4,973,559	4,897,467	4,474,751	3,460,119	<b>133,401,329</b>
8 Base Rate Recovery (CCRC) (per Dt)	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	0.1866	
9 <b>Base Rate Cost Recovery (\$)</b>	<b>(1,043,838)</b>	<b>(1,903,012)</b>	<b>(3,212,607)</b>	<b>(4,403,242)</b>	<b>(4,272,203)</b>	<b>(3,556,827)</b>	<b>(1,954,033)</b>	<b>(1,224,345)</b>	<b>(928,066)</b>	<b>(913,867)</b>	<b>(834,989)</b>	<b>(645,658)</b>	<b>(24,892,687)</b>
10 CCRA (per Dt)	0.0884	0.0884	0.0884	0.0884	0.0884	0.0884	0.0884	0.0884	0.0884	0.0884	0.0884	0.0884	
11 <b>CCRA Recovery (\$)</b>	<b>(494,508)</b>	<b>(901,534)</b>	<b>(1,521,942)</b>	<b>(2,085,995)</b>	<b>(2,023,916)</b>	<b>(1,685,014)</b>	<b>(925,705)</b>	<b>(580,022)</b>	<b>(439,663)</b>	<b>(432,936)</b>	<b>(395,568)</b>	<b>(305,875)</b>	<b>(11,792,678)</b>
12 <b>Total Recovery</b> (Line 9 + Line 11)	<b>(1,538,346)</b>	<b>(2,804,546)</b>	<b>(4,734,549)</b>	<b>(6,489,237)</b>	<b>(6,296,119)</b>	<b>(5,241,841)</b>	<b>(2,879,738)</b>	<b>(1,804,367)</b>	<b>(1,367,729)</b>	<b>(1,346,803)</b>	<b>(1,230,557)</b>	<b>(951,533)</b>	<b>(36,685,365)</b>
<b>Carrying Charges</b>													
13 Sub-Balance (\$) (Line 4 + Line 12)	6,538,689	5,703,237	2,928,969	(2,161,889)	(6,913,713)	(10,905,892)	(12,336,101)	(12,478,523)	(12,261,790)	(11,697,016)	(10,452,327)	3,753,369	(2,609,000)
14 Accum. Deferred Tax (Line 13 x 41.37% x -1)	(2,705,056)	(2,359,429)	(1,211,714)	894,374	2,860,203	4,511,768	5,103,445	5,162,365	5,072,702	4,839,056	4,324,128	(1,552,769)	
15 Net Investment (Line 13 + Line 14)	3,833,633	3,343,808	1,717,254	(1,267,516)	(4,053,510)	(6,394,124)	(7,232,656)	(7,316,158)	(7,189,087)	(6,857,960)	(6,128,199)	2,200,601	
16 Carrying Charge Rate	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	
17 <b>Carrying Charge</b> (Line 15 x Line 16)	<b>35,281</b>	<b>30,773</b>	<b>15,804</b>	<b>(11,665)</b>	<b>(37,304)</b>	<b>(58,845)</b>	<b>(66,562)</b>	<b>(67,330)</b>	<b>(66,161)</b>	<b>(63,113)</b>	<b>(56,397)</b>	<b>20,252</b>	<b>(325,267)</b>
18 <b>Ending Tracker Balance - Under / (Over) Recovered</b> (Line 13 + Line 17)	<b>6,573,970</b>	<b>5,734,010</b>	<b>2,944,773</b>	<b>(2,173,554)</b>	<b>(6,951,017)</b>	<b>(10,964,737)</b>	<b>(12,402,663)</b>	<b>(12,545,853)</b>	<b>(12,327,951)</b>	<b>(11,760,129)</b>	<b>(10,508,724)</b>	<b>3,773,621</b>	

**Attachment C: Revised Tariff**

**CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT RIDER**

**Applicability:**

Applicable to bills for gas and/or transportation service provided under the Company’s retail rate schedules.

Exemptions are as follows:

“Large Energy Facility”, as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program (CIP) charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the “Large Energy Facility” customers can no longer participate in any utility’s Energy Conservation Improvement Program.

“Large Customer Facility” customers that have been exempted from the Company’s CIP charges pursuant to Minn. Stat. 216B.241, subd. 1a (b) shall receive a monthly exemption from CIP charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from the conservation program charges, the “Large Customer Facility” customers can no longer participate in CenterPoint Energy’s Energy Conservation Improvement Program.

Minnesota Stat. 216B.241, subd. 1a(c) which allows exemption of certain commercial gas customers does not apply to CenterPoint Energy because the Company’s customer count exceeds the 600,000 level set in statute.

**Rate:**

BASE CHARGE PER THERM (CCRC)	ADJUSTMENT (CCRA)
\$0.01866	\$0. <del>00659</del> 00884

**Rider:**

A Conservation Improvement Program Adjustment which shall be included on each non-exempt customer’s monthly bill. The applicable factor shall be multiplied by the customer’s monthly billing in Therms for gas service before any adjustments, surcharges or sales tax.

**Determination of Conservation Cost Recovery Charge (CCRC or Base Charge per Therm):**

The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the Minnesota Public Utilities Commission in the Company’s last general rate case. The CCRC is approved and applied on a per therm basis by dividing test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes). All revenue received from the CCRC shall be credited to the CIP tracker account.