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March 30, 2018

Mr. Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

*RE: Annual Compliance Submission of CenterPoint Energy Minnesota Gas, A
Division of CenterPoint Energy Resources Corp., for its Gas Affordability Service
Program; MPUC Docket No. G-008/M-18-_____*

Dear Mr. Wolf:

On June 6, 2007 CenterPoint Energy committed to providing certain baseline and annual reporting information for the Gas Affordability Service Program (GAP or Affordability Program). Enclosed is the eleventh annual submission of information; the "baseline data" was provided on August 31, 2007, four months after the start of the program.

If you have any questions regarding the information provided in this filing, please contact me at (612) 321-4905.

Sincerely,

/s/

Shari Grams
Regulatory Analyst

Enclosure
cc: Service List

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STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange
Dan Lipschultz
Matt Schuerger
Katie Sieben
John Tuma

Chair
Vice-Chair
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Commissioner
Commissioner

Annual Compliance Submission of
CenterPoint Energy Minnesota Gas,
A Division of CenterPoint Energy Resources
Corp., for its Gas Affordability Service Program

Docket No.: G-008/M-18-_____

COMPLIANCE FILING

1 Introduction

Section 5.2 of the Gas Affordability Service Program (“GAP” or the “Program”) tariff (Section V, p. 25.a) states that “(t)he annual reports will include the effect of the program on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility collection activity. On June 6, 2007 CenterPoint Energy (“Company”) committed to providing certain baseline and annual reporting information for GAP.

The following is the eleventh annual submission of information. This information is based on the Company’s June 6, 2007 Reply Comments and on the additional information required by the Commission’s Orders on November 18, 2009, September 22, 2010, November 22, 2010, December 29, 2011, September 24, 2013, September 29, 2015, and May 22, 2017.¹

¹ See Schedule C for a summary table of the Orders from December 29, 2011 through May 22, 2017.

CenterPoint Energy's GAP is available to residential customers who receive LIHEAP assistance during the federal fiscal year, agree to be placed on a levelized payment plan, and qualify for an affordability and/or arrearage forgiveness credit under the terms of the Program.² Customers will be removed from the Program if they fail to pay two consecutive monthly payments in full. To help maintain participation levels, after one missed payment, CenterPoint Energy calls GAP participants as a reminder of the payment requirements for the Program.³

Schedule A provides a summary of the GAP Annual Compliance Report information requested by the Commission's September 24, 2013 Order.

2 Total Affordability Credit

The total of the affordability credits applied to GAP participants during the 2017 year was \$2,911,814.

3 Total Arrearage Forgiveness Credit

The total of the arrearage forgiveness credits applied to GAP participants during the 2017 program year was \$538,009.

4 Total Program Administration Cost

The total administrative expenses incurred in 2017 were \$268,173, approximately 7.0% of total program costs. Because the total administrative expenses exceeded the 5% cap (see Section V, Page 25.a, Section 4.1 of the GAP tariff), an adjustment was made to the tracker account to reflect only \$185,900 of administrative expenses. The following calculation was made to remove the administrative costs that were in excess of 5% of total Program costs from the tracker account.

² CenterPoint Energy GAP tariff, Section V, p. 25.

³ Docket No. G-008/M-05-1380.Order Accepting Gas Affordability Program Reports and Requiring Further Action, p. 4 (December 29, 2011).

Total Program Costs:

1. Start-up costs:	\$0
2. Affordability component:	\$2,911,814
3. Arrearage Forgiveness component:	\$538,009
4. <u>Incremental admin costs incurred:</u>	<u>\$268,173</u>
5. Subtotal (sum of lines 1–4)	\$3,717,996
6. 5% of subtotal (line 5 multiplied by 5%):	\$185,900
7. Incremental admin costs above 5% (line 4 minus line 6 or \$0):	\$82,273
8. Incremental admin costs in Tracker (line 4 less line 7):	\$185,900

5 Total Start-up Costs

No start-up costs were incurred in 2017.

6 Incremental LIHEAP

As described in the response to PUC IR #21 in Docket No. G008/GR-05-1380, the incremental LIHEAP is calculated both in total and on an average participant basis as shown below. Please note that because the LIHEAP year and the GAP year do not correspond exactly, a customer may have received LIHEAP in one LIHEAP year to qualify for participation in a different GAP year. (i.e., a customer may have received LIHEAP in October 2016 and qualified for both the 2016 and 2017 GAP years).

Table 1

line	GAP Year	2013	2014	2015	2016⁴	2017⁵
1	GAP participants who received LIHEAP (October prior year through September current year)	14,737	11,710	10,074	7,451	7,419
2	LIHEAP received by GAP participants	\$4,464,354	\$3,611,945	\$3,691,276	\$2,572,910	\$2,553,746
3	Average amount (line 2 divided by line 1)	\$303	\$308	\$366	\$345	\$344
4	GAP participants who received LIHEAP (October current year through September subsequent year)	12,603	10,249	8,638	6,404	5,793
5	LIHEAP received by GAP participants	\$3,711,652	\$3,730,827	\$2,883,647	\$2,245,304	\$1,972,874
6	Average amount (line 5 divided by line 4)	\$295	\$364	\$334	\$351	\$341
7	Total incremental LIHEAP (line 5 minus line 2)	-\$752,702	\$118,881	-\$807,629	-\$327,606	-\$580,872
8	Average incremental LIHEAP (line 6 minus line 3)	-\$8	\$56	-\$33	\$5	-\$4

7 Bad Debt Expense and Adjusted Bad Debt Factor

A.Bad Debt Factor

Similar to previous annual compliance reports, information is presented below that considers the effects of the Program on the bad debt factor. As described in the

⁴ The 2016 GAP year information (for participants receiving 2016-2017 LIHEAP) has been updated from last year's compliance filing since the 2016-17 LIHEAP year was not finished and not all payments were received on behalf of customers receiving LIHEAP grants when last year's compliance filing was made.

⁵ Because the 2017-18 LIHEAP year is not finished, the information on Year 2017 GAP participants is incomplete and will be updated in the next annual report.

response to PUC IR #24 in Docket No. G008/GR-05-1380, the adjusted bad debt factor (the bad debt factor is determined by dividing bad debt expense by firm revenue) considers the effects of the arrears forgiveness credits from the Program on bad debt by calculating what bad debt expense and the resulting bad debt factor would have been, without the arrears forgiveness credits and arrears payments from participants, everything else being equal. Please keep in mind that the write-off percentage used in line 8 is based on all CenterPoint Energy customers.

Bad Debt Factor

1. Actual 2017 Bad Debt Expense:	\$5,513,490
2. Firm Revenue:	\$818,926,709
3. Bad Debt Factor (line 1 divided by line 2):	0.7%
4. Impact of the Program	
5. Total Payments towards Arrears Rec'd from participants:	\$103,320
6. Total Arrearage Forgiveness Credits Applied:	<u>\$538,009</u>
7. Total payments applied to arrears (line 5 + line 6):	\$641,329
8. Percentage of Pre-Program Arrears that would have been written-off (from Section 8, below):	5.9%
9. Impact of Arrearage Forgiveness Component on write-offs (line 7 multiplied by line 8):	\$37,818
10. Impact of Program on Bad Debts	
11. Bad Debt Expense without Arrearage Forgiveness Component (line 1 plus line 9):	\$5,551,308
12. Adjusted Bad Debt Factor (line 11 divided by line 2):	0.7%

B.Bad Debt Expense

In addition to the impact on the bad debt factor presented above, the May 31, 2013 GAP Evaluation and the June 1, 2016 GAP Evaluation examined the impact of the Program on bad debt expense by the reduction in the accounts receivable balance for GAP participants. This reduction was attributed to the GAP credits themselves and to an apparent improvement in the payment behavior of GAP participants. The impact on bad debt expense of the Program is summarized below and shown in Schedule B.

Bad Debt Expense

1.	Difference in total request amount paid	\$835,953
2.	Incremental LIHEAP—estimate ⁶	(\$602,315)
3.	Total GAP credits	<u>\$3,449,823</u>
4.	Change in customer payments, LIHEAP & GAP credits	\$3,683,461
5.	Change in A/R balance	(\$3,683,461)
6.	Change in Bad Debt Expense ⁷	(\$217,324)

8 Arrearage to Write-Off Study

As described in the June 6, 2007 Reply Comments, a study was conducted to look at the relationship of write-offs to arrears. The information below is based on the 12 months ending December 2017 for *all* CenterPoint Energy customers and not just customers that are eligible or that participate in the GAP program. It is not known how the GAP eligible or GAP participants' write-off to arrearage (or final bill) relationship compares to non-GAP eligible or non-GAP participant customers.

A. Write-Off/Arrears Percentage

The following table shows the write-off to arrears percentage by comparing the write-offs to arrears using a three-month lag. For example, the September arrears are compared to the December write-offs to show that the amount that was written off in December 2017 was 7.9% of the amount of September arrears.

⁶ Average of total incremental LIHEAP 2007–2016 from Section 6. The 2007 pilot program was a half year.

⁷ Calculated using the Write-Off/Arrears percentage from Section 8.

2017	Write-Off / Arrears Percentage
January	6.4%
February	8.6%
March	19.3%
April	5.7%
May	3.6%
June	3.4%
July	4.2%
August	6.3%
September	7.7%
October	6.0%
November	7.2%
<u>December</u>	<u>7.9%</u>
12 Month Average	5.9%

B. Write-Off/Final Bill Percentage

The following table shows the write-off to final bills percentage by comparing the write-offs to final bills using a three-month lag. For example, the September final bills are compared to the December write-offs to show that the amount that was written off in December 2017 was 17.9% of the amount of September final bills.

2017	Write-Off / Final Bill Percentage
January	12.3%
February	10.7%
March	24.2%
April	25.5%
May	26.1%
June	22.7%
July	25.8%
August	28.4%
September	28.8%
October	17.1%
November	19.9%
<u>December</u>	<u>17.9%</u>
12 Month Average	21.4%

9 Customer Payment History and Frequency Study

In accordance with the Commission’s Order of May 22, 2017, the following table shows the payment frequency and history of GAP participants in 2017, compared to the payment frequency and history of LIHEAP non-GAP customers in 2017 (pre-program baseline method) and the payment frequency and history of 2017 GAP participants prior to their enrollment in the Program (non-GAP LIHEAP method).

Table 2

	2017 GAP Participants		2017 LIHEAP non-GAP Participants		2017 GAP Participants: 12 Months Prior	
	<i>Amount</i>	<i>Count</i>	<i>Amount</i>	<i>Count</i>	<i>Amount</i>	<i>Count</i>
Total Requested	\$4,392,604	106,906	\$28,563,783	474,847	\$9,517,711	129,228
Full Pmt Made	\$938,519	20,266 (19%)	\$7,017,736	128,505 (27%)	\$1,175,047	23,538 (18%)
Partial Pmt Made	\$462,465	8,905 (8%)	\$3,988,652	59,690 (13%)	\$673,512	10,839 (8%)
On Account Pmts	\$147,617	5,074 (5%)	\$130,106	3,436 (1%)	\$32,199	1,074 (0.8%)
Total Pmts	\$1,548,602 (35%)	34,245 (32%)	\$11,136,494 (39%)	191,631 (40%)	\$1,880,758 (20%)	35,451 (27%)
No Pmt Made	\$0	72,661 (68%)	\$0	283,216 (60%)	\$0	93,777 (73%)

10 Average Cost to Disconnect and Reconnect

As described in the June 6, 2007 Reply Comments, information on the average cost to disconnect and reconnect an individual meter is provided.

- A. For a locked meter, based on historical activity, the average cost to disconnect and reconnect a meter was approximately \$49. Please note that this is an average and does not include the cost of a protective agent that may have been used.
- B. For a meter that is “plugged,” based on historical activity, the average cost was approximately \$69. Please note that this is an average and does not include the cost of a protective agent that may be used.
- C. For a meter that is shut off by using a valve lock at the curb, the average cost was approximately \$457. This is calculated based on average internal costs to disconnect and reconnect.
- D. In 2017, there were no disconnections and no reconnections performed by hand digging. Therefore, it is not possible to calculate an average cost to disconnect and reconnect a meter that is shut off by “hand digging” in the yard.
- E. For a meter that is shut off by digging at a boulevard or curb, the average cost was approximately \$1,259. This is calculated based on cost information from contractors, internal costs and expected time to reconnect meters that have been dug at a curb and includes restoration costs based on 2017 activity.
- F. For a meter that is shut off by digging in the street, the average cost was approximately \$1,972. This is calculated based on cost information from contractors, internal costs, and expected time to reconnect meters that have been dug in the street and includes restoration costs based on historical activity.

11 Average Payment Amount

During the 2017 GAP program year, there were 10,665 participants (including the customers who participated during the year, but dropped during the year).

Additionally, not all customers were requested to make an affordability component

payment (those that had zero income) and/or an arrearage component payment (those that did not have pre-program arrears). The table below presents average payment amount information on the groups of customers described above.

Table 3

line		Customers	Avg Monthly Affordability Pmt	Avg Monthly Arrearage Pmt	Total Pmt
1	All customers on GAP	10,665	\$38.21	\$3.71	\$41.92
2	Customers on GAP asked to make payment	10,365	\$39.32	\$3.81	N/A ⁸

The November 18, 2009 Order Accepting Compliance Filings Regarding Gas Affordability Programs and Requiring Further Action required that all gas utilities report (starting with the annual report filed in 2010) the average annual and monthly bill credit amount in the utility's annual GAP reports. In addition, a comparison of these amounts to the average GAP participant's annual and average monthly bill and arrearage amount was also required. That information is shown below for the 10,665 customers who participated in GAP in 2017.

⁸ A total is not presented for the subset of customers requested to make a payment since not all customers were requested to make both an affordability component payment (those that had zero income) and/or an arrearage component payment (those that did not have pre-program arrears).

Table 4

	Monthly	Annual
Average Affordability Credit ⁹	\$30.67	\$368.02
Average Arrearage Credit ¹⁰	\$11.00	\$132.02
Average Affordability Component bill ¹¹	\$38.21	\$458.53
Average Arrearage Component bill ¹²	\$3.71	\$44.48
Average Pre-Program Arrears ¹³	\$426.87	

12 Arrearage Level

As described in the June 6, 2007 Reply Comments, information on the average pre-program arrearage amount of program participants is provided. Information on pre-program arrears for the customers that participated at the end of the year as well as customers that participated during the year, but dropped, is shown in the table below.

Table 5

Customer Group	Customers	Total Pre-Program Arrears	Average Pre-Program Arrears
All customers on GAP	10,665	\$1,462,020	\$137
All customers on GAP that had Pre-Program Arrears	3,425	\$1,462,020	\$427

⁹ The average monthly affordability credit is calculated by taking the total of the monthly affordability credits for the customers on the Program during 2017 and dividing by the total number of GAP participants during the year. This is the same type of average as in line 1 (Table 3), above. The annual average is the monthly number times 12 months.

¹⁰ The average monthly arrearage credit is calculated by taking the total of the monthly arrearage credits for the customers on the Program during 2017 and dividing by the total number of GAP participants during the year. This is the same type of average as in line 1 (Table 3), above. The annual average is the monthly number times 12 months.

¹¹ The average monthly affordability component bill amount is from line 1 (Table 3), above. The annual average is the monthly number times 12 months.

¹² The average monthly arrearage component bill amount is from line 2 (Table 3), above. The annual average is the monthly number times 12 months.

¹³ This is the average pre-program arrears for the 3,425 GAP participants who were on the GAP Program during the year and had a pre-program arrearage amount.

The November 18, 2009 Order Accepting Compliance Filings Regarding Gas Affordability Programs and Requiring Further Action required that all gas utilities report (starting with the annual report filed in 2010) the change in arrearage level for the average GAP customer compared to the LIHEAP customers that are not enrolled in the GAP and the average level of arrearage for all of the utility's residential customers that had arrears.

Table 6

Customer Group	Jan. 2017	Dec. 2017	\$ Change	% Change
GAP ¹⁴	\$241	\$234	-\$7	-3%
LIHEAP non-GAP	\$167	\$199	\$32	19%
Residential	\$134	\$125	-\$10	-7%

As described in the Order dated May 22, 2017, the Company is also providing average arrears balances using the pre-Program-baseline approach as described in the Department's Comments of December 13, 2016¹⁵.

Table 7

Average Arrearage Level	<u>January 2017</u>	<u>December 2017</u>
GAP Participants ¹⁶	<u>\$406</u>	<u>\$107</u>
LIHEAP Customers Not Enrolled in GAP ¹⁷	<u>\$166</u>	<u>\$199</u>
All Residential Customers ¹⁸	<u>\$125</u>	<u>\$189</u>

¹⁴ The average arrears amount shown for GAP participants above is for the GAP participants that had arrears during January and those that had arrears during December of 2017. It should be noted that, due to changes in the customers that participate (due to de-activations and new enrollments during the year), not all of the customers enrolled in January are the same customers enrolled in December.

¹⁵ See Docket No. G-008/M-16-486; CenterPoint Energy's Evaluation of its Gas Affordability Program.

¹⁶ The average arrearage level for GAP Participants is the active GAP participants (with arrears) at January 2017, who remained an active GAP participant in January 2017 and December 2017.

¹⁷ The average arrearage level for LIHEAP Customers Not Enrolled in GAP are the LIHEAP customers not enrolled in GAP (with arrears) at January 2017, who remained a LIHEAP customer in the remaining period of December 2017.

¹⁸ The average arrearage level for All Residential Customers is all residential customers (with arrears) at January 2017, who remained a residential customer in December 2017.

13 Number of Customers in Arrears

As described in the June 6, 2007 Reply Comments, information on the total number of customers in arrears at the start of the Program is provided. As reported in the monthly “Cold Weather Rule” Report, there were 72,493 residential customer accounts past due at the end of December 2016, which is the approximate start of the 2017 Program year. Of the 10,665 customers that participated in the program during the 2017 program year, 3,425 started their 2017 GAP participation with a pre-program arrears balance.

14 Service Disconnections

As reported in the monthly reports filed pursuant to Minnesota Statute §216B.091 in Docket No. E,G999/PR-17-02, there were 30,862 residential accounts disconnected for non-payment during 2017.

The November 18, 2009 Order Accepting Compliance Filings Regarding Gas Affordability Programs and Requiring Further Action required that all gas utilities report (starting with the annual report filed in 2010) the percentage of GAP customers disconnected compared to the percentage of all firm customers disconnected. In addition, a comparison of the percentage of GAP customers disconnected to the percentage of disconnected LIHEAP customers that do not participate in GAP was also required.

Table 8

Customer Group	% Disconnected
GAP Customers ¹⁹	2.1%
LIHEAP Non-GAP ²⁰	7.6%
Total Firm Customers ²¹	2.9%

As described in the Order dated May 22, 2017, the Company provides in Table 9 the disconnection rates using the pre-Program-baseline approach as described in the Department’s Comments of December 13, 2016²² (tracks “disconnections for individual customers or a cohort of customers and then reporting pre- and post-Program disconnection rates”).

¹⁹ The percent of GAP customers disconnected is the number of customers that had been on GAP during 2017 before subsequently being removed (or deactivated) from the Program and then disconnected, divided by the total number of customers that were enrolled during the year.

²⁰ The percent of LIHEAP non-GAP customers disconnected is the number of customers that received LIHEAP (and did not participate in GAP) during 2017 and were disconnected after receiving LIHEAP in 2017, divided by the number of customers that received LIHEAP (and did not participate in GAP) in 2017. It should be noted that the LIHEAP year is not a calendar year so that if a customer received LIHEAP in early 2017 as part of the end of the 2016–17 LIHEAP year, they would be included in this group—along with customers receiving LIHEAP in late 2017 as part of the 2017–18 LIHEAP year.

²¹ The percent of total firm customers disconnected is the number of involuntary disconnections of residential customers as reported in the 2017 monthly reports submitted pursuant to Minnesota Statutes §216B.091 and §216B.096, subd.11 plus the number of firm commercial/industrial accounts disconnected divided by the average number of firm customers in 2017.

²² See Docket No. G-008/M-16-486; CenterPoint Energy’s Evaluation of its Gas Affordability Program.

Table 9

2017 Customers:	Total Disconnections	Percent of Total Customer Group
GAP	688	6.5%
 Before GAP	463	4.3%
 After GAP	225	2.1%
LIHEAP (no GAP)	2,018	12.1%
 Before LIHEAP	744	4.5%
 After LIHEAP	1,274	7.6%

15 Retention Rate - Renewal

As reported in the compliance filing submitted March 31, 2017, there were approximately 8,600 customers who received a GAP credit and enrolled in the GAP program at the end of 2016. The table below shows the 2017 program year participation information for the customers that were enrolled at the end of the 2016 program year.

Table 10

Description	Count	%
Renewed into 2017 GAP year within 30 days	4,570	53%
Enrolled into 2017 GAP year 31–60 days	412	5%
Enrolled into 2017 GAP year 61–90 days	212	2%
Enrolled into 2017 GAP year 91–150 days	440	5%
Enrolled into 2017 GAP year over 151 days	470	5%
Application Rejected: no LIHEAP, incomplete GAP application, etc.	217	3%
Did not apply, other	2,237	26%
Total	8,558	100%

The retention rate for the 2018 GAP year is not available because some customers enrolled at the end of the 2017 year have not yet renewed. This information will be provided in the next annual compliance report, after the 2018 year is complete.

16 Retention Rate – Attrition

The following table shows the number of GAP participants in the Program at the end of each Program year, participants deactivated from GAP, and participants not accepted into the Program.

Table 11

GAP year	2013	2014	2015	2016	2017
GAP participants at year-end	11,574	13,309	10,769	8,558	8,720
Total deactivated and percent of final participation ²³	4,481 39%	4,590 34%	3,020 28%	2,123 25%	1,863 21%
Deactivated due to delinquency	3,281 28%	3,236 24%	2,092 19%	1,429 17%	1,128 13%
Deactivated due to customer request	66 0.6%	91 0.7%	67 0.6%	34 0.4%	39 0.4%
Deactivated due to customer move	1,134 10%	1,263 9%	861 8%	660 8%	696 8%
Applied but not accepted due to no benefit ²⁴	4,112	2,813	2,071	3,514	1,664

17 Participation/Incremental LIHEAP

As described in the June 6, 2007 Reply Comments, information on the number of new participants that did not previously receive LIHEAP is provided.

²³ During preparation of the 2015 report, we determined the prior periods included some minor double-counting of deactivated customers. A correction to the calculation methodology was made for the 2015 data, but prior periods have not been restated.

²⁴ Based on their income and usage, there was no affordability or arrearage credit for these customers.

Table 12

GAP year	2013	2014	2015	2016	2017
GAP participants at year-end	11,574	13,309	10,769	8,558	8,720
Approximate % who did not receive LIHEAP in prior year	22%	26%	17%	21%	17%

18 Customer Complaints

There were no GAP customer issues reported to the Commission during the 2017 GAP Program year.

19 Program Cost per customer

As described in the June 6, 2007 Reply Comments, this is a measurement of the total Program costs divided by the total number of Program participants. Please note that for the purpose of this calculation, the number of participants during 2017 is used, although not all customers participated for the same number of months.

Program Cost

1. Affordability Credits:	\$2,911,814
2. Arrearage Forgiveness Credits:	\$538,009
3. <u>Administrative Cost:</u>	<u>\$185,900</u>
4. Total Program Costs (lines 1–3):	\$3,635,723
5. Program Participants:	10,665
6. Program Cost per participant (line 4 divided by line 5):	\$341

20 Payment Coverage

As described in the June 6, 2007 Reply Comments, 'payment coverage' is calculated as the total annual customer payments divided by the total annual amount billed. As such, it does not include any LIHEAP amounts received on behalf of the customer or any GAP credits applied to the accounts.

Payment Coverage

1. Total Affordability Customer Payments Rec'd	\$1,385,433
2. <u>Total Arrears Customer Payments Rec'd</u>	<u>\$103,320</u>
3. Total Customer Payments (line 1 plus line 2)	\$1,488,753
4. Total Affordability Requested	\$6,738,655
5. <u>Total Arrears Requested</u>	<u>\$225,360</u>
6. Total amount billed (line 4 plus line 5)	\$6,964,016
7. Payment coverage (line 3 divided by line 6)	0.21

21 Arrears Reduction Rate

As described in the June 6, 2007 Reply Comments, the 'arrears reduction rate' is calculated as the total LIHEAP and arrears forgiveness payments divided by the total outstanding balance at the start of the Program year. It should be noted that for the GAP participants that did not have pre-program arrears, any LIHEAP payments received were applied to their current (affordability component) bills so the arrears reduction calculation below is overstated at greater than one.

Arrears Reduction Rate

1. Total LIHEAP Received (2017 Participants 1/17–12/17)	\$3,781,700
2. Arrears Forgiveness Customer Payments Rec'd	\$103,320
3. <u>Arrears Forgiveness Credits Applied</u>	<u>\$538,009</u>
4. Total Reduction to Arrears (Line 1 plus Line 2 plus Line 3)	\$4,423,029
5. Total Pre-program Arrears Balance at Start of Program	\$1,462,020
6. Arrears Reduction Rate (line 4 divided by line 5)	3.03

22 Coordination with Other Resources

Throughout the year, the Company engages in outreach efforts designed to promote GAP and Conservation Improvement Program (CIP) participation, often in partnership with low-income organizations and agencies. This section summarizes efforts undertaken by the company to coordinate the GAP with other low-income and conservation resources, in accordance with November 18, 2009²⁵

²⁵ Docket No. G-008/GR-05-1380. Order Accepting Compliance Filings Regarding Gas Affordability Programs and Requiring Further Action, Nov. 18, 2009 (requiring that future reports include how each utility has coordinated its GAP with other available low income and conservation resources, including the names of the agencies, the content of the communication, and the accomplishments resulting from the coordination).

and November 22, 2010²⁶ Orders. The summary begins with a description of internal cross-promotion activities between GAP and CIP. This is followed by a list of CIP conservation measures available to customers. Finally, a list of major outreach efforts conducted with outside agencies to promote GAP and CIP are presented.

CenterPoint Energy coordinates and cross-promotes its GAP and CIP programs. All residential conservation measures and CIP programs are available to GAP customers. Participation in CIP by low income customers is tracked and reported in the annual CIP status report.

Summary of major cross-promotional GAP and CIP efforts:

- Between January 2017 and December 2017, sent 26,727 direct mail pieces to LIHEAP recipients encouraging customers to enroll in GAP. Mailers include a letter describing what GAP is and how it works, a GAP application, detailed energy efficiency tips, and information about CenterPoint Energy's rebate and other programs, including the Home Energy Squad, and weatherization services. Starting in Year 2017, Home Energy Squad visits are free of charge to low income customers.
- E-mailed 48,911 GAP solicitations that included links to the GAP application as well as to the *More Comfort, Less Energy* booklet with energy saving tips.
- Between April 2017 and May 2017, CenterPoint Energy made 895 outgoing calls to promote GAP enrollment.
- Between April 2017 and May 2017, CenterPoint Energy made 1,429 outgoing calls to promote LIHEAP. We sent an additional 507 GAP applications to customers who would be eligible for GAP if they received LIHEAP.

²⁶ Docket No. G-008/GR-05-1380. Order Evaluating Gas Affordability Program, Extending and Modifying Pilot Program, Authorizing Cost Recovery, and Requiring Future Reporting, Nov. 22, 2010 ("CenterPoint shall, in future reporting, report the potential no-, low-, and mid-cost conservation measures that could be implemented in the households of GAP participants, along with CenterPoint's plans to encourage GAP participants to increase their use of these measures.").

- Distributed Home Energy Reports to residential customers during the heating season, many of whom were low income customers.
- *CIP Conservation Calendars* with energy efficiency tips were distributed to nonprofit affordable housing customers via low income agencies.
- *More Comfort, Less Energy* booklets with energy-saving tips and how-to instructions were distributed to low income households via low income agencies.

No-cost, low-cost, and mid-cost conservation measures available to GAP participants:

- Conservation measures:
 - Lowering thermostat and/or installing a programmable unit;
 - Lowering water heater setting;
 - Opening and closing drapes according to season and time of day;
 - Installing low-flow showerhead and faucet aerator; and
 - Window and door weather stripping.
- No-cost measures to qualifying low income customers via CenterPoint Energy programs:
 - Home Energy Squad;
 - Programmable thermostats;
 - Door and attic hatch weather stripping;
 - High-efficiency showerhead and faucet aerators;
 - Water heater temperature assessment and adjustment;
 - Water heater insulation;
 - Six feet of pipe insulation;
 - Attic and wall insulation inspection;
 - Blower door test;
 - Thermal image testing;
 - Combustion safety test; and
 - Carbon monoxide check.
 - Weatherization;
 - Furnace Repair/Replacement/Tune-up;
 - Boiler Repair/Replacement/Tune-up; and

- o Water Heater Replacement.

Outreach activities promoting GAP and CIP in coordination with outside low-income agencies:

CenterPoint Energy maintains relationships with partnership organizations through continuous communication and has ongoing efforts to reach low-income customers by attending community events with the purpose to assist and educate low-income customers with options available to help pay their natural gas bills, including GAP.

CenterPoint Energy communicates throughout the year with partnering organizations. Community Action Partnership of Hennepin County (CAP-HC), formerly known as Community Action Partnership of Suburban Hennepin (CAPSH), works to establish services, programs and partnerships that address poverty and increase family and economic stability in Hennepin County. Tri-County Action Program, Inc. (Tri-CAP) is the federally designated community action program for Benton, Sherburne, and Stearns counties in central Minnesota. Lutheran Social Services of Minnesota - The Center for Changing Lives has a wide range of services for community members to connect and find resources. The Twin Cities Salvation Army assists residents across Minneapolis, St. Paul, and the greater metro area. This organization is offering assistance through their programs and services, including utility assistance. Parents in Community Action, Inc. (PICA) is a private non-profit agency designated by the federal government to operate Head Start and Early Head Start programs in Hennepin County. PICA serves close to 2,500 children and families and offers a variety of programs and services.

Through communications with the partnering organizations, CenterPoint Energy is aware of community events. CenterPoint Energy attended Energy Assistance clinics set up through PICA in March 2017 to work with low-income families and prepare them for the end of cold weather season and to assist with payment

plans, to sign up for Energy Assistance, and to fill out GAP applications. CenterPoint Energy attended Salvation Army Energy Assistance Day in October 2017 to prepare customers for the cold weather season, payment plans, and to fill out GAP applications. CenterPoint Energy, with Tri-CAP, attended the Community Connect, formerly known as Project Homeless in Elk River, Minnesota, in October 2017 to assist natural gas customers with payment plans, encouraging customers to sign up for Energy Assistance and fill out GAP applications. CenterPoint Energy attended a PICA Family Connect event in November 2017 to prepare customers for the cold weather season, to assist with payment plans, to encourage customers to sign up for Energy Assistance, and to fill out GAP applications.

23 Other Information

As required by the Commission's December 29, 2011 Order, CenterPoint Energy's application processing goal is to process 95% of all complete GAP applications within 30 days. All 2017 applications were processed within 30 days of receipt. Also as required by the Order, the Company's third-party administrator—Energy CENTS Coalition (ECC)—makes the GAP application available electronically on its website, www.energycents.org.

The Company submitted its third GAP Evaluation report on June 1, 2016, in Docket No. G-008/M-16-486. The Commission's May 22, 2017 Order in the 2016 Evaluation report docket stated the utilities shall continue the GAP programs with no expiration date, with the next evaluation report to be filed on or before May 31, 2019. In addition, pursuant to the Order issued May 22, 2017, a GAP Stakeholder workgroup is meeting to discuss if changes should be made to the GAP Program. One of the areas under discussion is a consolidated report providing annual GAP data. While this reporting mechanism is still under evaluation by the GAP Stakeholder workgroup, we have provided Year 2017 annual GAP compliance reporting in this format, attached as Schedule D to this report.

CenterPoint Energy
GAP Annual Compliance: Summary

Schedule A

Item as listed in in Sept. 24, 2013 Order	2017
1 Average annual affordability benefit received per customer /1/	\$ 368.02
2 Average annual arrearage forgiveness benefit received per customer	\$ 132.02
3 Percentage of Low Income Home Energy Assistance Program (LIHEAP) customers that participated in GAP /2/	28.5%
4 Disconnection rates for:	
(a) GAP customers	2.1%
(b) LIHEAP – Non GAP customers	7.6%
(c) non-LIHEAP customers (all firm customers including C&I) /3/	2.9%
5 Number of GAP participants enrolled as of year-end	8,720
6 Number of GAP participants enrolled and receiving benefits at some time during the year	10,665
7 Annual program budget	\$ 5,000,000
8 Actual program revenue	\$ 4,824,652
9 Actual program cost /4/	\$ 3,717,996
10 GAP tracker balance as of year-end	\$ 2,956,406
11 GAP rate-affordability surcharge (\$/therm) /5/	0.00453

1/ The average annual affordability benefit was calculated by taking the total of the monthly affordability credits for the customers on the program during 2017, dividing by the total number of GAP participants during the year, and then multiplying by 12 months. This was done to match the methodology for reporting the average monthly affordability payment, thereby ensuring that the credit and payment averages were comparable. Since not all GAP participants were in the program for a full 12 months, the Company did not report a simple average of the total program affordability component cost and dividing by the total number of program participants.

2/ Since the LIHEAP calendar year begins in October – three months before the GAP program year begins – some LIHEAP recipients may have participated during the prior GAP year but not the current. Thus, this percentage was calculated as the number of 2017 GAP participants who received LIHEAP from October prior year through September current year, divided by the number of customers who received LIHEAP during that time period.

3/ “All firm customers” in this case includes LIHEAP and non-LIHEAP customers. The Commission’s November 18, 2009 Order, in Ordering Paragraph No. 4(B), instructed utilities to report: “The percentage of GAP customers disconnected compared to the percentage of all firm customers disconnected; in addition, a comparison of the percentage of GAP customers disconnected to the percentage of disconnected LIHEAP customers that do not participate in GAP.”

4/ Total affordability credits + total arrearage credits + incremental administrative cost.

5/ This is the interim rate established in Docket No. G-008/GR-17-285, effective October 1, 2017. The final rate from Docket No. G-008/GR-15-424 is \$0.00462/therm (effective December 2016). In general, CenterPoint Energy uses the interim GAP recovery rate to track GAP recoveries from the beginning of the test year until final rates are determined. When final rates are determined, the GAP tracker is restated by making an accounting entry at the time that final rates are implemented.

CenterPoint Energy
GAP Annual Compliance: Bad Debt Expense

Schedule B

Line	Description	2017		
1	Difference in % Tot pmt req paid		19.0%	
2	Total Payment requested	\$	4,392,604	
3	Diff in Tot pmt req paid	\$	835,953	
4	Incremental LIHEAP - annual report	\$	(602,315)	
5	Total GAP credits	\$	3,449,823	
6	Change in custo payments, LIHEAP, and GAP cr	\$	3,683,461	
7				
8	Change in A/R balance	\$	3,683,461	
9	Write-off/Arrears percentage		5.9%	
10	Write-off reduction	\$	(217,324)	
11	Bad Debt Expense reduction, minimum	\$	(217,324)	
12				
13				
14	Total Payment requested, 2017 GAP Participants	\$	9,517,711	\$ 4,392,604
15				
16	Total Full payment	\$	1,175,047	\$ 938,519
17	Total Partial payment	\$	673,512	\$ 462,465
18	Total on-account payment	\$	32,199	\$ 147,617
19	Total Payments	\$	1,880,758	\$ 1,548,602
20				
21	Tot Pmt/Tot Pmt requested		19.8%	35.3%
22				15.5%
23	Total Payment requested, 2017 GAP Participants	\$	9,517,711	
24	Percent change in average bill from 2016 to 2017		12%	
25	Change in tot pmt requested due to 2016 to 2017 chgs	\$	1,169,881	-22.8%
26	Tot pmt requested, 2017 pro forma	\$	10,687,592	
27	Tot pmt requested, 2017 on GAP actual	\$	4,392,604	
28	Change in tot pmt requested due to GAP	\$	(6,294,988)	122.8%
29	Total change in tot pmt requested, 2016 to 2017	\$	(5,125,107)	100.0%

Line			2016 CPE GAP Report
1	2011 Order Language ¹	3. Utilities shall implement an application processing goal of processing ninety-five percent of all complete gas affordability applications within thirty days of receipt by the utility ...	Section 23
2		6. Each utility shall require its third-party administrator to make GAP applications available electronically on the administrator’s websites as a condition of being the third-party administrator for the program.	Section 23
3		7. Each utility shall call or mail reminders to its GAP customers after one missed payment to reduce the number of customers removed from the GAP due to missing two consecutive monthly payments.	Section 1
4		8. Each utility shall cross-promote its GAP with other bill payment and conservation assistance programs.	Section 22
5	2013 Order Language ²	1. The Commission will require the Companies to include a summary schedule that includes the average annual affordability benefit received per customer.	Schedule A
6		2. The Commission will require the Companies to include a summary schedule that includes the average annual arrearage forgiveness benefit received per customer.	Schedule A
7		3. The Commission will require the Companies to include a summary schedule that includes the percentage of Low Income Home Energy Assistance Program (LIHEAP) customers that participated in GAP.	Schedule A
8		4. The Commission will require the Companies to include a summary schedule that includes the disconnection rates for (a) GAP customers, (b) LIHEAP – Non GAP customers, and (c) non-LIHEAP customers (all firm customers including C&I).	Schedule A
9		5. The Commission will require the Companies to include a summary schedule that includes the number of GAP participants enrolled as of year-end.	Schedule A
10		6. The Commission will require the Companies to include a summary schedule that includes the number of GAP participants enrolled and receiving benefits at some time during the year.	Schedule A
11		7. The Commission will require the Companies to include a summary schedule that includes the annual program budget.	Schedule A
12		8. The Commission will require the Companies to include a summary schedule that includes the actual program revenue.	Schedule A

¹ From Docket G-008/GR-05-1380, December 29, 2011, p.4.

² From Docket G-008/GR-05-1380, September 25, 2013, p.2.

13		9. The Commission will require the Companies to include a summary schedule that includes the actual program cost.	Schedule A
14		10. The Commission will require the Companies to include a summary schedule that includes the GAP tracker balance as of year-end.	Schedule A
15		11. The Commission will require the Companies to include a summary schedule that includes the GAP rate-affordability surcharge (\$/therm).	Schedule A
16	2015 Order Language ³	2. Each utility shall include in its next Annual Compliance Report an explanation of why it does not assess the GAP surcharge against Interruptible Sales and Transportation Customers, a proposal evaluating cost allocation methods for its GAP program, and the recalculated surcharge for various alternatives if Interruptible Sales and Transportation Customers were included.	
17	2017 Order Language ⁴	2. CenterPoint and Xcel shall continue to report customer payments, arrears balances and disconnection rates using both the non-GAP LIHEAP baseline method and pre-program baseline method beginning with their 2017 annual reports of the GAP.	<u>Customer Payments:</u> Section 9; <u>Arrears Balances:</u> Section 12; <u>Disconnection Rates:</u> Section 14

³ From Docket G-008/M-15-307, September 29, 2015, p. 3. This was a one-time reporting requirement and the information was provided in the Company's annual GAP Compliance filing in Docket No. G-008/M-16-266, Section 23.

⁴ From Docket G-008/M-16-486, May 22, 2017, p. 6. This docket number was the Company's triennial GAP Evaluation report.

2017	
Program dates and status	
Date program started	5/1/2007
Program effective date	1/1/2017
Date next evaluation report due	5/31/2019
Date last evaluation completed	6/1/2016
Last evaluation docket number	G-008/M-16-486
Status of program (pilot or permanent)	Permanent
Date pilot program ends, if applicable	N/A
Date of last Evaluation Order	5/22/2017
Program administrator	Energy CENTS Coalition
Participant benefits	
Description of affordability benefit - maximum payment as % of household income	4%
Description of arrearage forgiveness benefit - repayment period	12 months
Average annual income per participant	\$11,905
Average annual bill per participant	\$793
Average arrearage balance per participant	\$427
Average annual affordability benefit per participant	\$368
Average annual arrearage forgiveness benefit per customer	\$132
Average total benefit per participant	\$500
Cost and Cost Recovery	
Annual budget	\$5,000,000
Actual revenue	\$4,844,319
Annual cost	\$3,635,723
Surcharge (\$/therm)	\$0.00453
Annual cost of surcharge for average residential customer who uses 900 therms of gas per year	\$4.08
Customer classes assessed the GAP surcharge	Firm Customers (Residential, Commercial A, Commercial/Industrial - B, Commercial/Industrial - C, and Large General Service
Tracker balance as of year-end	(\$2,956,406)
Participation	
% of LIHEAP customers that participated in GAP	43%
Number of participants enrolled as of year-end	8,720
Number of participants enrolled and receiving benefits at some time during the year	10,665
Whether a waiting list occurred at any time during the year	No
If so, the number of customers on the waiting list and for how long	N/A

Impact on disconnection rates	
Disconnection rates - non-GAP LIHEAP baseline	
GAP participants	2.1%
Non-GAP LIHEAP customers	7.6%
Non-LIHEAP residential customers	2.9%
Disconnection rates - pre-program baseline	
GAP participant cohort	Year 2017 GAP Participants <i>prior to</i> enrolling in GAP during Year 2017.
GAP participants cohort before they were enrolled in GAP	4.3%
Impact on payment frequency	
Dollars paid ÷ dollars requested	
Non-GAP LIHEAP Baseline	
GAP participants	35%
Non-GAP LIHEAP customers	39%
Non-LIHEAP residential customers	<i>* We are currently investigating how to provide this information.</i>
Pre-Program Baseline	
GAP participant cohort	2017 GAP Participants: 12 Months Prior
GAP participant cohort before they were enrolled in GAP	20%
Number of payments made paid ÷ number of payments requested	
Non-GAP LIHEAP baseline	
GAP participants	32%
Non-GAP LIHEAP customers	40%
Non-LIHEAP residential customers	<i>* We are currently investigating how to provide this information.</i>
Pre-program baseline	
GAP participant cohort	2017 GAP Participants: 12 Months Prior
GAP participant cohort before they were enrolled in GAP	27%
Impact on arrears	
% Customers in arrears	
Non-GAP LIHEAP baseline	
GAP participants	32%
Non-GAP LIHEAP customers	23%
Non-LIHEAP residential customers	8%

Pre-Program baseline	
GAP participant cohort	Active GAP participants (with arrears) at January 2017, who remained an active GAP Participant in January 2017 through December 2017.
GAP participant cohort before they were enrolled in GAP	87 (customer count that meets the criteria above)
Dollar amount of arrears	
% Change in dollar amount of arrears (non-GAP LIHEAP baseline)	
GAP participants	-3%
Non-GAP LIHEAP customers	19%
Non-LIHEAP residential customers	-7%
Dollar amount of arrears (pre-Program baseline)	
GAP participant cohort	Active GAP participants (with arrears) at January 2017, who remained an active GAP Participant in January 2017 through December 2017.
GAP participant cohort before they were enrolled in GAP	-74%
Complaints	
Number of complaints	0
Nature of complaint(s)	N/A
Retention	
GAP participant retention rate	70%
Impact on collection activity	
Brief description of effect of GAP on collection activity	The 2017 Report includes information on several significant areas of collection activity including an improvement in the payment frequency compared to pre-GAP payment behavior (Section 9), a greater percentage reduction in arrears compared to LIHEAP non-GAP customers (Section 12), and a reduced rate of service disconnections compared to LIHEAP non-GAP customers or all firm customers (Section 14). These facts support the conclusion that GAP reduced collection activity for the Company.
Coordination with other programs	
Page(s) of report where coordination efforts described	Pages 18 - 22 (Section 22 of annual filing)