



505 Nicollet Mall  
PO Box 59038  
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May 1, 2018

Mr. Daniel Wolf  
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 2017 Conservation Improvement Program Status Report, 2017 Demand-Side Management Financial Incentive Report, Conservation Improvement Program Tracker Report, and 2017 Conservation Cost Recovery Adjustment Proposal Aggregated Compliance Filing.  
Docket No. G008/CI-10-111  
Docket No. G008/CIP-16-119  
Docket No. G008/M-18-\_\_\_

Dear Mr. Wolf and Deputy Commissioner Grant:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, ("CenterPoint Energy" or the "Company") respectfully submits to the Minnesota Public Utilities Commission (Commission) and the Minnesota Department of Commerce, Division of Energy Resources (Department), its aggregated compliance filing, which includes its *2017 Conservation Improvement Program Status Report; 2017 Demand-Side Management Financial Incentive Report; Conservation Improvement Program Tracker Report* for the period of January 1, 2017 through December 31, 2017; and its request to reduce the Conservation Cost Recovery Adjustment (CCRA) to 0.0441 per dekatherm (Dth), to become effective September 1, 2018. This filing complies with the Commission's Orders in *In the Matter of the Commission Review of Utility Performance Incentives for Energy Conservation*,<sup>1</sup> Conservation Improvement Program (CIP) regulations requiring CenterPoint Energy to submit an annual CIP Status

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<sup>1</sup> Docket No. E,G-999/CI-08-133.

Report,<sup>2</sup> and the Commission's requirement that CenterPoint Energy submit its CIP Adjustment filing annually in conjunction with its CIP Tracker Report and DSM Financial Incentive filing.<sup>3</sup>

For the fifth consecutive year, CenterPoint Energy has surpassed its previous energy savings record. The Company achieved 2,632,545 Dth of first-year energy savings, representing 1.87 percent of its average retail sales and 102 percent of its approved goal for 2017. The Company achieved this level of energy savings without exceeding its approved budget. 2017 program expenditures were \$31,140,094 or only 90 percent of the approved 2017 budget. Under the mechanism approved by the Commission,<sup>4</sup> this level of performance qualifies the Company for a financial incentive of \$12,456,038.

CenterPoint Energy was assessed a total of \$656,032 under Minnesota Statute § 216B.241. These assessments are recoverable under Minnesota Statute § 216B.241 through the CIP Tracker mechanism. Total assessments in 2017 combined with 2017 program expenditures result in total deferred expenses on the CIP Tracker account of \$32,131,251. The Company also requests approval of its 2017 CIP carrying charges. Because the Company's 2017 CIP Tracker account was over-recovered for the majority of the year, total annual carrying charges accrued in the favor of ratepayers and were credited to the CIP Tracker account, reducing the total year-end under-recovered balance. \$19,848 in total annual carrying charges were credited to the 2017 CIP Tracker account, resulting in a year-end under-recovered CIP Tracker balance of \$3,899,086.

The Commission has ordered CenterPoint Energy to file its CIP Adjustment with its annual CIP Tracker and DSM Financial Incentive filings.<sup>5</sup> The Company requests approval to reduce the CCRA to 0.0441 per Dth, to go into effect on September 1, 2018. The Company projects that this reduced CCRA, in conjunction with rate changes likely to result from the Company's pending rate case,<sup>6</sup> will achieve a near-zero CIP Tracker balance by the end of 2019. Section 4 of this filing describes the Company's CCRA proposal in more detail.

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 505 Nicollet Mall 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 Erica Larson at [erica.larson@centerpointenergy.com](mailto:erica.larson@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

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<sup>2</sup> Minn. R. § 7690.0550.

<sup>3</sup> *In the Matter of a Petition by CenterPoint Energy, A Division of CenterPoint Energy Resources Corp., for Approval of its 2009 CIP Tracker Account and DSM financial incentive*, Docket Nos. G-008/M-10-416, G-008/M-10-634, Order, Ordering Point 4 (PUC, Oct. 11, 2010).

<sup>4</sup> *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G-999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan (PUC, Aug. 5, 2016).

<sup>5</sup> *In the Matter of a Petition by CenterPoint Energy, A Division of CenterPoint Energy Resources Corp., for Approval of its 2009 CIP Tracker Account and DSM financial incentive*, Docket Nos. G-008/M-10-416, G-008/M-10-634, Order, Ordering Point 4 (PUC, Oct. 11, 2010).

<sup>6</sup> G-008/GR-17-285.

going to eDockets through the websites of the Department of Commerce or the Public Utilities Commission or going to the eDockets homepage at <https://edockets.state.mn.us/EFiling/home.jsp>.

Please call me at (612) 321-4334 with any questions.

Sincerely,

/s/ Erica Larson

Erica Larson  
Regulatory Analyst, Conservation Improvement Program

CC: Service List

**AFFIDAVIT OF SERVICE**

STATE OF MINNESOTA )  
 )  
COUNTY OF HENNEPIN )

Ethan S. Warner, being first duly sworn on oath, deposes and says that he is an employee in the office of CenterPoint Energy, Minneapolis, Minnesota 55402, and that on the 1<sup>st</sup> day of May 2018, he delivered the enclosed notice of filing to those individuals and agencies listed on the attached pages, by:

  x   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,

  x   electronic filing.

          /s/ Ethan S. Warner  
Ethan S. Warner

Subscribed and sworn to before me  
this 1<sup>st</sup> day of May 2018.

          /s/ Mary Jo Schuh  
Mary Jo Schuh  
Notary Public (Commission Expires January 31, 2020)

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_10-111_CI-10-111
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William	Black	bblack@mmua.org	MMUA	Suite 400 3025 Harbor Lane North Plymouth, MN 554475142	Electronic Service	No	OFF_SL_16-119_G008.CIP-16-119
Christina	Brusven	cbrusven@fredlaw.com	Fredrikson Byron	200 S 6th St Ste 4000  Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_16-119_G008.CIP-16-119
Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.	12700 West Dodge Road PO Box 2047 Omaha, NE 68103-2047	Electronic Service	No	OFF_SL_16-119_G008.CIP-16-119
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_16-119_G008.CIP-16-119
Gary	Connett	gconnett@grenergy.com	Great River Energy	12300 Elm Creek Blvd N  Maple Grove, MN 553694718	Electronic Service	No	OFF_SL_16-119_G008.CIP-16-119
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174  Lake Elmo, MN 55042	Electronic Service	No	OFF_SL_16-119_G008.CIP-16-119
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Steve	Downer	sdowner@mmua.org	MMUA	3025 Harbor Ln N Ste 400  Plymouth, MN 554475142	Electronic Service	No	OFF_SL_16-119_G008.CIP-16-119
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Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Gary	Connett	gconnett@grenergy.com	Great River Energy	12300 Elm Creek Blvd N  Maple Grove, MN 553694718	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
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Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
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Patty	Hanson	phanson@rpu.org	Rochester Public Utilities	4000 E River Rd NE  Rochester, MN 55906	Electronic Service	No	SPL_SL_CIP SPECIAL SERVICE LIST
Norm	Harold	N/A	NKS Consulting	5591 E 180th St  Prior Lake, MN 55372	Paper Service	No	SPL_SL_CIP SPECIAL SERVICE LIST
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**CENTERPOINT ENERGY  
SUMMARY OF FILING  
Rule 7829.1300, Subp. 1**

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (the "Company") submits its *2017 Conservation Improvement Program Status Report* and associated filings. In addition to the Status Report, this filing includes a request for approval of the Company's December 31, 2017 Conservation Improvement Program (CIP) Tracker balance of \$3,899,086; a request for approval of the 2017 CIP Financial Incentive in the amount of \$12,456,038 (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 factor of \$0.00441 per therm.

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

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

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, a  
Delaware Corporation  
505 Nicollet Mall  
PO Box 59038  
Minneapolis, Minnesota 55402  
(612) 372-4664

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

Steven C. Clay, Senior Counsel  
505 Nicollet Mall  
Minneapolis, Minnesota 55402  
(612) 321-4606

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

Date Filed:	May 1, 2018
Effective Dates:	September 1, 2018 (Conservation Cost Recovery Adjustment) 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/  
Erica Larson  
Regulatory Analyst, Conservation Improvement Program  
(612) 321-4334

## **AGGREGATED COMPLIANCE REPORTS OVERVIEW**

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) submits its *2017 Conservation Improvement Program Status Report* and associated compliance reports. The purpose of the filing is to report 2017 Conservation Improvement Program (CIP) project activity; to request approval to allocate the 2017 Financial Incentive to CenterPoint Energy’s CIP Tracker; to update CIP Tracker activity through December 31, 2017 and request approval of the CIP Tracker balance; and to request approval of the Company’s proposed Conservation Cost Recovery Adjustment.

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

- Section 1. 2017 Conservation Improvement Program Status Report;
- Section 2. 2017 Demand-Side Management Financial Incentive Report;
- Section 3. Conservation Improvement Program Tracker Report;
- Section 4. Conservation Cost Recovery Adjustment Proposal; and
- Section 5. Attachments.

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# **SECTION 1: 2017 CONSERVATION IMPROVEMENT PROGRAM** **STATUS REPORT**

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) submits this Status Report on its Conservation Improvement Program (CIP) in compliance with Minnesota Department of Commerce (Department) Rules and the Commissioner’s Decisions. This report covers the 2017 CIP year, January 1 through December 31. The report is divided into five sections:

- I. Summary of Accomplishments
- II. Minority and Women Business Enterprise Vendors
- III. Update of Program Modifications
- IV. Compliance Overview
- V. 2017 CIP Results

## Summary of Accomplishments

For the fifth consecutive year, CenterPoint Energy has surpassed its previous first-year energy savings record. At 2,632,545 dekatherms (Dth) of savings, the Company exceeded its approved energy savings goal by 2.1 percent. This level of energy savings is equivalent to a remarkable 1.87 percent of sales, which exceeds the Company's previous record of 1.47.<sup>7</sup> This achievement was made without exceeding the approved program budget. 2017 program expenditures were \$31,140,094 or 10 percent less than the approved budget for the year.

Record high energy savings and below budget spend combined to make 2017 a highly cost-effective year for the Company's CIP. The average per Dth cost of first year energy savings was \$11.83. Over the lifetime of the measures installed, the Company calculates that the average per Dth cost is only \$0.80.

The Company's 2017 achievements are due in part to an extraordinarily large custom project completed in 2017.<sup>8</sup> In early 2017, the Company's 2017 savings goal for the Commercial and Industrial (C&I) Segment was increased by 897,618 Dth to account for the savings achieved by this single large project.<sup>9</sup> Nonetheless, the Company surpassed even this heightened Segment goal by 89,622 Dth or 4.6 percent, demonstrating strong C&I Segment savings even apart from the singular large project completed in 2017. The Company's Energy Design Assistance and Recommissioning Study & Rebates projects performed particularly well. Energy Design Assistance exceeded its energy saving goal by 52,816 Dth, while Recommissioning Study & Rebates achieved participation over twice its goal and energy savings more than seven times the approved goal for the project.

The Company's Low-Income Segment also exceeded its 2017 energy savings goal by 1,417 Dth or 4.6 percent. Minnesota statutes require gas utilities to spend at least 0.4 percent of gross operating revenue (GOR) from residential customers on conservation programs that directly serve the needs of low-income customers. The Company spent \$3,429,092 on dedicated low-income CIP programs or 0.56 percent of its GOR from residential customers. Total portfolio spending for the benefit of CenterPoint Energy's low-income customers exceeded four million dollars and was equivalent to 0.65 percent of GOR from residential customers.

CenterPoint Energy's 2017-2019 Triennial Plan introduced large changes to the Residential Segment such as consolidation and reorganization of several projects, incorporation of the 2015 Minnesota State Building Code into the Company's energy savings calculations, reduced per unit deemed energy savings for several residential direct install measures, and an increased energy savings goal. Despite these challenges, the Company's Residential Segment performed well in 2017, achieving 94 percent of its energy savings goal while remaining under budget and cost effective.

While this year's extraordinary achievements are due in part to a single large project, which cannot be expected every year, this project is actually a demonstration of the Company's long-standing

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<sup>7</sup> Based on weather-normalized average sales to non-exempt customers. See CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan, Docket No. G008/CIP-16-119, p. 6 (revised version filed June 5, 2017).

<sup>8</sup> Monthly status updates on the project were filed in Docket No. G008/M-16-366 from October 2016 through October 2017.

<sup>9</sup> In the Matter of CenterPoint Energy's 2016-2016 and 2017-2019 CIP Plan Budget Modification Request, Docket Nos. G008/CIP-12-564, G008/CIP-16-119, Deputy Commissioner Decision (DOC, Feb. 17, 2017).

commitment to helping its customers achieve cost-effective energy savings. The completion of this project represented the culmination of years of work by the customer and CenterPoint Energy staff. Although the individual rebates amounts are usually less impressive, CenterPoint Energy's continued commitment to its CIP is fundamental to the results the Company can achieve year after year in every Segment of the its portfolio. The Company is proud of its 2017 energy savings results, because they are impressive in and of themselves, but also because they reflect the Company's enduring commitment to conservation.

## Minority and Women Business Enterprise Vendors

The Company supports efforts to promote diversity in the energy and energy efficiency workforces. CenterPoint Energy recognizes the economic importance of diverse suppliers such as minority-owned and women-owned business enterprises (MWBE)<sup>10</sup> to the Company's business and to the economies of the nation, the states where CenterPoint Energy operates, and the communities the Company serves. To increase awareness of the importance of diversity and transparency about the businesses that support CenterPoint Energy's CIP, the Company provides the following information about the diversity of its CIP vendors.

Total 2017 CIP Spend	\$31,140,094
Vendor Spend <sup>11</sup>	\$9,702,950
MWBE Vendor Spend	\$1,018,776
<b>MWBE Spend as Percent of Vendor Spend<sup>12</sup></b>	<b>10.5%</b>

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<sup>10</sup> CenterPoint Energy defines minority-owned and women-owned business enterprises per the guidelines of the National Minority Supplier Development Council and the Women's Business Enterprise National Council.

<sup>11</sup> The Company included in "vendor expenses" all CIP expenses made to business entities in return for services. Vendor spending includes, for example, payments to external project implementers and various marketing and advertisement firms that CenterPoint contracts with for energy efficiency promotions. Vendor spending does not include, for example, customer or trade ally incentives, fees for membership in energy efficiency organizations (e.g. the Midwest Energy Efficiency Alliance), or various small expenses (e.g. business meals) that the Company does not track by vendor.

<sup>12</sup> The Company notes that \$4,715,083 or 49 percent of its vendor spend goes to non-profit entities; non-profit entities cannot qualify as MWBEs under the definition CenterPoint Energy uses. If non-profit entities are excluded from the calculation, 20 percent of the Company's remaining vendor spend went to MWBEs.

## Update of Program Modifications

CenterPoint Energy provides the following information regarding the formal and informal modifications to *CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan* made or approved in 2017.<sup>13</sup>

### Formal Modifications

#### Large C&I Custom Rebate Project

In the Company's 2016 Conservation Improvement Program Plan,<sup>14</sup> which extended the 2013-2015 Triennial Conservation Improvement Plan,<sup>15</sup> CenterPoint Energy requested and received additional budget to cover an anticipated rebate payment, through the Company's C&I Custom Rebate project, to a customer planning a very large energy efficiency project. The customer's energy efficiency project was expected to be completed in 2016. The approved energy savings goal for the Company's Custom Rebate Project was also increased relative to the 2015 goal to account for the project.

In the Company's filing, it noted that "[a]s with any custom project, there is a possibility that project delays could occur, potentially delaying completion until 2017. Should this appear likely, the Company will work with Staff to determine how to handle any necessary adjustment to goals."<sup>16</sup> Late in 2016, the customer informed CenterPoint Energy that there had been delays that would result in the project not reaching completion until 2017. On January 16, 2017, in order to reflect the new expected completion date of the customer's energy efficiency project, the Company filed a modification request to reduce the budget and energy savings goal for the C&I Custom Rebates project in 2016 and increase the project's 2017 budget and goal by the same amount.

The Deputy Commissioner approved the modification on February 17, 2017.<sup>17</sup> The budget and goals used in this filing reflect that modification.

#### Home Energy Squad Thermostats and Faucet Aerators

On August 7, 2017, the Company filed a request to modify its Home Energy Squad project.<sup>18</sup> The Home Energy Squad project provides a suite of home-visit options for customers, including direct installation of energy efficient measures, on-site energy efficiency evaluations, and additional supportive services.

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<sup>13</sup> The Deputy Commissioner requires that utilities include in their annual status reports a description of all program modifications and changes not requiring Deputy Commissioner approval in order to keep the Department and other interested parties informed of their activities. *In the Matter of CenterPoint Energy's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket Nos. G008/CIP-16-119, *et al.*, Deputy Commissioner Decision, pp. 49-50 (DOC, Nov. 3, 2016). In this section, CenterPoint Energy also describes modifications requiring Deputy Commissioner approval.

<sup>14</sup> CenterPoint Energy's 2016 Conservation Improvement Program Plan Compliance Filing, Docket No. G008/CIP-12-564 (June 1, 2015).

<sup>15</sup> CenterPoint Energy's 2013-2015 Triennial Conservation Improvement Program Plan Compliance Filing, Docket No. G008/CIP-12-564 (Mar. 29, 2013).

<sup>16</sup> CenterPoint Energy's 2016 Conservation Improvement Plan, Docket No. G008/CIP-12-564, p. 1 (June 1, 2015).

<sup>17</sup> *In the Matter of CenterPoint Energy's 2013-2017 and 2017-2019 CIP Plan Budget Modification Request*, Docket Nos. G008/CIP-12-564, G008/CIP-16-119, Deputy Commissioner Decision (DOC, Feb. 17, 2017).

<sup>18</sup> CenterPoint Energy Request to Modify Home Energy Squad Project to Allow the Upgrade of Programmable or Communicating Thermostats and the Installation of 0.5 GPM Faucet Aerators, Docket No. G008/CIP-16-119 (Aug. 7, 2017).

The Company requested to modify its baseline efficiency assumptions about the installation of thermostats in order to facilitate the installation of communicating (Tier II) and analytics capable (Tier III) thermostats in homes that already have programmable (Tier I) thermostats as well as the installation of Tier III thermostats in homes that already have a Tier II thermostat. The Company further requested to add an option to install bathroom faucet aerators with a flow rate of 0.5 gallons per minute (GPM) (in addition to the 1.0 GPM faucet aerators that were already available through the Home Energy Squad project). The Deputy Commissioner approved the proposed modifications on October 3, 2017.<sup>19</sup>

## **Modifications Not Requiring Formal Approval**

### Natural Gas Energy Analysis Project Bonus Rebates

The Natural Gas Energy Analysis project is designed to educate commercial customers about energy efficiency opportunities in their buildings, provide specific recommendations on energy saving improvements, and encourage customers to act on these recommendations. The project offers prescriptive rebates to customers that complete recommendations identified in a Natural Gas Energy Analysis report. The Company ran a series of campaigns providing bonus rebate amounts to promote participation in the project and encourage customers to follow through with energy saving opportunities.

The Company provided a Courtesy Notification describing the bonus rebate campaigns to the Department on August 7, 2017.

### Updated Water Heater Energy Factors to Uniform Energy Factors

On January 1, 2018, the Department of Energy (DOE) finalized implementation of new industry standards for measuring residential water heater energy efficiency.<sup>20</sup> Based on these DOE standards, the Company modified the minimum efficiency requirements for and the energy savings claimed from installing residential water heaters in the Company's CIP projects.<sup>21</sup> The new criteria are:

- Less than 55 gallons, medium draw: 0.64 minimum Uniform Energy Factor (UEF);
- Less than 55 gallons, high draw: 0.68 minimum UEF;
- 55 gallons or more, all draw patterns: 0.80 minimum UEF; and
- Tankless or Combo Units: 0.87 minimum UEF.

To calculate energy savings, the Company updated the water heater calculation from the Minnesota Technical Reference Manual<sup>22</sup> to reflect the changed minimum efficiencies established in the new standard and calculated average savings for each of the units rebated by the Company from January 1 to September 30, 2017. New deemed savings are summarized in the table below.

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<sup>19</sup> *In the Matter of CenterPoint Energy's Program Modification Request Filed August 7, 2017*, Docket No. G008/CIP-16-119, Deputy Commissioner Decision (DOC, Oct. 3, 2017).

<sup>20</sup> Energy Conservation Program for Consumer Products and Certain Commercial and Industrial Equipment: Test Procedures for Consumer and Commercial Water Heaters, 81 Fed. Reg. 96,204 (Dec. 29, 2016).

<sup>21</sup> DOE has not proposed new standards for commercial capacity (> 75,000 Btu/hr) water heaters. The Company did not make changes to the minimum efficiency requirements or savings of those water heaters.

<sup>22</sup> State of Minnesota Technical Reference Manual for Energy Conservation Improvement Programs, Version 2.0, Docket No. E,G999/CIP-15-896 (Jan. 14, 2016).

Equipment Type	Deemed Savings (Dth) - Triennial	Deemed Savings (Dth) - New
Storage, < 55 gallons	1.93	1.81
Storage, 55 gallons or more	0.71	0.71
Tankless Water Heater	1.20	2.0
Combination Unit	15.71	16.51

The Company proposed no changes to the overall CIP budget or CIP energy savings goals of projects offering residential water heaters. Changes in energy savings from residential water heaters do not change the approved figures for rebate amounts, incremental cost, or measure life included in *CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan*.

The Company provided a Courtesy Notification describing the modification to the Department on October 24, 2017.

#### Passive House Incentives

The Passive House movement encourages the construction of highly efficient buildings. The Passive House Institute US promulgates specific requirements for Passive House buildings and awards certification to buildings that satisfy its exacting standards. Starting on January 1, 2018, the Company began offering incentives to residential and commercial buildings (including large multi-family housing) that achieve Passive House certification. The incentives are intended to offset certification fees.

Residential buildings seeking Passive House incentives must participate in the Company's High Efficiency Home project, which provides performance-based incentives to new small residential construction. Commercial and industrial buildings seeking Passive House incentives must participate in one of the Company's C&I Segment projects or the Low-Income Multi-Family Housing Rebates project. The Company anticipates that most commercial or industrial buildings seeking Passive House incentives will participate in the Energy Design Assistance project, which takes a whole-building approach to achieving energy savings in commercial and industrial new construction and major renovation. Passive House incentives are counted against the budget of the underlying project and are provided to buildings in addition to other incentives earned through the underlying project. Because the Company does not anticipate that many buildings will seek Passive House incentives, it did not request any increase in budget or change to participation goals.

The Company provided a Courtesy Notification describing the modification to the Department on December 7, 2017.

#### Multi-Family Building Efficiency and Natural Gas Energy Analysis Projects Bathroom Aerators

In 2018, the Company began to offer 0.5 GPM bathroom faucet aerators through the Multi-Family Building Efficiency and Natural Gas Energy Analysis projects in addition to the higher GPM (but still low-flow) bathroom faucet aerators previously offered. As described above, the Company began offering 0.5 GPM bathroom faucet aerators to Home Energy Squad participants in 2017. The Company will claim 0.38 Dth of savings per 0.5 GPM bathroom faucet aerator installed through the Multi-Family Building

Efficiency project and 0.52 Dth of savings per 0.5 GPM bathroom faucet aerator installed through the Natural Gas Energy Analysis project.<sup>23</sup>

The Company still installs 1.5 GPM kitchen faucet aerators as part of the Multi-Family Building Efficiency and Home Energy Squad projects. In addition, 1.0 GPM bathroom faucet aerators are still available through the Multi-Family Building Efficiency, Natural Gas Energy Analysis, and Home Energy Squad projects to customers opting not to install 0.5 GPM aerators. Aerators distributed through the DIY Home Efficiency project (through which customers can request and self-install free equipment) and rebated through the Non-Profit Affordable Housing Rebates project (which provides rebates for the installation of efficiency measures in low-income new construction and retrofits) were unaffected.

The Company provided a Courtesy Notification describing the modification to the Department on December 21, 2017.

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<sup>23</sup> The energy savings for 0.5 GPM bathroom faucet aerators was calculated in accordance with the methods used in the *Minnesota Technical Reference Manual 2.0 (TRM)* pages 369-72 and 385-88, substituting 0.5 GPM for the 1.5 GPM assumed in the *TRM*. State of Minnesota Technical Reference Manual for Energy Conservation Improvement Programs, Version 2.0, Docket No. E,G999/CIP-15-896 (Jan. 14, 2016). Consistent with the *TRM*, CenterPoint Energy claims less energy savings for commercial low-flow faucet aerators than for residential low-flow aerators.



## Compliance Overview

### Energy Savings Goals (Minn. Stat. § 216B.241, subd. 1c)

CenterPoint Energy's approved 2017 energy savings goal represents 1.83 percent of the Company's three-year average gross annual retail energy sales.<sup>24</sup> The Company surpassed the approved 2017 energy savings goal by 54,491 Dth, achieving energy savings equivalent to 1.87 percent of CenterPoint Energy's approved three-year-averaged weather-normalized energy sales, excluding energy sales to CIP-exempt customers.

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

Average Weather-Normalized Energy Sales (2013-2015)	141,120,375 Dth
2017 Energy Savings Goal	2,578,054 Dth
<b>2017 CIP Energy Savings Goal - Percent of Average Weather-Normalized Energy Sales</b>	<b>1.83%</b>
2017 Actual Energy Savings	2,632,545 Dth
<b>2017 CIP Energy Savings - Percent of Average Weather-Normalized Energy Sales</b>	<b>1.87%</b>

### Minimum Spending Requirements (Minn. Stat. § 216B.241, subd. 1a; Minn. R. 7690.1200, subp. 1(A))

Minnesota Statutes § 216B.241, subd. 1a, requires gas utilities to spend 0.5 percent of their gross operating revenue (GOR) on CIP; Minnesota Rules § 7690.1200, subp. 1(A)(2), establishes the *Gas Jurisdictional Annual Report* as the source of data to be used for calculating GOR. In 2017, CenterPoint Energy spent a total of \$31,140,094 on CIP, which represents 3.81 percent of the Company's approved GOR, excluding sales to CIP exempt customers.

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

2015 Total GOR*	\$831,903,100
Revenue from Exempt Customers**	\$14,635,716
2015 Net GOR***	\$817,267,385
<b>Statutory Spending Factor</b>	<b>0.5%</b>
Statutory Minimum CIP Spending	\$4,086,336
2017 Program Spending	\$31,140,094
<b>2017 Program Spending as a Percent of Net GOR</b>	<b>3.81 %</b>

\* CenterPoint Energy's 2015 Gas Jurisdictional Report, Page G-39 (Total Revenue Corresponding to Sales).

\*\* Minn. Stat. § 216B.241, subd. 1a states that GOR do not include sales to customers exempt from CIP.

\*\*\* *In the Matter of CenterPoint Energy's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket Nos. G008/CIP-16-119, *et al.*, Deputy Commissioner Decision, p. 5 (DOC, Nov. 3, 2016).

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

Minnesota Statutes § 216B.241, subd. 7, requires each gas utility to annually spend at least 0.4 percent of its most recent three-year-average residential GOR on conservation programs that directly serve the

<sup>24</sup> See Minn. Stat. § 216B.241, subd. 1c(d).

needs of low-income customers. In 2017, CenterPoint Energy spent a total of \$4,006,852 on low-income customers participating in CIP, representing 0.65 percent of the Company's three-year-average GOR from residential customers.<sup>25</sup>

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

2013 GOR from Residential Customers	\$584,498,400
2014 GOR from Residential Customers	\$734,583,700
2015 GOR from Residential Customers	\$523,138,400
2013-2015 Average GOR from Residential Customers*	\$614,073,500
<b>Statutory Spending Factor</b>	<b>0.40%</b>
<b>Statutory Minimum Low-Income Spending</b>	<b>\$2,456,294</b>
2017 Spending in the Dedicated Low-Income Segment	\$3,429,092
2017 Low-Income Spending in the Residential Market Segment	\$324,728
2017 Low-Income Spending in the Multi-Family Building Efficiency Project (C&I Market Segment)	\$140,128
2017 Other Low-Income Spending in the C&I Market Segment	\$112,904
<b>2017 Total Actual Low-Income Spending</b>	<b>\$4,006,852</b>
<b>Low-Income Spending as Percent of Residential GOR</b>	<b>0.65%</b>

\* Annual GOR from residential customers figures come from the Company's 2013-2015 Gas Jurisdictional Annual Reports, Page G-38 (Revenue Corresponding to Sales for Residential With Heating and Residential Without Heating).

**Research and Development Spending Cap (Minn. Stat. § 216B.241, subd. 2(c))**

Minnesota Statutes § 216B.241, subd. 2(c), 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. For descriptions of the Company's 2017 research and development activities, refer to the description of the Analysis, Evaluation, & Project Development project included in the 2017 CIP Results section of this Status Report.

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

Statutory Minimum CIP Spending	\$4,086,337
<b>R&amp;D Spending Cap</b>	<b>\$408,634</b>
2017 R&D Spending in Project Development Project	\$82,294
<b>2017 Total R&amp;D Spending</b>	<b>\$82,294</b>

<sup>25</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 *CenterPoint Energy's 2017-2019 Conservation Improvement Program Triennial Plan*. See CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan, Docket No. G008/CIP-16-119, p. 7 (revised version filed June 5, 2017). The Company calculated applicable minimum low-income spending amounts using the methodology approved by the Deputy Commissioner in 2015. See *In the Matter of CenterPoint Energy's Conservation Improvement Program 2013 Status Report*, Docket No. G008/CIP-12-564.02, Deputy Commissioner Decision, Ordering Point 3 (DOC, Jan. 9, 2015).

**Distributed and Renewable Generation Cap (Minn. Stat. § 216B.2411, subd. 1(a))**

Minnesota Statutes § 216B.2411, subd. 1(a), allows utilities to spend up to five percent of their minimum annual spending requirements on distributed and renewable generation projects. CenterPoint Energy did not expend funds on any such projects in 2017.

## 2017 CIP Results<sup>26</sup>

The information provided in the following tables satisfies the requirements of Minnesota Rules § 7690.0550.

### Program Summary

Summary	Budget	Participation	Energy Saved (Dth)	Demand Energy Saved (Dth)
<b>Residential Market Segment</b>				
2017 Goal	\$17,061,841	275,910	590,958	5,910
2017 Actual	\$15,811,617	253,127	554,411	5,544
Variance	(\$1,250,224)	(22,783)	(36,548)	(365)
<b>Low-Income Market Segment</b>				
2017 Goal	\$3,361,632	2,837	30,980	310
2017 Actual	\$3,429,092	2,724	32,397	324
Variance	\$67,460	(113)	1,417	14
<b>C&amp;I Market Segment</b>				
2017 Goal	\$10,900,156	8,866	1,956,115	19,561
2017 Actual	\$10,619,783	9,292	2,045,737	20,457
Variance	(\$280,374)	426	89,622	896
<b>Other Projects</b>				
2017 Goal	\$3,232,500	0	0	0
2017 Actual	\$1,279,602	0	0	0
Variance	(\$1,952,898)	0	0	0
<b>Total</b>				
2017 Goal	\$34,556,129	287,613	2,578,054	25,781
2017 Actual	\$31,140,094	265,143	2,632,545	26,325
Variance	(\$3,416,035)	(22,470)	54,491	545

<sup>26</sup> Tables included in this section may not sum to the exact totals provided due to rounding.

## 2017 Budget Summary

Project	Budget	Actual Spending	Difference	Percent Difference
<b>Residential Market Segment Projects</b>				
Home Efficiency Rebates	\$8,205,000	\$7,175,350	(\$1,029,650)	-12.5%
DIY Home Efficiency	\$656,500	\$653,511	(\$2,989)	-0.5%
Home Insulation Rebates	\$862,000	\$662,269	(\$199,731)	-23.2%
Home Energy Reports	\$1,487,050	\$1,494,350	\$7,300	0.5%
Home Energy Squad	\$1,963,391	\$1,684,515	(\$278,876)	-14.2%
High-Efficiency Home	\$3,187,750	\$3,519,935	\$332,185	10.4%
New Home Construction Rebates	\$700,150	\$621,687	(\$78,463)	-11.2%
Subtotal:	<b>\$17,061,841</b>	<b>\$15,811,617</b>	<b>(\$1,250,224)</b>	<b>-7.3%</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	\$2,429,000	\$2,433,657	\$4,657	0.2%
Low-Income Rental Efficiency	\$280,000	\$252,202	(\$27,798)	-9.9%
Low-Income Free Heating System Tune-Up	\$192,500	\$96,982	(\$95,518)	-49.6%
Non-Profit Affordable Housing Rebates	\$374,560	\$510,135	\$135,575	36.2%
Low-Income Multi-Family Housing Rebates	\$85,572	\$136,115	\$50,543	59.1%
Subtotal:	<b>\$3,361,632</b>	<b>\$3,429,092</b>	<b>\$67,460</b>	<b>2.0%</b>
<b>C&amp;I Market Segment Projects</b>				
Commercial Foodservice Equipment Rebates	\$704,155	\$667,995	(\$36,160)	-5.1%
C&I Heating and Water Heating Rebates	\$3,650,751	\$3,746,323	\$95,572	2.6%
C&I Custom Rebates	\$3,306,804	\$3,154,272	(\$152,532)	-4.6%
Natural Gas Energy Analysis	\$441,353	\$217,115	(\$224,238)	-50.8%
Energy Design Assistance	\$1,620,820	\$1,707,282	\$86,462	5.3%
Industrial Process Efficiency	\$217,500	\$329,409	\$111,909	51.5%
C&I Training and Education	\$136,250	\$49,747	(\$86,503)	-63.5%
Engineering & Certification Assistance	\$130,000	\$59,595	(\$70,405)	-54.2%
Recommissioning Study & Rebates	\$110,061	\$142,359	\$32,298	29.3%
Multi-Family Building Efficiency	\$533,262	\$529,688	(\$3,574)	-0.7%
Industrial Process Steam Trap Audit	\$49,200	\$15,996	(\$33,204)	-67.5%
Subtotal:	<b>\$10,900,156</b>	<b>\$10,619,783</b>	<b>(\$280,374)</b>	<b>-2.6%</b>
<b>Other Projects</b>				
Analysis, Evaluation, & Project Development	\$1,300,000	\$493,179	(\$806,821)	-62.1%
Energy Efficiency Marketing & Awareness	\$682,500	\$527,389	(\$155,111)	-22.7%
Planning & Regulatory Affairs	\$150,000	\$133,974	(\$16,026)	-10.7%
On-Bill Loan Repayment	\$1,100,000	\$125,061	(\$974,939)	-88.6%
Subtotal:	<b>\$3,232,500</b>	<b>\$1,279,602</b>	<b>(\$1,952,898)</b>	<b>-60.4%</b>
<b>Total</b>	<b>\$34,556,129</b>	<b>\$31,140,094</b>	<b>(\$3,416,035)</b>	<b>-9.9%</b>

## 2017 Energy Savings Summary

Project	Goal Energy Savings (Dth)	Actual Energy Savings (Dth)	Difference	Percent Difference
<b>Residential Market Segment Projects</b>				
Home Efficiency Rebates	329,788	295,666	(34,122)	-10.3%
DIY Home Efficiency	47,928	41,426	(6,503)	-13.6%
Home Insulation Rebates	12,233	21,089	8,856	72.4%
Home Energy Reports	76,933	91,298	14,365	18.7%
Home Energy Squad	25,970	12,758	(13,212)	-50.9%
High-Efficiency Home	80,801	75,479	(5,322)	-6.6%
New Home Construction Rebates	17,304	16,694	(610)	-3.5%
Subtotal:	<b>590,958</b>	<b>554,411</b>	<b>(36,548)</b>	<b>-6.2%</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	18,431	15,990	(2,441)	-13.2%
Low-Income Rental Efficiency	1,828	1,115	(714)	-39.0%
Low-Income Free Heating System Tune-Up	2,653	2,663	10	0.4%
Non-Profit Affordable Housing Rebates	2,608	3,221	613	23.5%
Low-Income Multi-Family Housing Rebates	5,460	9,409	3,949	72.3%
Subtotal:	<b>30,980</b>	<b>32,397</b>	<b>1,417</b>	<b>4.6%</b>
<b>C&amp;I Market Segment Projects</b>				
Commercial Foodservice Equipment Rebates	63,651	59,302	(4,349)	-6.8%
C&I Heating and Water Heating Rebates	664,095	702,019	37,924	5.7%
C&I Custom Rebates	1,039,208	1,018,147	(21,062)	-2.0%
Natural Gas Energy Analysis	1,223	2,000	777	63.5%
Energy Design Assistance	150,000	202,816	52,816	35.2%
Industrial Process Efficiency	15,000	24,216	9,216	61.4%
C&I Training and Education	0	0	0	N/A
Engineering & Certification Assistance	0	0	0	N/A
Recommissioning Study & Rebates	3,774	28,237	24,463	648.3%
Multi-Family Building Efficiency	10,787	7,554	(3,233)	-30.0%
Industrial Process Steam Trap Audit	8,376	1,446	(6,930)	-82.7%
Subtotal:	<b>1,956,115</b>	<b>2,045,737</b>	<b>89,622</b>	<b>4.6%</b>
<b>Other Projects</b>				
Analysis, Evaluation, & Project Development	0	0	0	N/A
Energy Efficiency Marketing & Awareness	0	0	0	N/A
Planning & Regulatory Affairs	0	0	0	N/A
On-Bill Loan Repayment	0	0	0	N/A
Subtotal:	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>
<b>Total</b>	<b>2,578,054</b>	<b>2,632,545</b>	<b>54,491</b>	<b>2.1%</b>

## 2017 Demand Savings Summary

Project	Goal Energy Savings (Dth)	Actual Energy Savings (Dth)	Difference	Percent Difference
<b>Residential Market Segment Projects</b>				
Home Efficiency Rebates	3,298	2,957	(341)	-10.3%
DIY Home Efficiency	479	414	(65)	-13.6%
Home Insulation Rebates	122	211	89	72.4%
Home Energy Reports	769	913	144	18.7%
Home Energy Squad	260	128	(132)	-50.9%
High-Efficiency Home	808	755	(53)	-6.6%
New Home Construction Rebates	173	167	(6)	-3.5%
Subtotal:	<b>5,910</b>	<b>5,544</b>	<b>(365)</b>	<b>-6.2%</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	184	160	(24)	-13.2%
Low-Income Rental Efficiency	18	11	(7)	-39.0%
Low-Income Free Heating System Tune-Up	27	27	0	0.4%
Non-Profit Affordable Housing Rebates	26	32	6	23.5%
Low-Income Multi-Family Housing Rebates	55	94	39	72.3%
Subtotal:	<b>310</b>	<b>324</b>	<b>14</b>	<b>4.6%</b>
<b>C&amp;I Market Segment Projects</b>				
Commercial Foodservice Equipment Rebates	637	593	(43)	-6.8%
C&I Heating and Water Heating Rebates	6,641	7,020	379	5.7%
C&I Custom Rebates	10,392	10,181	(211)	-2.0%
Natural Gas Energy Analysis	12	20	8	63.5%
Energy Design Assistance	1,500	2,028	528	35.2%
Industrial Process Efficiency	150	242	92	61.4%
C&I Training and Education	0	0	N/A	N/A
Engineering & Certification Assistance	0	0	N/A	N/A
Recommissioning Study & Rebates	38	282	245	648.3%
Multi-Family Building Efficiency	108	76	(32)	-30.0%
Industrial Process Steam Trap Audit	84	14	(69)	-82.7%
Subtotal:	<b>19,561</b>	<b>20,457</b>	<b>896</b>	<b>4.6%</b>
<b>Other Projects</b>				
Analysis, Evaluation, & Project Development	0	0	N/A	N/A
Energy Efficiency Marketing & Awareness	0	0	N/A	N/A
Planning & Regulatory Affairs	0	0	N/A	N/A
On-Bill Loan Repayment	0	0	N/A	N/A
Subtotal:	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>
<b>Total</b>	<b>25,781</b>	<b>26,325</b>	<b>545</b>	<b>2.1%</b>

## 2017 Low-Income Participation Summary

Project	Participation Goal	Actual Participation	Low-Income Participation Goal	Actual Low-Income Participation
<b>Residential Market Segment Projects</b>				
Home Efficiency Rebates	53,600	38,348	912	558
DIY Home Efficiency	9,000	12,113	405	663
Home Insulation Rebates	1,150	1,135	4	18
Home Energy Reports	200,000	191,766	6,200	5,203
Home Energy Squad	5,000	2,666	500	162
High-Efficiency Home	2,500	3,152	0	10
New Home Construction Rebates	4,660	3,947	0	4
Subtotal:	<b>275,910</b>	<b>253,127</b>	<b>8,021</b>	<b>6,618</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	870	798	870	798
Low-Income Rental Efficiency	60	60	60	60
Low-Income Free Heating System Tune-Up	1,200	1,239	1,200	1,239
Non-Profit Affordable Housing Rebates	607	582	607	582
Low-Income Multi-Family Housing Rebates	100	45	100	45
Subtotal:	<b>2,837</b>	<b>2,724</b>	<b>2,837</b>	<b>2,724</b>
<b>C&amp;I Market Segment Projects</b>				
Commercial Foodservice Equipment Rebates	544	499	0	0
C&I Heating and Water Heating Rebates	6,837	7,334	0	0
C&I Custom Rebates	52	36	0	0
Natural Gas Energy Analysis	225	92	0	0
Energy Design Assistance	60	46	0	4
Industrial Process Efficiency	5	17	0	0
C&I Training and Education	1,000	1,117	0	0
Engineering & Certification Assistance	25	25	0	0
Recommissioning Study & Rebates	13	34	0	0
Multi-Family Building Efficiency	100	91	35	22
Industrial Process Steam Trap Audit	5	1	0	0
Subtotal:	<b>8,866</b>	<b>9,292</b>	<b>35</b>	<b>26</b>
<b>Other Projects</b>				
Analysis, Evaluation, & Project Development	0	0	0	0
Energy Efficiency Marketing & Awareness	0	0	0	0
Planning & Regulatory Affairs	0	0	0	0
On-Bill Loan Repayment	0	0	0	0
Subtotal:	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>287,613</b>	<b>265,143</b>	<b>10,893</b>	<b>9,368</b>

The methods used to determine low-income customer participation rates for applicable projects are described in the individual market segment summaries below.



## 2017 Low-Income Spending Summary

Project	Total Spending	Low-Income Spending	Percent of Total
<b>Residential Market Segment Projects</b>			
Home Efficiency Rebates	\$7,175,350	\$131,263	1.8%
DIY Home Efficiency	\$653,511	\$35,770	5.5%
Home Insulation Rebates	\$662,269	\$2,352	0.4%
Home Energy Reports	\$1,494,350	\$40,545	2.7%
Home Energy Squad	\$1,684,515	\$102,360	6.1%
High-Efficiency Home	\$3,519,935	\$11,774	0.3%
New Home Construction Rebates	\$621,687	\$665	0.1%
Subtotal:	<b>\$15,811,617</b>	<b>\$324,728</b>	<b>2.1%</b>
<b>Low-Income Market Segment Projects</b>			
Low-Income Weatherization	\$2,433,657	\$2,433,657	100.0%
Low-Income Rental Efficiency	\$252,202	\$252,202	100.0%
Low-Income Free Heating System Tune-Up	\$96,982	\$96,982	100.0%
Non-Profit Affordable Housing Rebates	\$510,135	\$510,135	100.0%
Low-Income Multi-Family Housing Rebates	\$136,115	\$136,115	100.0%
Subtotal:	<b>\$3,429,092</b>	<b>\$3,429,092</b>	<b>100.0%</b>
<b>C&amp;I Market Segment Projects</b>			
Commercial Foodservice Equipment Rebates	\$667,995	\$0	0%
C&I Heating and Water Heating Rebates	\$3,746,323	\$0	0%
C&I Custom Rebates	\$3,154,272	\$0	0%
Natural Gas Energy Analysis	\$217,115	\$0	0%
Energy Design Assistance	\$1,707,282	\$112,904	6.6%
Industrial Process Efficiency	\$329,409	\$0	0%
C&I Training and Education	\$49,747	\$0	0%
Engineering & Certification Assistance	\$59,595	\$0	0%
Recommissioning Study & Rebates	\$142,359	\$0	0%
Multi-Family Building Efficiency	\$529,688	\$140,128	26.5%
Industrial Process Steam Trap Audit	\$15,996	\$0	0.0%
Subtotal:	<b>\$10,619,783</b>	<b>\$253,032</b>	<b>2.4%</b>
<b>Other Projects</b>			
Analysis, Evaluation, & Project Development	\$493,179	\$0	0%
Energy Efficiency Marketing & Awareness	\$527,389	\$0	0%
Planning & Regulatory Affairs	\$133,974	\$0	0%
On-Bill Loan Repayment	\$125,061	\$0	0%
Subtotal:	<b>\$1,279,602</b>	<b>\$0</b>	<b>0%</b>
<b>Total</b>	<b>\$31,140,094</b>	<b>\$4,006,852</b>	<b>12.9%</b>

## 2017 Renter Participation Summary

Project	Participation Goal	Actual Participation	Renter Participation Goal	Actual Renter Participation
<b>Residential Market Segment Projects</b>				
Home Efficiency Rebates	53,600	38,348	2,920	2,279
DIY Home Efficiency	9,000	12,113	1,246	1,712
Home Insulation Rebates	1,150	1,135	63	90
Home Energy Reports	200,000	191,766	6,017	7,429
Home Energy Squad	5,000	2,666	973	338
High-Efficiency Home	2,500	3,152	-	23
New Home Construction Rebates	4,660	3,947	-	54
Subtotal:	<b>275,910</b>	<b>253,127</b>	<b>11,219</b>	<b>11,925</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	870	798	44	162
Low-Income Rental Efficiency	60	60	60	60
Low-Income Free Heating System Tune-Up	1,200	1,239	4	83
Non-Profit Affordable Housing Rebates	607	582	117	5
Low-Income Multi-Family Housing Rebates	100	45	100	45
Subtotal:	<b>2,837</b>	<b>2,724</b>	<b>325</b>	<b>355</b>
<b>C&amp;I Market Segment Projects</b>				
Commercial Foodservice Equipment Rebates	544	499	-	12
C&I Heating and Water Heating Rebates	6,837	7,334	-	1,167
C&I Custom Rebates	52	36	-	-
Natural Gas Energy Analysis	225	92	-	2
Energy Design Assistance	60	46	-	21
Industrial Process Efficiency	5	17	-	-
C&I Training and Education	1,000	1,117	-	-
Engineering & Certification Assistance	25	25	-	-
Recommissioning Study & Rebates	13	34	-	-
Multi-Family Building Efficiency	100	91	100	91
Industrial Process Steam Trap Audit	5	1	-	-
Subtotal:	<b>8,866</b>	<b>9,292</b>	<b>100</b>	<b>1,293</b>
<b>Other Projects</b>				
Analysis, Evaluation, & Project Development	0	0	-	-
Energy Efficiency Marketing & Awareness	0	0	-	-
Planning & Regulatory Affairs	0	0	-	-
On-Bill Loan Repayment	0	0	-	-
Subtotal:	0	0	-	-
<b>Total</b>	<b>287,613</b>	<b>265,143</b>	<b>11,644</b>	<b>13,573</b>

The methods used to determine renter participation rates for applicable projects are described in the individual Market Segment summaries below.

## 2017 Cost-Benefit Analyses

Project	Ratepayer Impact Test	Utility Cost Test	Societal Test	Participant Test
<b>Residential Market Segment Projects</b>				
Home Efficiency Rebates	0.63	3.30	1.57	2.28
DIY Home Efficiency	0.63	3.22	4.04	N/A
Home Insulation Rebates	0.61	2.90	1.01	1.47
Home Energy Reports	0.44	1.03	1.10	N/A
Home Energy Squad	0.26	0.38	0.44	5.76
High-Efficiency Home	0.56	1.95	0.79	1.24
New Home Construction Rebates	0.57	2.15	1.55	2.51
Subtotal:	<b>0.60</b>	<b>2.53</b>	<b>1.29</b>	<b>2.07</b>
<b>Low-Income Market Segment Projects</b>				
Low-Income Weatherization	0.34	0.60	0.90	N/A
Low-Income Rental Efficiency	0.27	0.40	0.44	1.97
Low-Income Free Heating System Tune-Up	0.22	0.31	0.33	N/A
Non-Profit Affordable Housing Rebates	0.32	0.53	0.77	2.00
Low-Income Multi-Family Housing Rebates	0.63	2.54	1.57	2.22
Subtotal:	<b>0.37</b>	<b>0.68</b>	<b>0.88</b>	<b>4.41</b>
<b>C&amp;I Market Segment Projects</b>				
Commercial Foodservice Equipment Rebates	0.74	5.67	2.92	3.22
C&I Heating and Water Heating Rebates	0.79	7.79	4.20	5.05
C&I Custom Rebates	1.02	29.41	3.42	2.27
Natural Gas Energy Analysis	0.31	0.47	0.52	3.94
Energy Design Assistance	0.80	10.82	2.47	2.15
Industrial Process Efficiency	0.84	3.74	1.69	2.13
C&I Training and Education	N/A	N/A	N/A	N/A
Engineering & Certification Assistance	N/A	N/A	N/A	N/A
Recommissioning Study & Rebates	0.83	7.30	1.05	1.06
Multi-Family Building Efficiency	0.44	0.91	0.79	2.02
Industrial Process Steam Trap Audit	0.81	2.88	3.04	12.79
Subtotal:	<b>0.83</b>	<b>13.89</b>	<b>3.10</b>	<b>2.86</b>
<b>Other Projects</b>				
Analysis, Evaluation, & Project Development	N/A	N/A	N/A	N/A
Energy Efficiency Marketing & Awareness	N/A	N/A	N/A	N/A
Planning & Regulatory Affairs	N/A	N/A	N/A	N/A
On-Bill Loan Repayment	N/A	N/A	N/A	N/A
Subtotal:	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total</b>	<b>0.70</b>	<b>6.52</b>	<b>2.47</b>	<b>2.80</b>

## 2017 Cost per Dth Saved Comparison

Project	Approved Cost per Dth Saved	Actual Cost per Dth Saved	Percent Difference
<b>Residential Market Segment Projects</b>			
Home Efficiency Rebates	\$24.88	\$24.27	-2.5%
DIY Home Efficiency	\$13.70	\$15.78	15.2%
Home Insulation Rebates	\$70.47	\$31.40	-55.4%
Home Energy Reports	\$19.33	\$16.37	-15.3%
Home Energy Squad	\$75.60	\$132.04	74.6%
High-Efficiency Home	\$39.45	\$46.63	18.2%
New Home Construction Rebates	\$40.46	\$37.24	-8.0%
Subtotal:	<b>\$28.87</b>	<b>\$28.52</b>	<b>-1.2%</b>
<b>Low-Income Market Segment Projects</b>			
Low-Income Weatherization	\$131.79	\$152.20	15.5%
Low-Income Rental Efficiency	\$153.16	\$226.26	47.7%
Low-Income Free Heating System Tune-Up	\$72.56	\$36.42	-49.8%
Non-Profit Affordable Housing Rebates	\$143.62	\$158.39	10.3%
Low-Income Multi-Family Housing Rebates	\$15.67	\$14.47	-7.7%
Subtotal:	<b>\$108.51</b>	<b>\$105.84</b>	<b>-2.5%</b>
<b>C&amp;I Market Segment Projects</b>			
Commercial Foodservice Equipment Rebates	\$11.06	\$11.26	1.8%
C&I Heating and Water Heating Rebates	\$5.50	\$5.34	-2.9%
C&I Custom Rebates	\$3.18	\$3.10	-2.6%
Natural Gas Energy Analysis	\$360.74	\$108.55	-69.9%
Energy Design Assistance	\$10.81	\$8.42	-22.1%
Industrial Process Efficiency	\$14.50	\$13.60	-6.2%
C&I Training and Education	N/A	N/A	N/A
Engineering & Certification Assistance	N/A	N/A	N/A
Recommissioning Study & Rebates	\$29.17	\$5.04	-82.7%
Multi-Family Building Efficiency	\$49.44	\$70.12	41.8%
Industrial Process Steam Trap Audit	\$5.87	\$11.06	88.3%
Subtotal:	<b>\$5.57</b>	<b>\$5.19</b>	<b>-6.8%</b>
<b>Other Projects</b>			
Analysis, Evaluation, & Project Development	N/A	N/A	N/A
Energy Efficiency Marketing & Awareness	N/A	N/A	N/A
Planning & Regulatory Affairs	N/A	N/A	N/A
On-Bill Loan Repayment	N/A	N/A	N/A
Subtotal:	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total</b>	<b>\$13.40</b>	<b>\$11.83</b>	<b>-11.8%</b>

## Residential Market Segment Projects

CenterPoint Energy’s Residential Market Segment achieved 92 percent of the Segment’s participation goal and 94 percent of the energy savings goal, while spending was under budget by 7.3 percent.

CenterPoint Energy submits 2017 year-end information on the following residential projects:

- Home Efficiency Rebates;
- DIY Home Efficiency;
- Home Insulation Rebates;
- Home Energy Reports;
- Home Energy Squad;
- High-Efficiency Home; and
- New Home Construction Rebates.

Residential Market Segment	Project Spending	Project Participation	Energy Savings (Dth)	\$/Dth	BenCost Results (Societal Test)
Home Efficiency Rebates	\$7,175,350	38,348	295,666	24.27	1.57
DIY Home Efficiency	\$653,511	12,113	41,426	15.78	4.04
Home Insulation Rebates	\$662,269	1,135	21,089	31.40	1.01
Home Energy Reports	\$1,494,350	191,766	91,298	16.37	1.10
Home Energy Squad	\$1,684,515	2,666	12,758	132.04	0.44
High-Efficiency Home	\$3,519,935	3,152	75,479	46.63	0.79
New Home Construction Rebates	\$621,687	3,947	16,694	37.24	1.55
<b>Residential Total</b>	<b>\$15,811,617</b>	<b>253,127</b>	<b>554,411</b>	<b>28.52</b>	<b>1.29</b>

### Method 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 Low Income Home Energy Assistance Program (LIHEAP) recipient records. Renter participation was established through a cross-check of rental data in CenterPoint Energy’s customer information system.

### **Home Efficiency Rebates**

The project achieved 72 percent of its participation goal and 90 percent of its energy savings goal, while project spending was under budget by 13 percent. The following table shows the quantities of each type of measure rebated through the project:

**Home Efficiency Rebates: Quantity of Measures Rebated**

<b>Measure Type</b>	<b>Quantity Rebated</b>
Heating Equipment	11,645
Water Heaters	2,637
Heating/Water Heating Combo Units	0
Thermostats	7,621
Laundry Equipment	1,098
Furnace or Boiler Tune-Ups	14,039
Electronic Ignition Hearths	1,308
<b>Total</b>	<b>38,348</b>

**DIY Home Efficiency**

The project achieved 135 percent of its participation goal and 86 percent of its energy savings goal, while project spending was under budget by 0.5 percent.

**Home Insulation Rebates**

The project achieved 99 percent of its participation goal and 172 percent of its energy savings goal,<sup>27</sup> while project spending was under budget by 23 percent. The following table shows the quantities of each type of measure rebated through the project:

**Home Insulation Rebates: Quantity of Measures Rebated**

<b>Measure Type</b>	<b>Quantity Rebated</b>
Wall Insulation	177
Attic Sealing (alone)	14
Attic Insulation + Air Sealing	944
<b>Total</b>	<b>1,135</b>

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<sup>27</sup> In *CenterPoint Energy's 2017-2019 Conservation Improvement Program Triennial Plan*, the Company stated that it would calculate energy savings for conservation measures consistent with the Minnesota Technical Reference Manual for Energy Conservation Improvement Programs (TRM) version 2.0. See CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan, Docket No. G008/CIP-16-119, p. A-5 (revised version filed June 5, 2017). However, in 2017 the Company deviated slightly from the TRM method when determining the 2017 energy savings for attic sealing measures. For attic sealing, the TRM includes a factor for converting leakage at 50 pascals to leakage at natural conditions. State of Minnesota Technical Reference Manual for Energy Conservation Improvement Programs, Version 2.0, Docket No. E,G999/CIP-15-896, pp. 427-429, (Jan. 14, 2016). The information for determining this factor was not collected for some rebates in early 2017. The Company assumed a single conservative conversion factor for all 2017 attic sealing measures based on other 2017 rebates for which the Company had complete information on the rebated home.

## **Home Energy Reports**

The project achieved 96 percent of its participation goal and 119 percent of its energy savings goal, while project spending was over budget by 0.5 percent.

## **Home Energy Squad**

The project achieved 53 percent of its participation goal and 49 percent of its energy savings goal, while project spending was under budget by 14 percent. There were 2,670 squad visits, 249 of which were provided to self-identified low-income customers for no fee. In 2017, some municipalities chose to encourage participation in the Home Energy Squad project by paying a portion of project fees for their citizens. In total, local units of government provided \$44,230 in funding.

The Home Energy Squad project includes services designed to help customers follow through on recommended air sealing and insulation improvements for their homes. These supportive engagement services were first implemented in 2015 and 2016 as part of the Residential Engagement Pilot. A quantitative analysis of the success of the Residential Engagement Pilot was included in *CenterPoint Energy's 2016 Status Report*.<sup>28</sup> In 2017, the Company and the Center for Energy and the Environment engaged the Amherst H. Wilder Foundation to conduct a qualitative analysis of the Pilot to better understand which aspects of the engagement services were most important in customers' decisions to move forward with upgrades (or not). Funding for this qualitative research is included in Home Energy Squad project spending for 2017.

## **High-Efficiency Home**

The project achieved 126 percent of its participation goal and 93 percent of its energy savings goal, while project spending was over budget by 10 percent. The following table shows how many participating homes achieved the energy savings required for each rebate tier:

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<sup>28</sup> CenterPoint Energy's 2016 Conservation Improvement Program Status Report, 2016 Demand-Side Management Financial Incentive Report, Conservation Improvement Program Tracker Report, and 2016 Conservation Cost Recovery Adjustment Proposal Aggregated Compliance Filing, Docket No. E,G999/CIP-08-133, *et al.*, Attachment C (May 1, 2017).

**High-Efficiency Home: Quantity of Participating Homes by Rebate Tier**

<b>Percent Gas Savings Above Code</b>	<b>Quantity of Homes Achieving</b>
10-14%	582
15-19%	1,205
20-24%	1,036
25-29%	289
30-34%	31
35-39%	6
40-44%	2
45-49%	0
50% or above	1
<b>Total</b>	<b>3,152</b>

**New Home Construction Rebates**

The project achieved 85 percent of its participation goal and 96 percent of its energy savings goal, while project spending was under budget by 11 percent. The following table shows the quantities of each type of measure rebated through the project:

**New Home Construction Rebates: Quantity of Measures Rebated**

<b>Measure Type</b>	<b>Quantity Rebated</b>
Heating Equipment	870
Water Heaters	89
Heating/Water Heating Combo Units	0
Thermostats	25
Laundry Equipment	87
Electronic Ignition Hearths	2,876
<b>Total</b>	<b>3,947</b>



## Low-Income Market Segment Projects

CenterPoint Energy’s Low-Income Market Segment achieved 96 percent of the Segment’s participation goal and 105 percent of the energy savings goal, while spending was over budget by 2.0 percent.

CenterPoint Energy’s spending on the Low-Income Market Segment projects represents 0.56 percent of the Company’s three-year average GOR from residential customers.<sup>29</sup> As summarized in Table 3 of the Compliance Overview section of this Status Report, when low-income CIP spending in the Residential and C&I Segments are included, the Company spent 0.65 percent of its three-year average GOR from residential customers to directly serve low-income customers.

CenterPoint Energy submits 2017 year-end information on the following dedicated low-income projects:

- Low-Income Weatherization;
- Low-Income Rental Efficiency;
- Low-Income Free Heating System Tune-Up;
- Non-Profit Affordable Housing Rebates; and
- Low-Income Multi-Family Housing Rebate.

Low-Income Market Segment	Project Spending	Project Participation	Energy Savings (Dth)	\$/Dth	BenCost Results (Societal Test)
Low-Income Weatherization	\$2,433,657	798	15,990	\$152.20	0.90
Low-Income Rental Efficiency	\$252,202	60	1,115	\$226.26	0.44
Low-Income Free Heating System Tune-Up	\$96,982	1,239	2,663	\$36.42	0.33
Non-Profit Affordable Housing Rebates	\$510,135	582	3,221	\$158.39	0.77
Low-Income Multi-Family Housing Rebates	\$136,115	45	9,409	\$14.47	1.57
<b>Low-Income Total</b>	<b>\$3,429,092</b>	<b>2,724</b>	<b>32,397</b>	<b>\$105.84</b>	<b>0.88</b>

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

Low-income status of residential customer participants in the Low-Income Market Segment was verified by third party agencies such as community action agencies and non-profits. Low-income multi-family housing customers provided documentation to CenterPoint Energy showing pre-qualification in the Department of Energy Weatherization Assistance Program (WAP), certification for Minnesota Low Income Rental Classification (LIRC), or other documentation including (but not limited to) participation in the project-based Section 8 voucher program. Renter participation was established either through a

<sup>29</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 *CenterPoint Energy’s 2017-2019 Conservation Improvement Program Triennial Plan*. See CenterPoint Energy’s Approved 2017-2019 Conservation Improvement Triennial Plan, Docket No. G008/CIP-16-119, p. 7 (revised version filed June 5, 2017). The Company calculated applicable minimum low-income spending amounts using the methodology approved by the Deputy Commissioner in 2015. See *In the Matter of CenterPoint Energy’s Conservation Improvement Program 2013 Status Report*, Docket No. G008/CIP-12-564.02, Deputy Commissioner Decision, Ordering Point 3 (DOC, Jan. 9, 2015).

cross-check of rental data in CenterPoint Energy’s customer information system or, when available, through third party agency verification systems.

**Low-Income Weatherization**

The project achieved 92 percent of its participation goal and 87 percent of its energy savings goal, while project spending was over budget 0.2 percent. The following table shows the quantity and average cost of measures installed through the project:

**Low-Income Weatherization: Quantity and Average Cost of Measures**

Measure Type	Quantity	Average Cost of Measure
Weatherization Jobs	444	\$3,444
Furnaces	128	\$2,881
Boilers	7	\$4,870
Thermostats	66	N/A*
Water Heaters	91	\$2,218
Furnace or Boiler Tune-Ups/Repairs	62	\$1,666
<b>Total</b>	<b>798</b>	<b>\$2,803</b>

\* In the Low-Income Weatherization project, thermostats are typically installed in conjunction with other measures such as furnaces and boilers. CenterPoint Energy does not track the cost of thermostats separately, but their costs are included as part of the cost of the larger measures they are installed with.

**Low-Income Rental Efficiency**

The project achieved 100 percent of its participation goal and 61 percent of its energy savings goal, while project spending was under budget by 9.9 percent. Of the 53 audits conducted through the project in 2017, 38 were for buildings that went on to install energy efficiency measures in 2017, and 15 were for buildings expected to install efficiency measures in future years. The following tables show certain key project statistics, the quantity and total cost of measures installed, and the number of units in participating buildings:

**Low-Income Rental Efficiency: Key Project Statistics**

Number of Properties	Total Dth Savings	Total Landlord Contribution	Total Cost*	Landlord Contribution %
60	1,115	\$93,438	\$227,495	41.1

\* Includes only the cost of the measures installed. Does not include the cost of the audit.

**Low-Income Rental Efficiency: Quantity and Total Cost of Measures Installed**

Type of Measure	Quantity	Total Cost
Weatherization Jobs	52	\$72,208
Furnaces	31	\$91,132
Boilers	2	\$10,890
Thermostats	33	N/A*
Water Heaters	25	\$40,585
Health & Safety	20	\$12,680
Furnace or Boiler Tune-Ups/Repairs	0	\$0
<b>Total</b>	<b>163</b>	<b>\$227,495</b>

\* In the Low-Income Rental Efficiency project, thermostats are typically installed in conjunction with other measures such as furnaces and boilers. CenterPoint Energy does not track the cost of thermostats separately, but their costs are included as part of the cost of the larger measures they are installed with.

**Low-Income Rental Efficiency: Number of Units in Participating Buildings**

Building Type	Quantity Participating
Single-Family	36
Duplex	20
Three-Unit	2
Four-Unit	2
<b>Total</b>	<b>60</b>

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

The project achieved 103 percent of its participation goal and 100 percent of its energy savings goal, while project spending was under budget by 50 percent.

**Non-Profit Affordable Housing Rebates**

The project achieved 96 percent of its participation goal and 123 percent of its energy savings goal, while project spending was over budget by 36 percent. 80 homes participated in the project. The following table shows the quantities of each type of measure installed through the project:

**Non-Profit Affordable Housing Rebates: Quantity of Measures Installed**

Type of Measure	Quantity
Heating Equipment	70
Thermostats	31
Water Heaters	64
Heat Recovery Ventilators	54
Weatherization	228
Low-flow Showerheads and Aerators	86
Laundry Equipment	49
<b>Total</b>	<b>582</b>

Early in 2018, it came to the Company’s attention that some of the non-profit agencies participating in the Non-Profit Affordable Housing Rebates project use different criteria for qualifying households as low-income than the Company uses for its other Low-Income Segment projects. The Company typically defines a household as low-income if its income is below either 50 percent of state median income or 200 percent of the federal poverty income guidelines.<sup>30</sup> Most of the non-profit agencies that participate in the project define a low-income household using the U.S. Department of Housing and Urban Development (HUD) criteria. These criteria define very low-income households as those with incomes of 30 to 60 percent of Area Median Income (AMI), and low-income households as those with incomes of 61 to 80 percent of AMI. In some cases, because there is a need to maintain appropriate debt to income ratios to ensure households are able to obtain and remain current on a mortgage, some participating agencies extend home ownership opportunities to households closer to the “moderate income” category, defined by HUD as approximately 110 to 120 percent of AMI. The Company estimates that 79 percent of homes that participated in the project in 2017 were low-income or very low-income under HUD criteria.

The Company does not want to increase the burden on participating non-profit agencies by requiring that they conform their programs to CenterPoint Energy’s typical definition of a low-income household. In the spirit of this project and supporting the important missions of the participating affordable housing organizations, the Company plans to file a modification request for the Non-Profit Affordable Housing Rebates project clarifying that the Company will adopt reasonable low-income definitions used by participating agencies for the purposes of this project.

**Low-Income Multi-Family Housing Rebates**

The project achieved 45 percent of its participation goal and 172 percent of its energy savings goal, while project spending was over budget by 59 percent. The following table shows the quantities of each type of measure rebated through the project:

<sup>30</sup> See CenterPoint Energy’s Approved 2017-2019 Conservation Improvement Triennial Plan, Docket No. G008/CIP-16-119, p. 59 (revised version filed June 5, 2017).

**Low-Income Multi-Family Housing Rebates: Quantity of Measures Installed**

Type of Measure	Quantity
Furnaces	7
Boilers	12
Single Package Vertical Units	101
Boiler Tune-Ups	117
Water Heaters	14
<b>Total</b>	<b>251</b>

The 45 participating buildings had a total of 4,851 units, all of which were low-income occupied units.

## Commercial and Industrial Market Segment Projects

CenterPoint Energy’s C&I Market Segment achieved 105 percent of the segment’s participation goal and 105 percent of its energy savings goal, while spending was under budget by 2.6 percent.

CenterPoint Energy submits 2017 year-end information on the following C&I projects:

- Commercial Foodservice Equipment Rebates;
- C&I Heating and Water Heating Rebates;
- C&I Custom Rebates;
- Natural Gas Energy Analysis;
- Energy Design Assistance;
- Industrial Process Efficiency;
- C&I Training and Education;
- Engineering and Certification Assistance;
- Recommissioning Study & Rebates;
- Multi-Family Building Efficiency; and
- Industrial Process Steam Trap Audit.

C&I Market Segment	Project Spending	Project Participation	Energy Savings (Dth)	\$/Dth	BenCost Results (Societal Test)
Commercial Foodservice Equipment Rebates	\$667,995	499	59,302	\$11.26	2.92
C&I Heating and Water Heating Rebates	\$3,746,323	7,334	702,019	\$5.34	4.20
C&I Custom Rebates	\$3,154,272	36	1,018,147	\$3.10	3.42
Natural Gas Energy Analysis	\$217,115	92	2,000	\$108.55	0.52
Energy Design Assistance	\$1,707,282	46	202,816	\$8.42	2.47
Industrial Process Efficiency	\$329,409	17	24,216	\$13.60	1.69
C&I Training and Education	\$49,747	1,117	0	N/A	N/A
Engineering & Certification Assistance	\$59,595	25	0	N/A	N/A
Recommissioning Study & Rebates	\$142,359	34	28,237	\$5.04	1.05
Multi-Family Building Efficiency	\$529,688	91	7,554	\$70.12	0.79
Industrial Process Steam Trap Audit	\$15,996	1	1,446	\$11.06	3.04
<b>C&amp;I Total</b>	<b>\$10,619,783</b>	<b>9,292</b>	<b>2,045,737</b>	<b>\$5.19</b>	<b>3.10</b>

### Measurement and Verification Expenses

The Company provides the following information regarding expenses related to energy savings measurement and verification (M&V) spending included in the C&I Market Segment spending total:<sup>31</sup>

<sup>31</sup> In *CenterPoint Energy’s Request for Modification to its Commercial/Industrial Project for its 2008 CIP Program Year*, Docket No. G008/CIP-06-789, Commissioner Order, Ordering Point 2 (DOC, Aug. 25, 2008), 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.”

<b>2017 M&amp;V Expenses</b>	
Labor	\$14,000
Equipment	\$0
Contracting Expenses	\$0
<b>Total</b>	<b>\$14,000</b>

One customer project requiring M&V was completed in 2017 in the C&I Custom Rebates project. In addition, the Company incurred expenses in 2017 associated with M&V plans for projects in future years.

Method Used to Determine Achievement of Low-Income and Renter Goals in the C&I Market Segment

Low-income participation in the C&I Market Segment is defined as verified low-income multi-family housing participants. Low-income multi-family housing customers provided documentation to CenterPoint Energy showing pre-qualification in WAP, certification for LIRC, or other documentation including (but not limited to) participation in the project-based Section 8 voucher program. Renter participation was established through a cross-check of Standard Industrial Classification (SIC) codes in CenterPoint Energy’s customer information system. Participants with SIC codes representing multi-family housing are considered “renter participants” in the C&I market.

**Commercial Foodservice Equipment Rebates**

The project achieved 92 percent of its participation goal and 93 percent of its energy savings goal, while project spending was under budget by 5.1 percent. The 197 participating customers installed 499 energy conservation measures through the project.

**C&I Heating and Water Heating Rebates**

The project achieved 107 percent of its participation goal and 106 percent of its energy savings goal, while project spending was over budget by 2.6 percent. The 1,557 participating customers installed 7,334 energy conservation measures through the project.

**C&I Custom Rebates**

The project achieved 69 percent of its participation goal and 98 percent of its energy savings goal, while project spending was under budget by 4.6 percent. 36 custom projects were rebated in 2017.

**Natural Gas Energy Analysis**

The project achieved 41 percent of its participation goal and 163 percent of its energy savings goal, while project spending was under budget by 51 percent.<sup>32</sup> The 92 participating customers installed 1,059 energy conservation measures through the project. In 2017, CenterPoint Energy collaborated with Minnesota Power to provide audits identifying both gas and electric savings opportunities to two multi-family building participants that were customers of both utilities.

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<sup>32</sup> The energy savings claimed for the Natural Gas Energy Analysis project includes 439 Dth of influenced savings in addition to savings associated with direct install measures. The influenced savings claimed resulted from changes in operation of a swimming pool that led to reduced hot water use.

## **Energy Design Assistance**

The project achieved 77 percent of its participation goal and 135 percent of its energy savings goal, while project spending was over budget by 5.3 percent. There were 154 enrolled participants in the project; however, only 46 participants completed energy efficiency projects in 2017. Of the 46 projects that were completed in 2017, four qualified as low-income multi-family housing participants and were accordingly provided a higher rebate than they would have otherwise received.

## **Industrial Process Efficiency Project**

The project achieved 340 percent of its participation goal and 161 percent of its energy savings goal, while project spending was over budget by 51 percent. There were 17 enrolled participants in the project and the project paid rebates for 43 pieces of equipment in 2017.<sup>33</sup> Each of the customers enrolled in the Process Efficiency project received either an analysis to identify potential energy savings or a rebate through the project in 2017.

## **C&I Training and Education**

The project achieved 112 percent of its participation goal, while project spending was under budget by 63 percent. Of the 1,117 participants, 72 participated in the Combined Heat and Power webinar, 79 in the Commercial Water Heating webinar, 697 in high-efficiency foodservice equipment training, 76 in the Seasonal Energy Management Seminar, 120 in the Energy Efficiency and Technology Conference, 42 in the Trade Ally Kick Off, and 31 in the High-Efficiency Boiler Training Seminar.

## **Engineering & Certification Assistance**

The project achieved 100 percent of its participation goal, while project spending was under budget by 54 percent. Of the 25 rebates paid through this project, 11 rebates were for up-front engineering assistance, four rebates were awarded after the installation of qualifying energy efficiency improvements, and ten were for ENERGY STAR certification. No rebates were paid for LEED certification in 2017.

## **Recommissioning Study & Rebates**

The project achieved 262 percent of its participation goal and 748 percent of its energy savings goal, while project spending was over budget by 29 percent. Nine of the 34 rebates awarded in 2017 were for completed energy efficiency projects, and the remainder were for study funding.

## **Multi-Family Building Efficiency**

The project achieved 91 percent of its participation goal and 70 percent of its energy savings goal, while project spending was under budget by 0.7 percent. 91 buildings with 4,872 total dwelling units

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<sup>33</sup> *CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan* states regarding the Industrial Process Efficiency project that "[p]articipants in this project are defined as 'rebates processed.'" However, the numerical participation goal stated in the Triennial Plan represented the Company's expectation about how many customers would be enrolled, and it was the Company's intention to use enrolled customers as the participation count for this project. *CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan*, Docket No. G008/CIP-16-119, p. 101 (revised version filed June 5, 2017). In this filing, the Company used enrolled customers (17) rather than rebates processed (43) as the participation count for the project.



participated. Of the participating buildings, 22 qualified as low-income. The participating low-income buildings contained 640 low-income occupied units. Seven performance-based rebates were awarded in 2017.

### **Steam Trap Audit Project**

The project achieved 20 percent of its participation goal and 17 percent of its energy savings goal, while project spending was under budget by 67 percent.

## Other Projects

CenterPoint Energy's Other Project spending was under budget by 60 percent.

CenterPoint Energy submits 2017 year-end information on the following CIP projects:

- Analysis, Evaluation, & Project Development;
- Energy Efficiency Marketing & Awareness;
- Planning and Regulatory Affairs; and
- On-Bill Loan Repayment.

In addition, two Alternative CIPs, EnerChange and EnergySmart, have been approved for inclusion in the Company's CIP. This section includes some budgetary information regarding each Alternative CIP, but, as neither Alternative CIP is administered by CenterPoint Energy, the Company asks that any requests for information regarding project activities be directed to the respective program administrators.

Other Projects Total	Project Spending	Project Participation	Energy Savings (Dth)	\$/Dth	BenCost Results (Societal Test)
Analysis, Evaluation, & Project Development	\$493,179	0	0	N/A	N/A
Energy Efficiency Marketing & Awareness	\$527,389	0	0	N/A	N/A
Planning & Regulatory Affairs	\$133,974	0	0	N/A	N/A
On-Bill Loan Repayment	\$125,061	0	0	N/A	N/A
<b>Other Projects Total</b>	<b>\$1,279,602</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>

### Method Used to Determine Achievement of Low-Income and Renter Goals in the Other Projects Segment

Low-income and renter participation is not applicable to projects in this segment.

### **Analysis, Evaluation, & Project Development**

Project spending was under budget by 62 percent.

Activities supporting the development of CIP projects included membership in the Gas Technology Institute's (GTI) Emerging Technology Program; membership in the Midwest Energy Efficiency Alliance (MEEA); and attendance at various energy efficiency conferences. Company employee time spent working to develop new CIP offerings is also included in the total spending for this project.

In the 2017-2019 CIP Triennial Plan, CenterPoint Energy requested an increase in the budget for this project, including increases in both evaluation and research and development (R&D) spending. The Company requested that only its true R&D spending be counted against the statutory cap on R&D, rather than the full project budget as had been the case in previous Triennial Plans. The Deputy Commissioner approved the request, and directed the Company to include a narrative summary of its

R&D activities, and the corresponding dollar amounts for each R&D activity, as part of the Company's annual status reports.<sup>34</sup>

Accordingly, the Company provides the following information regarding its 2017 R&D spending and activities. 2017 R&D spending totaled \$82,294 and included:

- \$45,000 in support of research by the American Council for an Energy-Efficiency Economy (ACEEE). Funds were used to support three research projects (\$15,000 each) titled *Energy Impacts of Smart Home Technologies*; *Smart Buildings: A Deeper Dive into Market Segments*; and *Making a Difference: Strategies for Successful Low-Income Energy Efficiency Programs*. These reports are complete and available on the ACEEE website.<sup>35</sup>
- \$22,000 in support of field research conducted by the Center for Energy & Environment to demonstrate the effectiveness of through-wall condensing furnace/air-conditioner packages and to identify what (if any) market, technical, or other barriers are faced by multifamily builders considering installation of this relatively new technology;
- \$6,570 in support of field research conducted by GTI on condensing rooftop air handling units in commercial settings. This work was also supported by the Minnesota Conservation Applied Research and Development (CARD) Grant program;
- \$6,390 in support of research comparing air source heat pump technology and natural gas furnaces, to evaluate the differences in energy usage and carbon emissions resulting from installation in different climates and with different electric generation mixes. The research was conducted by MEEA.<sup>36</sup>
- \$2,334 in support of a pilot community engagement effort conducted in collaboration with the Minneapolis Clean Energy Partnership, exploring methods to increase local engagement and participation in energy efficiency efforts.

### **Energy Efficiency Marketing & Awareness**

Project spending was 23 percent under budget.

Marketing and promotional activities included general energy efficiency program awareness advertising on network television; a Winter Weather radio sponsorship with WCCO; and sports sponsorships with the University of Minnesota Gophers and the National Sports Center, all of which were used by the Company to advertise energy efficiency messages and websites. In addition, the Company advertised general energy efficiency program awareness in digital media (paid search, digital display, and streaming video), in print, and at events. The Energy Efficiency Marketing & Awareness project budget paid for energy efficiency promotions in broadcast, print, digital, sponsorships, and promotional items; an energy efficiency program overview bill insert; and the Company's participation in various events, including the Eco Experience and the Blue Flame Lodge at the Minnesota State Fair.

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<sup>34</sup> *In the Matter of CenterPoint Energy's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket Nos. G008/CIP-16-119, et. al, Deputy Commissioner Order, p. 7 (Nov. 3, 2016).

<sup>35</sup> <http://aceee.org/> (the reports can be found by searching for Report Numbers A1801, A1703, and U1713, respectively).

<sup>36</sup> Work on this research project continued into 2018; the costs reported here are for 2017 only and the 2018 costs will be reported in the Company's 2018 Status Report.

## **Planning and Regulatory Affairs**

Project spending was 11 percent under budget.

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 CIP.

## **On-Bill Loan Repayment**

Project spending was 89 percent under budget.

In 2017 following the issuance of a request for proposal and vendor selection process, CenterPoint Energy selected an implementation partner to provide the project's services such as loan origination and servicing. The Company and the implementation partner began designing the project and planning technical integration of billing and project implementation systems. Once design details are finalized, and prior to launch of the on-billing repayment option, a formal project modification will be filed describing program design.

## **EnerChange**

Project spending was 4.2 percent under budget.

The EnerChange project was proposed for inclusion in the Company's CIP by the National Initiative by Consumers of Energy d/b/a EnerChange (EnerChange). The Deputy Commissioner approved the EnerChange project with a total budget of \$285,000 for each year of the 2017-2019 Triennial.<sup>37</sup> The project is an indirect-impact conservation project for which no energy savings are claimed. EnerChange filed its Annual Program Status Report for 2017 on March 1, 2018 in Docket No. G008/CIP-16-119.02. In 2017, CenterPoint Energy and EnerChange worked to improve their process for ensuring that EnerChange participants receive all rebates for which they are eligible. Because this project is an Alternative CIP proposed and managed by EnerChange, CenterPoint Energy asks that any requests for additional information regarding project activity be directed to EnerChange.

## **EnergySmart**

Project spending was 1.2 percent under budget.

The EnergySmart project was proposed for inclusion in the Company's CIP by the Minnesota Waste Wise Foundation (MWWF). The Deputy Commissioner approved the EnergySmart project with a total budget of \$62,750 for the 2017 program year and larger amounts in 2018 and 2019.<sup>38</sup> The project is an indirect-impact conservation project for which no energy savings are claimed. MWWF filed its Annual Program Status Report for 2017 on March 14, 2018 in Docket No. G008/CIP-16-119.01. In 2017, CenterPoint Energy and MWWF worked to develop a process for ensuring that EnergySmart participants receive all rebates for which they are eligible. Because EnergySmart is an Alternative CIP proposed and managed by MWWF, CenterPoint Energy asks that any requests for additional information regarding project activity be directed to MWWF.

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<sup>37</sup> *In the Matter of CenterPoint Energy's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket Nos. G008/CIP-16-119, *et al.*, Deputy Commissioner Decision, p. 40 (DOC, Nov. 3, 2016).

<sup>38</sup> *Id.* at 39.

## Total Program Cost-Benefit Analysis

The BenCosts provided below include the cost-benefit analyses for the Company's total 2017 CIP goals and actual results.<sup>39</sup>

### Conservation Improvement Program (CIP)

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

Company: **CenterPoint Energy**  
 Project: **Total CenterPoint Energy CIP 2017 Goal (Full Behavioral Savings)**

Input Data			First Year	Second Year	Third	Year
1) Retail Rate (\$/MCF) =	\$6.93	16 Utility Project Costs				
Escalation Rate =	4.00%	16 a) Administrative & Operating Costs =	18,566,180	-	-	-
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000	16 b) Incentive Costs =	15,989,949	-	-	-
Escalation Rate =	3.22%	16 c) Total Utility Project Costs =	34,556,129	-	\$	-
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh	17) Direct Participant Costs (\$/Part.) =	\$184.24	-	-	-
3) Commodity Cost (\$/MCF) =	\$4.27	18) Participant Non-Energy Costs (Annual \$/Part.) =	-	-	-	-
Escalation Rate =	4.00%	Escalation Rate =	2.16%	2.16%		2.16%
4) Demand Cost (\$/Unit/Yr) =	\$109.11	19) Participant Non-Energy Savings (Annual \$/Part) =	-	-	-	-
Escalation Rate =	4.00%	Escalation Rate =	2.16%	2.16%		2.16%
5) Peak Reduction Factor =	1.00%	20) Project Life (Years) =	12,295	-	-	-
6) Variable O&M (\$/MCF) =	\$0.0500	21) Avg. MCF/Part. Saved =	9.499	#DIV/0!		#DIV/0!
Escalation Rate =	4.00%	22) Avg Non-Gas Fuel Units/Part. Saved =	-	-	-	-
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.022	22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	-	-	-	-
Escalation Rate =	3.22%	23) Number of Participants =	287,613	-	-	-
8) Non-Gas Fuel Loss Factor	5.28%	24) Total Annual MCF Saved =	2,731,920	-	-	-
9) Gas Environmental Damage Factor =	\$0.3800	25) Incentive/Participant =	\$55.60	#DIV/0!		#DIV/0!
Escalation Rate =	2.16%					
10) Non Gas Fuel Enviro. Damage Factor (\$/Unit) =	\$0.0213					
Escalation Rate =	2.16%					
11) Participant Discount Rate =	6.44%					
12) Utility Discount Rate =	6.44%					
13) Societal Discount Rate =	2.55%					
14) General Input Data Year =	2016					
15a) Project Analysis Year 1 =	2017					
15b) Project Analysis Year 2 =	2018					
15c) Project Analysis Year 3 =	2019					

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	\$120.15			Ratepayer Impact Measure Test	(\$83,592,794)	0.68
Cost per Participant per MCF =	32.0459226			Utility Cost Test	\$139,999,882	5.05
Lifetime Energy Reduction (MCF)	35,514,963			Societal Test	\$159,648,565	3.23
Societal Cost per MCF	2.01483963			Participant Test	\$186,591,851	4.52

<sup>39</sup> Behavioral energy savings are reported consistent with *In the Matter of Inclusion of Behavioral Project Savings in Energy Conservation Improvement Programs and Shared Savings Demand-Side Management Financial Incentive Calculations*, Docket Nos. E,G999/CI-08-133, et al., Deputy Commissioner Decision (DOC, Apr. 26, 2012). In accordance with the Average Savings Method, the full savings for behavioral programs are used for BenCost analyses; reduced savings are used elsewhere in the report.

Conservation Improvement Program (CIP)

BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**  
 Project: **CenterPoint Energy CIP 2017 Total Actual (Full Behavioral Savings)**

Input Data		First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.91			
Escalation Rate =	4.00%			
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000			
Escalation Rate =	3.22%			
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh			
3) Commodity Cost (\$/MCF) =	\$4.27			
Escalation Rate =	4.00%			
4) Demand Cost (\$/Unit/Yr) =	\$109.11			
Escalation Rate =	4.00%			
5) Peak Reduction Factor =	1.00%			
6) Variable O&M (\$/MCF) =	\$0.0500			
Escalation Rate =	4.00%			
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.022			
Escalation Rate =	3.22%			
8) Non-Gas Fuel Loss Factor	5.28%			
9) Gas Environmental Damage Factor =	\$0.3800			
Escalation Rate =	2.16%			
10) Non Gas Fuel Enviro. Damage Factor (\$/Unit)	\$0.0232			
Escalation Rate =	2.16%			
11) Participant Discount Rate =	6.44%			
12) Utility Discount Rate =	6.44%			
13) Societal Discount Rate =	2.55%			
14) General Input Data Year =	2016			
15a) Project Analysis Year 1 =	2017			
15b) Project Analysis Year 2 =	2018			
15c) Project Analysis Year 3 =	2019			
16 Utility Project Costs				
16 a) Administrative & Operating Costs =	14,040,097	-		
16 b) Incentive Costs =	17,099,996	-		
16 c) Total Utility Project Costs =	31,140,094	\$0		\$0
17) Direct Participant Costs (\$/Part.) =	372.49	-		-
18) Participant Non-Energy Costs (Annual \$/Part.) =	-	-	-	-
Escalation Rate =	2.16%	2.16%		2.16%
19) Participant Non-Energy Savings (Annual \$/Part.) =	-	-	-	-
Escalation Rate =	2.16%	2.16%		2.16%
20) Project Life (Years) =	14.811	-		-
21) Avg. MCF/Part. Saved =	10.617	-		-
22) Avg Non-Gas Fuel Units/Part. Saved =	-	-		-
22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	-	-		-
23) Number of Participants =	265,143	-		-
24) Total Annual MCF Saved =	2,815,142	-		-
25) Incentive/Participant =	64	-		-

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	\$117.45			<b>Ratepayer Impact Measure Test</b>	(\$87,534,664)	0.70
Cost per Participant per MCF =	46.1445422					
Lifetime Energy Reduction (MCF)	42,227,123			<b>Utility Cost Test</b>	\$171,902,634	6.52
Societal Cost per MCF	2.6713499			<b>Societal Test</b>	\$165,819,559	2.47
				<b>Participant Test</b>	\$177,773,970	2.80

## **SECTION 2: 2017 DEMAND-SIDE MANAGEMENT FINANCIAL INCENTIVE REPORT**

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) submits this report in compliance with the Minnesota Public Utilities Commission’s (Commission) *Order Establishing Utility Performance Incentives for Energy Conservation*<sup>40</sup> and the Commission’s Rules of Practice and Procedure.<sup>41</sup>

The Company used the financial incentive mechanism approved by the Commission<sup>42</sup> 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 2017 Conservation Improvement Program (CIP), which are included in Section 1 of this filing.

As permitted by Commission Order, CenterPoint Energy excluded the third-party EnerChange and EnergySmart projects from its financial incentive calculations;<sup>43</sup> the figures given here and in Attachment A reflect that election. Assessments under Minnesota Statute § 216B.241 and the Next Generation Energy Act of 2007 (NGEA) are also excluded from the calculation of the incentive in accordance with Commission Order.<sup>44</sup>

The following table summarizes these adjustments to the Company’s 2017 CIP spending:

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

<b>Total Spending (from CIP Tracker Report)</b>	<b>\$32,131,251</b>
Exclude NGEA Assessments	(\$656,032)
Exclude EnerChange and EnergySmart	(\$335,125)
<b>Total Post-Year Spending</b>	<b>\$31,140,094</b>

As detailed in the *2017 Conservation Improvement Program Status Report* section of this filing, the Company’s total energy savings in 2017 were 2,632,545 dekatherms (Dth), or 1.87 percent of retail sales.<sup>45</sup> As shown in the worksheets in Attachment A, this level of performance qualifies the Company for a financial incentive award of up to 13.5 percent of the benefits achieved. 13.5 percent of 2017 net benefits is \$23,206,856. However, the Commission-approved cap on the financial incentive as a percent

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<sup>40</sup> *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G-999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan (PUC, Aug. 5, 2016).

<sup>41</sup> Minn. R. Ch. 7829.

<sup>42</sup> *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G-999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan (Aug. 5, 2016).

<sup>43</sup> *See id.* at Ordering Point 2(B)-(C).

<sup>44</sup> *See id.* at Ordering Point 2(E).

<sup>45</sup> The Company’s 2013-2015 three-year-average weather-normalized sales to non-CIP-exempt customers are 141,120,375 Dth.

of CIP expenditures limits the incentive to no more than \$12,456,038, representing 40 percent of 2017 CIP expenditures. The tables below illustrate the calculation of Company's CIP financial incentive.

<b>CenterPoint Energy's 2017 Financial Incentive as a Percent of Net Benefits without regard to Expenditure Cap</b>	
<b>2017 Energy Savings</b>	<b>2,632,545 Dth</b>
Energy Savings as Percent of Retail Sales	1.87%
2017 Net Benefits Achieved	\$171,902,634
Percent of Net Benefits Awarded at Percent of Retail Sales Avoided	13.5%
<b>2017 Financial Incentive Eligibility Calculated as a Percent of Net Benefits</b>	<b>\$23,206,856</b>

<b>CenterPoint Energy's 2017 Financial Incentive Cap on CIP Program Expenditures</b>	
<b>2017 CIP Spending</b>	<b>\$31,140,094</b>
Commission-approved Cap on Incentive as a Percent of Expenditures	40%
<b>2017 Financial Incentive Eligibility Calculated as a Percent of CIP Expenditures</b>	<b>\$12,456,038</b>

CenterPoint Energy's 2017 CIP efforts will result in approximately \$159,446,596 in net benefits after the incentive.

<b>Summary of CenterPoint Energy's 2017 Requested Financial Incentive</b>	
<b>Requested 2017 Financial Incentive</b>	<b>\$12,456,038</b>
Requested Incentive as a Percent of Net Benefits Achieved	7.25%
2017 Total Net Benefits Achieved	\$171,902,634
2017 CIP Net Benefits After Requested Incentive	\$159,446,596

The Company therefore respectfully requests that the Commission approve CenterPoint Energy's 2017 CIP financial incentive in the amount of \$12,456,038, 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 Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) presents its Conservation Improvement Program (CIP) Tracker activity in the table at the end of this discussion.

The 2017 CIP Tracker beginning balance was an under-recovery of \$7,461,117.<sup>46</sup> The ending balance on December 31, 2017 is an under-recovery of \$3,899,086. The 2017 CIP Tracker Report reflects recovery using the approved Conservation Cost Recovery Charge (CCRC) from the Company’s 2015 rate case in January through September<sup>47</sup> and the interim CCRC from the Company’s 2017 rate case filing in October through December.<sup>48</sup> The table at the end of this section shows the additional recovery from interim base rates (line 11) separately from the amount recovered under the approved CCRC (line 9).

On September 21, 2016, the Minnesota Public Utilities Commission (Commission) approved a Conservation Cost Recovery Adjustment (CCRA) of 0.1553 per dekatherm.<sup>49</sup> This rate went into effect January 1, 2017<sup>50</sup> and remained in effect throughout 2017; see Section 4 of this filing for more discussion of the CCRA. The amount recovered via the CCRA is reflected in line 13 of the table at the end of this section.

Monthly CIP expenses are shown in the table as a single total (line 2). These deferred expense totals include assessments made by the Department of Commerce under Minnesota Statute § 216B.241 and the Next Generation Energy Act of 2007 (NGEA). These assessments have not been included in the total CIP spending reported in Section 1 of this filing, but are included in the CIP Tracker because the NGEA provides for utilities to recover the assessments through the CIP Tracker mechanism.<sup>51</sup> Spending on alternative third-party CIPs is also excluded from total spend reported in Section 1 of this filing but included in the CIP Tracker. As described in Section 1, total CIP spending in 2017 was \$31,140,094; the assessments totaled \$656,032 and spending on alternative third-party CIPs totaled \$335,125, resulting

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<sup>46</sup> The 2016 CIP Tracker ending balance was approved in *In the Matter of CenterPoint Energy’s 2016 Conservation Improvement Program Status Report, 2016 Demand Side Management Financial Incentive, Conservation Improvement Program Tracker Report, and 2016 Conservation Cost Recovery Adjustment Aggregated Compliance Filing*, Docket No. G-008/M-17-339, Order (PUC, Aug. 16, 2017).

<sup>47</sup> *In the Matter of the Application of CenterPoint Energy Resources Corporation (CPE) for the Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G-008/GR-15-424, Order, Ordering Point 2 (PUC, Nov. 9, 2016).

<sup>48</sup> In *In the Matter of the Application of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, Docket No. G-008/GR-17-285, Ordering Points 1 and 2 (PUC, Sept. 29, 2017), the Commission approved the Company’s proposed interim rates as modified to be calculated using the capital structure approved in the Company’s previous rate case and ordered the Company to file interim-rate tariff sheets reflecting the Commission’s modifications to the Company’s interim rate proposal. On September 29, 2017, the Company filed revised tariff sheets in Docket No. G-008/GR-17-285 including an interim CCRC of \$0.2421 per Dth.

<sup>49</sup> *In the Matter of CenterPoint Energy’s (CenterPoint) 2015 Demand Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G-008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservation Cost Recovery Adjustment, Ordering Point 4 (PUC, Sept. 21, 2016).

<sup>50</sup> *Id.*

<sup>51</sup> Minn. Stat. § 216B.241, subd. 2b.

in total recoverable CIP expenses of \$32,131,251 in 2017. Assessments and alternative third-party CIP spending were also excluded from the calculation of the financial incentive requested in Section 2 of this filing.

### Miscellaneous Expenses

Included in the 2017 CIP expenses are various meals, travel, and miscellaneous CIP-related expenses.<sup>52</sup>

CenterPoint Energy believes it is necessary and reasonable to spend a modest amount of ratepayer funds on meals, travel, and miscellaneous expenses to encourage participation in the Company’s CIP projects and to educate staff on new energy efficiency technologies and best practices for program design and delivery. Examples of reasonable and necessary expenses supporting CIP include dues for Company membership in energy efficiency-related organizations, 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.

These expenses (\$116,732) are 0.37 percent of the total non-assessment, non-third-party-alternative CIP, expenses included for recovery in this docket (\$31,140,094). The total amount of 2017 spending in each miscellaneous expense category is as follows:

Category	Expense
<b>Meals</b>	<b>\$10,278</b>
<b>Entertainment</b>	<b>\$0</b>
<b>Miscellaneous (Subtotal)</b>	<b>\$80,694</b>
<i>In Town Parking and Mileage</i>	\$4,912
<i>Employee Training</i>	\$5,519
<i>Conference Registration Fees</i>	\$5,765
<i>Membership Dues</i>	\$57,315
<i>Employee Professional Dues/Licenses</i>	\$751
<i>Awards and Gifts</i>	\$6,123
<i>Other Miscellaneous Expenses</i>	\$309
<b>Employee Travel</b>	<b>\$25,760</b>
<b>Total</b>	<b>\$116,732</b>

The various categories listed above are generally defined as follows:

“Meals” includes expenses for meals taken with customers, vendors, or other employees at which specific Company business discussions take place or meals taken by the employee while away from his or her normal work location on a business day trip.

“Entertainment” includes expenses for 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.

<sup>52</sup> See Minn. Stat. § 216B.16, Subd. 17.

“Miscellaneous Total” includes other business-related expenses not specifically covered under another expense category. CenterPoint Energy has further divided this expense category into the following subcategories: in-town parking and mileage expenses, employee training expenses, conference registration fees, fees for membership in various organizations,<sup>53</sup> employee professional dues and license fees, awards and gifts,<sup>54</sup> and other miscellaneous expenses.

“Employee Travel” includes expenses incurred while on a business trip requiring an overnight stay, including items such as airfare, lodging, and travel meals for the employee.

CenterPoint Energy tracks CIP-related spending separately from other utility spending, using Federal Energy Regulatory Commission 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). The CIP-related expenses are incorporated into the Company’s CIP BenCost analysis through their inclusion in the Company’s total CIP spending for 2017.

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<sup>53</sup> In 2017, the majority of expenses included in this subcategory represent fees for Company membership in the Energy Solutions Center, the Gas Technology Institute Emerging Technologies Program, and the Midwest Energy Efficiency Alliance.

<sup>54</sup> CenterPoint Energy incentivizes its customer service representatives to promote CIP by providing gift cards to call center employees who refer commercial and industrial customers to CIP offerings. The majority of expenses included in the 2017 awards and gifts subcategory are gift cards provided through this incentive program. The Company is not certain that this type of spending qualifies as gifts in the meaning of Minn. Stat. § 216B.16, Subd. 17, but includes them here out of an abundance of caution.

CenterPoint Energy Minnesota Gas

CIP Tracker and Balance

2017 Actuals

Current Approved CCRA of \$0.1553/Dth

CCRC Rates approved in the 2015 rate case (Docket No. G008/GR-15-424)

Interim CCRC approved in pending 2017 rate case (Docket No. G008/GR-17-285)

	Jan 17 Actual	Feb 17 Actual	Mar 17 Actual	Apr 17 Actual	May 17 Actual	June 17 Actual	July 17 Actual	Aug 17 Actual	Sept 17 Actual	Oct 17 Actual	Nov 17 Actual	Dec 17 Actual	Annual Summary	
<b>Expenses</b>														
1	Beginning Tracker Balance (\$) - Under / (Over) Recovered	7,461,117	(1,210,844)	(6,548,020)	(10,976,691)	(13,122,018)	(14,190,186)	(14,796,552)	(14,439,889)	1,009,067	1,271,391	3,570,921	2,839,815	7,461,117
2	CIP Program Expenditures	18,943	1,650,323	1,979,021	2,384,620	2,028,844	1,408,971	1,793,202	3,155,496	1,741,744	4,167,143	3,972,743	7,830,201	32,131,251
3	Performance Incentive	-	-	-	-	-	-	-	13,791,346	-	-	-	-	13,791,346
4	<b>Total Expenses &amp; Incentive</b> (Line 1 + Line 2 + Line 3)	<b>7,480,060</b>	<b>439,478</b>	<b>(4,568,999)</b>	<b>(8,592,071)</b>	<b>(11,093,174)</b>	<b>(12,781,215)</b>	<b>(13,003,349)</b>	<b>2,506,952.17</b>	<b>2,750,811</b>	<b>5,438,534</b>	<b>7,543,664</b>	<b>10,670,016</b>	<b>53,383,714</b>
<b>Recovery</b>														
5	Total Volumes (Dt)	28,976,419	23,857,557	20,803,589	17,147,664	12,824,594	8,758,445	7,964,731	8,743,898	7,544,765	7,214,036	13,948,661	18,869,879	176,654,237
6	Exemptions (Dt)	(2,960,553)	(3,790,263)	(2,405,954)	(4,146,246)	(3,940,597)	(2,982,367)	(3,851,058)	(4,439,952)	(3,293,626)	(2,210,203)	(2,109,838)	(1,828,702)	(37,959,359)
7	Volumes less Exemptions (Dt) (Line 5 + Line 6)	26,015,866	20,067,294	18,397,635	13,001,418	8,883,997	5,776,077	4,113,673	4,303,946	4,251,139	5,003,833	11,838,824	17,041,177	138,694,878
8	Base Rate Recovery (CCRC) (per Dt)	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928
9	<b>Base Rate Cost Recovery (\$)</b> (Line 7 x Line 8)	(5,015,859)	(3,868,974)	(3,547,064)	(2,506,673)	(1,712,835)	(1,113,628)	(793,116)	(829,801)	(819,620)	(964,739)	(2,282,525)	(3,285,539)	(26,740,373)
10	Interim CCRC	0	0	0	0	0	0	0	0	0	0.0493	0.0493	0.0493	
11	Interim Rate Recovery (Line 7 x Line 10)	-	-	-	-	-	-	-	-	-	(246,689)	(583,654)	(840,130)	(1,670,473)
12	CCRA (per Dt)	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	
13	<b>CCRA Recovery (\$)</b> (Line 7 x Line 12)	(4,040,264)	(3,116,451)	(2,857,153)	(2,019,120)	(1,379,685)	(897,025)	(638,853)	(668,403)	(660,202)	(777,095)	(1,838,569)	(2,646,495)	(21,539,315)
14	Adjustment for CCRC rate implementation	(36)												(36)
15	Adjustment for Interim CCRC rate implementation										119,780			119,780
16	Adjustment for CCRA rate implementation	365,638												365,638
17	<b>Total Recovery</b> (Line 9 + Lines 11 + Lines 13 through 16)	<b>(8,690,521)</b>	<b>(6,985,425)</b>	<b>(6,404,217)</b>	<b>(4,525,793)</b>	<b>(3,092,520)</b>	<b>(2,010,653)</b>	<b>(1,431,969)</b>	<b>(1,498,204)</b>	<b>(1,479,822)</b>	<b>(1,868,743)</b>	<b>(4,704,748)</b>	<b>(6,772,164)</b>	<b>(49,464,779)</b>
<b>Carrying Charges</b>														
18	Sub-Balance (\$) (Line 4 + Line 17)	(1,210,461.16)	(6,545,947)	(10,973,216)	(13,117,864)	(14,185,694)	(14,791,868)	(14,435,318)	1,008,748.17	1,270,989	3,569,791	2,838,916	3,897,852	<b>3,918,934</b>
19	Accum. Deferred Tax (Line 18 x 41.37% x -1)	500,768	2,708,058	4,539,619	5,426,860	5,868,622	6,119,396	5,971,891	(417,319)	(525,808)	(1,476,822)	(1,174,459)	(1,612,541)	
20	Net Investment (Line 18 + Line 19)	(709,693.38)	(3,837,888)	(6,433,596)	(7,691,003)	(8,317,072)	(8,672,472)	(8,463,427)	591,429.05	745,181	2,092,968	1,664,456	2,285,311	
21	Carrying Charge Rate	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	
22	<b>Carrying Charge</b> (Line 20 x Line 21)	<b>(383)</b>	<b>(2,073)</b>	<b>(3,475)</b>	<b>(4,154)</b>	<b>(4,492)</b>	<b>(4,684)</b>	<b>(4,571)</b>	<b>319</b>	<b>402</b>	<b>1,130</b>	<b>899</b>	<b>1,234</b>	<b>(19,848)</b>
23	<b>Ending Tracker Balance - Under / (Over) Recovered</b> (Line 18 + Line 22)	<b>(1,210,844.16)</b>	<b>(6,548,020)</b>	<b>(10,976,691)</b>	<b>(13,122,018)</b>	<b>(14,190,186)</b>	<b>(14,796,552)</b>	<b>(14,439,889)</b>	<b>1,009,067</b>	<b>1,271,391</b>	<b>3,570,920.72</b>	<b>2,839,815</b>	<b>3,899,086</b>	<b>3,899,086</b>

Notes on the CIP Tracker Report:

1. Line 1: January beginning balance is equal to the December 31, 2016 ending balance of \$7,461,117, approved in *In the Matter of CenterPoint Energy's 2016 Conservation Improvement Status Report, 2016 Demand-Side Management Financial Incentive, Conservation Improvement Program Tracker Report, and 2016 Conservation Cost Recovery Adjustment Aggregated Compliance Filing*, Docket No. G-008/M-17-339, Order (PUC, Aug. 16, 2017).
2. Line 2: CIP expenditures include all program expenses as well as all assessments made by the Department of Commerce under Minnesota Statute § 216B.241 and the NGEA.
3. Line 3: The Company's 2016 CIP Financial Incentive, approved in *In the Matter of CenterPoint Energy's 2016 Conservation Improvement Status Report, 2016 Demand-Side Management Financial Incentive, Conservation Improvement Program Tracker Report, and 2016 Conservation Cost Recovery Adjustment Aggregated Compliance Filing*, Docket No. G-008/M-17-339, Order (PUC, Aug. 16, 2017).
4. Line 8: The CCRC in the amount of \$0.1928 per Dth was approved in *In the Matter of the Application of CenterPoint Energy Resources Corporation*, Docket No. G-008/GR-15-424, Order, Ordering Point 2 (PUC, Nov. 9, 2016) and went into effect December 1, 2016.
5. Line 10: In *In the Matter of the Application of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, Docket No. G-008/GR-17-285, Ordering Points 1 and 2 (PUC, Sept. 29, 2017), the Commission approved the Company's proposed interim rates as modified to be calculated using the capital structure approved in the Company's previous rate case and ordered the Company to file interim-rate tariff sheets reflecting the Commission's modifications to the Company's interim rate proposal. On September 29, 2017, the Company filed revised tariff sheets in Docket No. G-008/GR-17-285 including an interim CCRC of \$0.2421 per Dth, or \$0.0493 more per Dth than the previously approved CCRC (see 4 explaining line 8).
6. Line 12: The CCRA in the amount of \$0.1553 per Dth was implemented January 1, 2017 pursuant to *In the Matter of CenterPoint Energy's (CenterPoint) 2015 Demand-Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G-008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservation Cost Recovery Adjustment, Ordering Point 4 (PUC, Sept. 21, 2016).
7. Line 14: Upon implementation of final rates from the Company's 2015 rate case, the Company's CIP Tracker was adjusted to account for the misalignment of the Company's billing cycle with the December 1, 2016 effective date of the new CCRC. CenterPoint Energy's firm customers are billed on one of 21 different billing cycles in each month. This means that most customers are billed for usage in the current billing month as well as usage in the previous month. In addition, the date when a customer is invoiced can lag behind the date on which that customer's meter is read by a few days, resulting in customers being charged for usage that took place slightly over a month prior to the invoice date. Accordingly, the Company must prorate bills during the first month, and sometimes second month, of a new CCRC or CCRA to account for usage that took place before the current month and should therefore be subject to a previous rate.
8. Line 15: Upon implementation of the interim CCRC (see note 5 above), the Company's CIP Tracker was adjusted to account for the misalignment of the Company's billing cycle with the October 1, 2017 effective date of the interim CCRC. See further description of the billing cycle misalignment in note 7 above.
9. Line 16: Upon implementation of the current CCRA, the Company's CIP Tracker account was adjusted to account for the misalignment of the Company's billing cycle with the January 1, 2017 effective date of the new CCRA. See further description of the billing cycle misalignment in note 7 above.
10. Line 21: The interest factor used to calculate carrying charges is a monthly factor calculated from the annual rates specified in *In the Matter of CenterPoint Energy's 2015 Demand-Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G-008/M-16-366, Order

Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservative Cost Recovery Adjustment (PUC, Sept. 21, 2016). The September 21, 2016 *Order* specified a carrying charge rate of 0.65% beginning with the implementation of final rates from the Company's 2015 rate case.

## Carrying Charges

The calculation of carrying charges in the 2017 CIP Tracker is based on *In the Matter of CenterPoint Energy's 2015 Demand-Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G-008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservative Cost Recovery Adjustment, Ordering Point 3 (PUC, Sept. 21, 2016), which states: "CenterPoint shall use ... a carrying-charge rate of 0.65% beginning with the effective date of final rates in the Company's 2015 rate case."

The 2017 year-end CIP Tracker balance of \$3,899,086 includes \$19,848 in 2017 carrying charges in the customers' favor. The calculation of the monthly interest factor is shown below.

$$\begin{aligned}\text{Annual Interest Factor} &= \text{Cost of Short Term Debt} \\ &= 0.65\%\end{aligned}$$

$$\begin{aligned}\text{Monthly Interest Factor} &= ((1 + \text{Annual Interest Factor})^{(1/12)}) - 1 \\ &= ((1 + 0.0065)^{(1/12)}) - 1 \\ &= 0.0005 \\ &= 0.05\%\end{aligned}$$

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

### **PROPOSAL**

#### **Overview**

On August 16, 2017, the Minnesota Public Utilities Commission (Commission) approved the request of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) to continue to implement a Conservation Cost Recovery Adjustment (CCRA) of \$0.1553 per Dekatherm (Dth), which rate is currently in effect.<sup>55</sup> The purpose of the CCRA is to allow the Company to recover approved Conservation Improvement Program (CIP) expenses not recovered through the Conservation Cost Recovery Charge (CCRC), which is included in base rates. The Commission has required CenterPoint Energy to file its requests to modify the CCRA along with its CIP Tracker and Financial Incentive filings on May 1 of each year.<sup>56</sup>

With this filing, CenterPoint Energy proposes to decrease the CCRA to 0.0441 per Dth beginning September 1, 2018.

#### **Projection Assumptions**

To evaluate options for the CCRA, the Company projected CIP spending and recovery for 2018 and 2019. CIP spending was based on the currently-approved CIP budget for each year, except for January, February, and March of 2018, which reflect actual spending. Sales volumes are taken from the comprehensive settlement reached in the Company’s currently pending rate case,<sup>57</sup> again, except for January through March of 2018, which reflect actual volumes.

The projections use the interim Conservation Cost Recovery Charge (CCRC), which is currently in effect, from January through August 2018 and the CCRC from the Company’s pending rate case settlement agreement for September through December 2018 and all of 2019. Similarly, the Company calculated January through August 2018 carrying charges using the currently-approved short-term debt interest factor from the Company’s 2015 rate case, and carrying charges calculated using the settlement short-term debt interest factor for the remainder of 2018 and all of 2019.<sup>58</sup> The Company assumed that its September 2018 CIP recovery will be reduced by an interim rate true-up equal to non-CIP-exempt

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<sup>55</sup> *In the Matter of CenterPoint Energy’s 2016 Conservation Improvement Program Status Report, 2016 Demand Side Management Financial Incentive, Conservation Improvement Program Tracker Report, and 2016 Conservation Cost Recovery Adjustment Aggregated Compliance Filing*, Docket No. G-008/M-17-339, Order (PUC, Aug. 16, 2017).

<sup>56</sup> *In the Matter of a Petition by CenterPoint Energy for Approval of its 2009 CIP Tracker Account and DSM Financial Incentive*, Docket Nos. G008/M-10-416, G008/M-10-634, Order, Ordering Point 4 (PUC, Oct. 11, 2010).

<sup>57</sup> *In the Matter of the Application of CenterPoint Energy Resource Corp. d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, MPUC Docket No. G-008/GR-17-285, Findings of Fact, Conclusions of Law, and Recommendation to Approve the Settlement (OAH, Mar. 23, 2018).

<sup>58</sup> *In the Matter of CenterPoint Energy’s (CenterPoint) 2015 Demand-Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G-008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservation Cost Recovery Adjustment, Ordering Point 3 (PUC, Sept. 21, 2016) the Commission ordered CenterPoint Energy to use the approved short-term debt interest factor from the previous rate case to calculate CIP tracker carrying charges until the effective date of final rates from the then-pending rate case.



volumes from October 2017 through August 2018 multiplied by the difference between the interim CCRC and the settlement CCRC.<sup>59</sup>

The Company recognizes that the calculation of accumulated deferred income tax (ADIT) in 2018 and 2019 is likely to be affected by the recently-enacted federal Tax Cuts and Jobs Act of 2017 (TCJA).<sup>60</sup> The implications of recent changes in tax law are uncertain and currently being considered as part of the Company's pending rate case, and, more generally for all Minnesota utilities, in Docket No. E,G-999/CI-17-895. Because of this uncertainty and because the effect of TCJA on CIP Tracker carrying charges is likely to be relatively small, the Company did not attempt to revise its method for calculating ADIT for the purpose of these projections. On an actual basis, CIP tracker carrying charges will incorporate changes due to TCJA effective January 1, 2018.

In the Company's projections for 2018, it is assumed that the Company will receive the Financial Incentive requested in this filing, which is determined by CenterPoint Energy's 2017 performance and the mechanism approved by the Commission for the *2017-2019 Triennial Conservation Improvement Program Plan*.<sup>61</sup> Projections for 2019 estimate the Financial Incentive by applying the mechanism approved by the Commission for the *2017-2019 Conservation Improvement Program Triennial Plan* to the Company's approved budget for 2018. The mechanism for the 2017-2019 triennium caps the Financial Incentive that a utility is eligible for to a specified percent of the utility's CIP spending: 35 percent for the 2018 incentive. Accordingly, the Company's 2019 projections reflect an incentive of 35 percent of its 2018 CIP budget (in each year, the incentive amount booked to the CIP Tracker is based on the prior year's CIP performance). The incentives that the Company realizes may differ from these estimates depending on the performance of the Company's CIP in 2018, but applying the mechanism's spending cap to the approved 2018 CIP budget seemed the best approach to developing the necessary projections.<sup>62</sup> All the projections referenced here are included in the Attachments Section of this filing.

### **Projection Results and Proposal**

Two sets of projections are included in the Attachments to this filing. One set (Attachments B-3 and B-4) show no change to the CCRA during 2018 and a reduction in the CCRA to 0.0134 per Dth on January 1, 2019. The second set (Attachments B-1 and B-2) show a reduction in the CCRA to 0.0441 per Dth taking effect on September 1, 2018 and remaining in effect through 2019. In both cases the CCRA was selected to result in a near-zero year-end balance at the end of 2019.

In the scenario where the CCRA is not changed until January 2019, the Company projects that its 2018 ending CIP Tracker balance will be \$10,071,267 over-recovered. If the CCRA is changed in September 2018, the 2018 year-end over-recovery is reduced to \$5,676,896. Total 2018-2019 carrying charges are

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<sup>59</sup> The Company uses an interim rate CCRC to track CIP recoveries during the test year until final rates are determined. Once final rates become effective, the Company restates the CIP Tracker by making an accounting entry. This restatement is consistent with *In the Matter of the Petition of Minnegasco, a Division of Arkla, Inc. for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G-008/GR-92-400, Order Rejecting Accounting Treatment in Compliance Filings (PUC, Dec. 29, 1993).

<sup>60</sup> Pub. L. No. 115-97, 131 Stat. 2054.

<sup>61</sup> *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G-999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan (PUC, Aug. 5, 2016).

<sup>62</sup> The projections show the financial incentives for each year in December. On an actual basis, the CIP Tracker will incorporate the incentive when it is approved by Commission Order.

also reduced from \$81,405 to \$78,942 (in the customers' favor in both cases) if the CCRA is reduced in September 2018 rather than January 2019.

The Company ordinarily proposes to make modifications to the CCRA on January 1 of the year following the proposal. However, in recent years the Commission's review of the Company's status reports has been early enough to potentially allow for an earlier CCRA modification.<sup>63</sup> Because an earlier, less dramatic, decrease to the CCRA will result in a lower 2018 year-end over-recovery and lower carrying charges, the Company proposes to reduce the CCRA to 0.0441 per Dth effective September 1, 2018. If the Commission's schedule will not allow a change to the CCRA in 2018, the Company alternatively proposes to reduce the CCRA to 0.0134 per Dth effective January 1, 2019.

A revised proposed tariff page is included as Attachment D to this filing, and the Company proposes the following bill message:

*The MPUC has approved a Conservation Cost Recovery Adjustment (CCRA) factor of \$0.00441 per therm. This charge will be 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>63</sup> The Commission issued its order on the Company's 2016 Conservation Cost Recovery Adjustment Proposal on August 16, 2017; the order on the 2015 Conservation Cost Recovery Adjustment Proposal was issued on September 21, 2016. *In the Matter of CenterPoint Energy's 2016 Conservation Improvement Program Status Report, 2016 Demand Side Management Financial Incentive, Conservation Improvement Program Tracker Report, and 2016 Conservation Cost Recovery Adjustment Aggregated Compliance Filing*, Docket No. G-008/M-17-339, Order (PUC, Aug. 16, 2017), *In the Matter of CenterPoint Energy's 2015 Demand-Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G-008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservation Cost Recovery Adjustment (PUC, Sept. 21, 2016).

## **SECTION 5: ATTACHMENTS**

**Attachment A: DSM Financial Incentive Mechanism –2017 Financial Incentive Calculations**

**Attachment B-1: CIP Tracker and Balance Projections for 2018 with New CCRA Starting in September 2018**

**Attachment B-2: CIP Tracker and Balance Projections for 2019 with New CCRA Starting in September 2018**

**Attachment B-3: CIP Tracker and Balance Projections for 2018 with New CCRA Starting in January 2019**

**Attachment B-4: CIP Tracker and Balance Projections for 2019 with New CCRA Starting in January 2019**

**Attachment C: Detailed Energy Savings Information for Projects with Deemed Savings Measures**

**Attachment D: Revised Tariff Page**

## Attachment A: DSM Financial Incentive Mechanism – 2017 Financial Incentive Calculations

The following pages contain the worksheet used to calculate the requested 2017 Financial Incentive, taken from the spreadsheet provided by the Minnesota Department of Commerce.

### 2017

CenterPoint Energy

<b>Inputs</b>		Location:
2013 Weather-Normalized Sales (Dth)	142,750,402	From Utility 2017-2019 Triennial CIP Fil
2014 Weather-Normalized Sales (Dth)	141,647,963	From Utility 2017-2019 Triennial CIP Fil
2015 Weather-Normalized Sales (Dth)	138,962,760	From Utility 2017-2019 Triennial CIP Fil
3-year Weather-Normalized Sales Average (Dth)	141,120,375	
1.0% Energy Savings	1,411,204	
Increase Energy Savings per 0.1% Increase in Achievement Level	141,120	
Approved CIP Budget	\$34,556,129	From Commissioner's Order approving
Approved CIP Energy Savings Goal (Dth)	2,578,054	From 2017 Status Report
Estimated Net Benefits at Energy Savings Goal	\$139,999,882	From Utility 2017-2019 Triennial CIP Fil
Energy savings at 1.5% (Dth)	2,116,806	
<b>Incentive Calibration</b>		
Max Percent of Net Benefits Awarded	13.5%	maximum net benefits awarded
Max Percent of Expenditures Awarded	40.0%	
Earning Threshold	0.7%	
Achievement Level Where Net Benefits Cap Begins	1.2%	
Increase in Net Benefits Awarded Per 0.1% Increase in Achievement Level	7.5	% Points
<b>Actual 2017 Achievements</b>		
Expenditures	\$31,140,094	From 2017 Status Report
Energy Saved (first year Dth saved)	2,632,545	From 2017 Status Report
Net Benefits Achieved	\$171,902,634	From 2017 Status Report
<b>Shared Savings Incentive Results</b>		
Achievement Level	1.87%	
Percent of Net Benefits Awarded	13.5000%	
Financial Incentive Award	\$12,456,038	
Incentive/First Year Dth Saved \$	\$4.7316	
Incentive/Net Benefits	7.25%	
Incentive/CIP Expenditures	40.00%	

Estimated Incentive Levels by Achievement Level							
Achievement Level (% of sales)	Energy Saved	Percent of Net Benefits Awarded	Estimated Net Benefits Achieved	Incentive Award	Average Incentive per unit Saved	Incremental Incentive Units Saved	
0.0%	0	0.00%	\$0	\$0	\$0.000	-	
0.1%	141,120	0.00%	\$7,663,469	\$0	\$0.000	\$0.000	
0.2%	282,241	0.00%	\$15,326,937	\$0	\$0.000	\$0.000	
0.3%	423,361	0.00%	\$22,990,406	\$0	\$0.000	\$0.000	
0.4%	564,482	0.00%	\$30,653,874	\$0	\$0.000	\$0.000	
0.5%	705,602	0.00%	\$38,317,343	\$0	\$0.000	\$0.000	
0.6%	846,722	0.00%	\$45,980,812	\$0	\$0.000	\$0.000	
0.7%	987,843	9.75%	\$53,644,280	\$5,230,317	\$5.295	\$37.063	
0.8%	1,128,963	10.50%	\$61,307,749	\$6,437,314	\$5.702	\$8.553	
0.9%	1,270,083	11.25%	\$68,971,217	\$7,759,262	\$6.109	\$9.368	
1.0%	1,411,204	12.00%	\$76,634,686	\$9,196,162	\$6.517	\$10.182	
1.1%	1,552,324	12.75%	\$84,298,154	\$10,748,015	\$6.924	\$10.997	
1.2%	1,693,445	13.50%	\$91,961,623	\$12,414,819	\$7.331	\$11.811	
1.3%	1,834,565	13.50%	\$99,625,092	\$13,449,387	\$7.331	\$7.331	
1.4%	1,975,685	13.50%	\$107,288,560	\$14,483,956	\$7.331	\$7.331	
1.5%	2,116,806	13.50%	\$114,952,029	\$15,518,524	\$7.331	\$7.331	
1.6%	2,257,926	13.50%	\$122,615,497	\$16,553,092	\$7.331	\$7.331	
1.7%	2,399,046	13.50%	\$130,278,966	\$17,587,660	\$7.331	\$7.331	
1.8%	2,540,167	13.50%	\$137,942,435	\$18,622,229	\$7.331	\$7.331	
1.9%	2,681,287	13.50%	\$145,605,903	\$19,656,797	\$7.331	\$7.331	
2.0%	2,822,408	13.50%	\$153,269,372	\$20,691,365	\$7.331	\$7.331	
2.1%	2,963,528	13.50%	\$160,932,840	\$21,725,933	\$7.331	\$7.331	
2.2%	3,104,648	13.50%	\$168,596,309	\$22,760,502	\$7.331	\$7.331	
2.3%	3,245,769	13.50%	\$176,259,778	\$23,795,070	\$7.331	\$7.331	
2.4%	3,386,889	13.50%	\$183,923,246	\$24,829,638	\$7.331	\$7.331	
2.5%	3,528,009	13.50%	\$191,586,715	\$25,864,206	\$7.331	\$7.331	
2.6%	3,669,130	13.50%	\$199,250,183	\$26,898,775	\$7.331	\$7.331	
2.7%	3,810,250	13.50%	\$206,913,652	\$27,933,343	\$7.331	\$7.331	
2.8%	3,951,371	13.50%	\$214,577,120	\$28,967,911	\$7.331	\$7.331	
2.9%	4,092,491	13.50%	\$222,240,589	\$30,002,480	\$7.331	\$7.331	
3.0%	4,233,611	13.50%	\$229,904,058	\$31,037,048	\$7.331	\$7.331	

**Attachment B-1: CIP Tracker and Balance Projection for 2018 with New CCRA Starting in September 2018**

## CenterPoint Energy Minnesota Gas

## CIP Tracker and Balance

## 2018 Forecast with New CCRA starting Sept. 2018

2017 Rate Case Interim CCRC Jan-Aug

CCRC from 2017 rate case settlement Sept-Dec

CCRA of \$0.1553/Dth (as approved) Jan-Aug

CCRA determined by 2019 year-end goal-seek to zero Sept-Dec

	Jan 18 Actual	Feb 18 Actual	Mar 18 Actual	Apr 18 Forecast	May 18 Forecast	June 18 Forecast	July 18 Forecast	Aug 18 Forecast	Sept 18 Forecast	Oct 18 Forecast	Nov 18 Forecast	Dec 18 Forecast	Annual Summary	
<b>Expenses</b>														
1	Beginning Tracker Balance (\$) - Under / (Over) Recovered	3,899,086	(8,265,073)	(15,565,888)	(21,522,830)	(25,047,473)	(26,099,098)	(26,406,063)	(25,881,908)	(24,927,752)	(23,479,745)	(21,954,046)	(21,690,408)	3,899,086
2	CIP Program Expenditures	(345,258)	2,043,428	2,625,112	1,767,873	2,318,897	1,844,111	2,319,947	2,662,719	1,927,828	3,249,399	3,199,704	8,646,032	32,259,789
3	Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$12,456,038	12,456,038
4	<b>Total Expenses &amp; Incentive</b> (Line 1 + Line 2 + Line 3)	<b>3,553,828</b>	<b>(6,221,645)</b>	<b>(12,940,776)</b>	<b>(19,754,957)</b>	<b>(22,728,577)</b>	<b>(24,254,987)</b>	<b>(24,086,116)</b>	<b>(23,219,189)</b>	<b>(22,999,925)</b>	<b>(20,230,346)</b>	<b>(18,754,342)</b>	<b>(588,339)</b>	<b>48,614,914</b>
<b>Recovery</b>														
5	Total Volumes (Dt)	32,369,550	26,514,639	24,707,509	16,041,253	11,234,994	8,398,265	7,855,875	7,703,350	7,222,001	8,901,293	12,985,237	21,489,809	185,423,776
6	Exemptions (Dt)	(2,635,568)	(3,013,593)	(3,129,147)	(2,743,346)	(2,774,353)	(3,006,423)	(3,357,640)	(3,423,852)	(2,473,515)	(2,758,845)	(2,517,461)	(3,337,664)	(35,171,406)
7	Volumes less Exemptions (Dt) (Line 5 + Line 6)	29,733,983	23,501,046	21,578,362	13,297,907	8,460,641	5,391,842	4,498,236	4,279,498	4,748,487	6,142,448	10,467,776	18,152,145	150,252,370
8	Base Rate Recovery (CCRC) (per Dt)	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.2362	0.2362	0.2362	0.2362	
9	<b>Base Rate Cost Recovery (\$)</b> (Line 7 x Line 8)	(5,732,712)	(4,531,002)	(4,160,308)	(2,563,836)	(1,631,212)	(1,039,547)	(867,260)	(825,087)	(1,121,593)	(1,450,846)	(2,472,489)	(4,287,537)	<b>(30,683,429)</b>
10	Interim Rate	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0	0	0	0	0	
11	Interim Rate Recovery	(1,465,885)	(1,158,602)	(1,063,813)	(655,587)	(417,110)	(265,818)	(221,763)	(210,979)	-	-	-	-	
12	CCRA (per Dt)	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.0441	0.0441	0.0441	0.0441	0.0441	
13	<b>CCRA Recovery (\$)</b> (Line 7 x Line 12)	(4,617,688)	(3,649,712)	(3,351,120)	(2,065,165)	(1,313,938)	(837,353)	(698,576)	(664,606)	(209,408)	(270,882)	(461,629)	(800,510)	<b>(18,940,587)</b>
14	Interim CCRC True-Up								853,290					
15	<b>Total Recovery</b> (Line 9 + Line 11 + Line 13)	<b>(11,816,285)</b>	<b>(9,339,316)</b>	<b>(8,575,241)</b>	<b>(5,284,588)</b>	<b>(3,362,260)</b>	<b>(2,142,718)</b>	<b>(1,787,599)</b>	<b>(1,700,672)</b>	<b>(477,711)</b>	<b>(1,721,728)</b>	<b>(2,934,118)</b>	<b>(5,088,047)</b>	<b>(54,230,283)</b>
<b>Carrying Charges</b>														
16	<b>Sub-Balance (\$)</b> (Line 4 + Line 13)	(8,262,457)	(15,560,961)	(21,516,017)	(25,039,545)	(26,090,837)	(26,397,705)	(25,873,715)	(24,919,861)	(23,477,636)	(21,952,074)	(21,688,460)	(5,676,386)	<b>(5,615,370)</b>
17	Accum. Deferred Tax (Line 14 x 41.37% x -1)	3,418,178	6,437,570	8,901,176	10,358,860	10,793,779	10,920,731	10,703,956	10,309,347	9,712,698	9,081,573	8,972,516	2,348,321	
18	Net Investment (Line 14 + Line 15)	(4,844,278)	(9,123,391)	(12,614,841)	(14,680,685)	(15,297,058)	(15,476,974)	(15,169,759)	(14,610,515)	(13,764,938)	(12,870,501)	(12,715,944)	(3,328,065)	
19	Carrying Charge Rate	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.02%	0.02%	0.02%	0.02%	0.02%	
20	<b>Carrying Charge</b> (Line 16 x Line 17)	(2,616)	(4,927)	(6,813)	(7,928)	(8,261)	(8,358)	(8,193)	(7,891)	(2,109)	(1,972)	(1,948)	(510)	<b>(61,526)</b>
21	<b>Ending Tracker Balance - Under / (Over) Recovered</b> (Line 14 + Line 18)	<b>(8,265,073)</b>	<b>(15,565,888)</b>	<b>(21,522,830)</b>	<b>(25,047,473)</b>	<b>(26,099,098)</b>	<b>(26,406,063)</b>	<b>(25,881,908)</b>	<b>(24,927,752)</b>	<b>(23,479,745)</b>	<b>(21,954,046)</b>	<b>(21,690,408)</b>	<b>(5,676,896)</b>	<b>(5,676,896)</b>

**Attachment B-2: CIP Tracker and Balance Projection for 2019 with New CCRA Starting in September 2018**



CenterPoint Energy Minnesota Gas  
 CIP Tracker and Balance  
 2019 Forecast with New CCRA Starting in Sept 2018  
 CCRC from 2017 rate case settlement  
 CCRA Determined by 2019 year-end goal-seek to zero

	Jan 19 Forecast	Feb 19 Forecast	Mar 19 Forecast	Apr 19 Forecast	May 19 Forecast	June 19 Forecast	July 19 Forecast	Aug 19 Forecast	Sept 19 Forecast	Oct 19 Forecast	Nov 19 Forecast	Dec 19 Forecast	Annual Summary	
<b>Expenses</b>														
1	Beginning Tracker Balance (\$) - Under / (Over) Recovered	(5,676,896)	(10,913,878)	(16,120,706)	(19,106,003)	(21,002,019)	(20,970,738)	(20,571,587)	(19,428,417)	(17,868,342)	(17,201,742)	(15,555,261)	(15,172,669)	(5,676,896)
2	CIP Program Expenditures	1,403,053	1,523,855	2,740,152	1,833,273	2,404,681	1,912,331	2,405,771	2,761,223	1,999,145	3,369,607	3,318,073	8,965,881	34,637,046
3	Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$11,290,926	11,290,926
4	<b>Total Expenses &amp; Incentive</b> (Line 1 + Line 2 + Line 3)	<b>(4,273,843)</b>	<b>(9,390,023)</b>	<b>(13,380,555)</b>	<b>(17,272,729)</b>	<b>(18,597,338)</b>	<b>(19,058,406)</b>	<b>(18,165,817)</b>	<b>(16,667,194)</b>	<b>(15,869,196)</b>	<b>(13,832,136)</b>	<b>(12,237,188)</b>	<b>5,084,139</b>	<b>40,251,076</b>
<b>Recovery</b>														
5	Total Volumes (Dt)	26,485,762	26,696,201	23,047,686	16,041,253	11,234,994	8,398,265	7,855,875	7,703,350	7,222,001	8,901,293	12,985,237	21,489,809	178,061,726
6	Exemptions (Dt)	(2,800,227)	(2,688,941)	(2,627,666)	(2,743,346)	(2,774,353)	(3,006,423)	(3,357,640)	(3,423,852)	(2,473,515)	(2,758,845)	(2,517,461)	(3,337,664)	(34,509,933)
7	Volumes less Exemptions (Dt) (Line 5 + Line 6)	23,685,534	24,007,259	20,420,020	13,297,907	8,460,641	5,391,842	4,498,236	4,279,498	4,748,487	6,142,448	10,467,776	18,152,145	143,551,793
8	Base Rate Recovery (CCRC) (per Dt)	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	
9	<b>Base Rate Cost Recovery (\$)</b> (Line 7 x Line 8)	(5,594,523)	(5,670,515)	(4,823,209)	(3,140,966)	(1,998,403)	(1,273,553)	(1,062,483)	(1,010,817)	(1,121,593)	(1,450,846)	(2,472,489)	(4,287,537)	<b>(33,906,934)</b>
10	CCRA (per Dt)	0.0441	0.0441	0.0441	0.0441	0.0441	0.0441	0.0441	0.0441	0.0441	0.0441	0.0441	0.0441	
11	<b>CCRA Recovery (\$)</b> (Line 7 x Line 10)	(1,044,532)	(1,058,720)	(900,523)	(586,438)	(373,114)	(237,780)	(198,372)	(188,726)	(209,408)	(270,882)	(461,629)	(800,510)	<b>(6,330,634)</b>
12	<b>Total Recovery</b> (Line 9 + Line 11)	<b>(6,639,055)</b>	<b>(6,729,235)</b>	<b>(5,723,732)</b>	<b>(3,727,404)</b>	<b>(2,371,517)</b>	<b>(1,511,333)</b>	<b>(1,260,855)</b>	<b>(1,199,543)</b>	<b>(1,331,001)</b>	<b>(1,721,728)</b>	<b>(2,934,118)</b>	<b>(5,088,047)</b>	<b>(40,237,568)</b>
<b>Carrying Charges</b>														
13	<b>Sub-Balance (\$)</b> (Line 4 + Line 12)	(10,912,898)	(16,119,258)	(19,104,287)	(21,000,133)	(20,968,855)	(20,569,739)	(19,426,672)	(17,866,737)	(17,200,197)	(15,553,864)	(15,171,306)	(3,908)	<b>13,508</b>
14	Accum. Deferred Tax (Line 13 x 41.37% x -1)	4,514,666	6,668,537	7,903,443	8,687,755	8,674,815	8,509,701	8,036,814	7,391,469	7,115,722	6,434,633	6,276,369	1,617	
15	Net Investment (Line 13 + Line 14)	(6,398,232)	(9,450,721)	(11,200,843)	(12,312,378)	(12,294,040)	(12,060,038)	(11,389,858)	(10,475,268)	(10,084,476)	(9,119,230)	(8,894,936)	(2,291)	
16	Carrying Charge Rate	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	
17	<b>Carrying Charge</b> (Line 15 x Line 16)	<b>(980)</b>	<b>(1,448)</b>	<b>(1,716)</b>	<b>(1,886)</b>	<b>(1,883)</b>	<b>(1,848)</b>	<b>(1,745)</b>	<b>(1,605)</b>	<b>(1,545)</b>	<b>(1,397)</b>	<b>(1,363)</b>	-	<b>(17,416)</b>
18	<b>Ending Tracker Balance - Under / (Over) Recovered</b> (Line 13 + Line 17)	<b>(10,913,878)</b>	<b>(16,120,706)</b>	<b>(19,106,003)</b>	<b>(21,002,019)</b>	<b>(20,970,738)</b>	<b>(20,571,587)</b>	<b>(19,428,417)</b>	<b>(17,868,342)</b>	<b>(17,201,742)</b>	<b>(15,555,261)</b>	<b>(15,172,669)</b>	<b>(3,908)</b>	<b>(3,908)</b>

**Attachment B-3: CIP Tracker and Balance Projection for 2018 with New CCRA Starting in January 2019**

## CenterPoint Energy Minnesota Gas

## CIP Tracker and Balance

## 2018 Forecast Assuming Current CCRA Whole Year

2017 Rate Case Interim CCRC Jan-Aug

CCRC from 2017 rate case settlement Sept-Dec

CCRA of \$0.1553/Dth (as approved)

	Jan 18	Feb 18	Mar 18	Apr 18	May 18	June 18	July 18	Aug 18	Sept 18	Oct 18	Nov 18	Dec 18	Annual Summary	
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
<b>Expenses</b>														
1	Beginning Tracker Balance (\$) - Under / (Over) Recovered	3,899,086	(8,265,073)	(15,565,888)	(21,522,830)	(25,047,473)	(26,099,098)	(26,406,063)	(25,881,908)	(24,927,752)	(24,007,824)	(23,165,274)	(24,065,866)	3,899,086
2	CIP Program Expenditures	(345,258)	2,043,428	2,625,112	1,767,873	2,318,897	1,844,111	2,319,947	2,662,719	1,927,828	3,249,399	3,199,704	8,646,032	32,259,789
3	Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$12,456,038	12,456,038
4	<b>Total Expenses &amp; Incentive</b> (Line 1 + Line 2 + Line 3)	<b>3,553,828</b>	<b>(6,221,645)</b>	<b>(12,940,776)</b>	<b>(19,754,957)</b>	<b>(22,728,577)</b>	<b>(24,254,987)</b>	<b>(24,086,116)</b>	<b>(23,219,189)</b>	<b>(22,999,925)</b>	<b>(20,758,425)</b>	<b>(19,965,570)</b>	<b>(2,963,797)</b>	<b>48,614,914</b>
<b>Recovery</b>														
5	Total Volumes (Dt)	32,369,550	26,514,639	24,707,509	16,041,253	11,234,994	8,398,265	7,855,875	7,703,350	7,222,001	8,901,293	12,985,237	21,489,809	185,423,776
6	Exemptions (Dt)	(2,635,568)	(3,013,593)	(3,129,147)	(2,743,346)	(2,774,353)	(3,006,423)	(3,357,640)	(3,423,852)	(2,473,515)	(2,758,845)	(2,517,461)	(3,337,664)	(35,171,406)
7	Volumes less Exemptions (Dt) (Line 5 + Line 6)	29,733,983	23,501,046	21,578,362	13,297,907	8,460,641	5,391,842	4,498,236	4,279,498	4,748,487	6,142,448	10,467,776	18,152,145	150,252,370
8	Base Rate Recovery (CCRC) (per Dt)	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.2362	0.2362	0.2362	0.2362	
9	<b>Base Rate Cost Recovery (\$)</b> (Line 7 x Line 8)	(5,732,712)	(4,531,002)	(4,160,308)	(2,563,836)	(1,631,212)	(1,039,547)	(867,260)	(825,087)	(1,121,593)	(1,450,846)	(2,472,489)	(4,287,537)	<b>(30,683,429)</b>
10	Interim Rate	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0	0	0	0	0	
11	Interim Rate Recovery	(1,465,885)	(1,158,602)	(1,063,813)	(655,587)	(417,110)	(265,818)	(221,763)	(210,979)	-	-	-	-	
12	CCRA (per Dt)	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	
13	<b>CCRA Recovery (\$)</b> (Line 7 x Line 12)	(4,617,688)	(3,649,712)	(3,351,120)	(2,065,165)	(1,313,938)	(837,353)	(698,576)	(664,606)	(737,440)	(953,922)	(1,625,646)	(2,819,028)	<b>(23,334,194)</b>
14	Interim CCRC True-Up									853,290				
15	<b>Total Recovery</b> (Line 9 + Line 11 + Line 13)	<b>(11,816,285)</b>	<b>(9,339,316)</b>	<b>(8,575,241)</b>	<b>(5,284,588)</b>	<b>(3,362,260)</b>	<b>(2,142,718)</b>	<b>(1,787,599)</b>	<b>(1,700,672)</b>	<b>(1,005,743)</b>	<b>(2,404,768)</b>	<b>(4,098,135)</b>	<b>(7,106,565)</b>	<b>(58,623,890)</b>
<b>Carrying Charges</b>														
16	<b>Sub-Balance (\$)</b> (Line 4 + Line 13)	(8,262,457)	(15,560,961)	(21,516,017)	(25,039,545)	(26,090,837)	(26,397,705)	(25,873,715)	(24,919,861)	(24,005,668)	(23,163,193)	(24,063,705)	(10,070,362)	<b>(10,008,977)</b>
17	Accum. Deferred Tax (Line 14 x 41.37% x -1)	3,418,178	6,437,570	8,901,176	10,358,860	10,793,779	10,920,731	10,703,956	10,309,347	9,931,145	9,582,613	9,955,155	4,166,109	
18	Net Investment (Line 14 + Line 15)	(4,844,278)	(9,123,391)	(12,614,841)	(14,680,685)	(15,297,058)	(15,476,974)	(15,169,759)	(14,610,515)	(14,074,523)	(13,580,580)	(14,108,551)	(5,904,253)	
19	Carrying Charge Rate	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.02%	0.02%	0.02%	0.02%	
20	<b>Carrying Charge</b> (Line 16 x Line 17)	(2,616)	(4,927)	(6,813)	(7,928)	(8,261)	(8,358)	(8,193)	(7,891)	(2,156)	(2,081)	(2,161)	(905)	<b>(62,290)</b>
21	<b>Ending Tracker Balance - Under / (Over) Recovered</b> (Line 14 + Line 18)	<b>(8,265,073)</b>	<b>(15,565,888)</b>	<b>(21,522,830)</b>	<b>(25,047,473)</b>	<b>(26,099,098)</b>	<b>(26,406,063)</b>	<b>(25,881,908)</b>	<b>(24,927,752)</b>	<b>(24,007,824)</b>	<b>(23,165,274)</b>	<b>(24,065,866)</b>	<b>(10,071,267)</b>	<b>(10,071,267)</b>

**Attachment B-4: CIP Tracker and Balance Projection for 2019 with New CCRA Starting in January 2019**

CenterPoint Energy Minnesota Gas  
CIP Tracker and Balance  
2019 Forecast Assuming New CCRA Starts January 2019  
CCRC from 2017 rate case settlement  
CCRA Determined by 2019 year-end goal-seek to zero

	Jan 19 Forecast	Feb 19 Forecast	Mar 19 Forecast	Apr 19 Forecast	May 19 Forecast	June 19 Forecast	July 19 Forecast	Aug 19 Forecast	Sept 19 Forecast	Oct 19 Forecast	Nov 19 Forecast	Dec 19 Forecast	Annual Summary	
<b>Expenses</b>														
1	Beginning Tracker Balance (\$) - Under / (Over) Recovered	(10,071,267)	(14,581,433)	(19,051,501)	(21,410,110)	(22,898,051)	(22,607,176)	(22,042,628)	(20,761,482)	(19,070,134)	(18,257,851)	(16,422,875)	(15,718,971)	(10,071,267)
2	CIP Program Expenditures	1,403,053	1,523,855	2,740,152	1,833,273	2,404,681	1,912,331	2,405,771	2,761,223	1,999,145	3,369,607	3,318,073	8,965,881	34,637,046
3	Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$11,290,926	11,290,926
4	<b>Total Expenses &amp; Incentive</b> (Line 1 + Line 2 + Line 3)	<b>(8,668,214)</b>	<b>(13,057,578)</b>	<b>(16,311,350)</b>	<b>(19,576,836)</b>	<b>(20,493,370)</b>	<b>(20,694,844)</b>	<b>(19,636,858)</b>	<b>(18,000,259)</b>	<b>(17,070,988)</b>	<b>(14,888,245)</b>	<b>(13,104,802)</b>	<b>4,537,837</b>	<b>35,856,705</b>
<b>Recovery</b>														
5	Total Volumes (Dt)	26,485,762	26,696,201	23,047,686	16,041,253	11,234,994	8,398,265	7,855,875	7,703,350	7,222,001	8,901,293	12,985,237	21,489,809	178,061,726
6	Exemptions (Dt)	(2,800,227)	(2,688,941)	(2,627,666)	(2,743,346)	(2,774,353)	(3,006,423)	(3,357,640)	(3,423,852)	(2,473,515)	(2,758,845)	(2,517,461)	(3,337,664)	(34,509,933)
7	Volumes less Exemptions (Dt) (Line 5 + Line 6)	23,685,534	24,007,259	20,420,020	13,297,907	8,460,641	5,391,842	4,498,236	4,279,498	4,748,487	6,142,448	10,467,776	18,152,145	143,551,793
8	Base Rate Recovery (CCRC) (per Dt)	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	0.2362	
9	<b>Base Rate Cost Recovery (\$)</b> (Line 7 x Line 8)	(5,594,523)	(5,670,515)	(4,823,209)	(3,140,966)	(1,998,403)	(1,273,553)	(1,062,483)	(1,010,817)	(1,121,593)	(1,450,846)	(2,472,489)	(4,287,537)	<b>(33,906,934)</b>
10	CCRA (per Dt)	0.0134	0.0134	0.0134	0.0134	0.0134	0.0134	0.0134	0.0134	0.0134	0.0134	0.0134	0.0134	
11	<b>CCRA Recovery (\$)</b> (Line 7 x Line 10)	(317,386)	(321,697)	(273,628)	(178,192)	(113,373)	(72,251)	(60,276)	(57,345)	(63,630)	(82,309)	(140,268)	(243,239)	<b>(1,923,594)</b>
12	<b>Total Recovery</b> (Line 9 + Line 11)	<b>(5,911,909)</b>	<b>(5,992,212)</b>	<b>(5,096,837)</b>	<b>(3,319,158)</b>	<b>(2,111,776)</b>	<b>(1,345,804)</b>	<b>(1,122,759)</b>	<b>(1,068,162)</b>	<b>(1,185,223)</b>	<b>(1,533,155)</b>	<b>(2,612,757)</b>	<b>(4,530,776)</b>	<b>(35,830,528)</b>
<b>Carrying Charges</b>														
13	<b>Sub-Balance (\$)</b> (Line 4 + Line 12)	(14,580,123)	(19,049,790)	(21,408,187)	(22,895,994)	(22,605,146)	(22,040,648)	(20,759,617)	(19,068,421)	(18,256,211)	(16,421,400)	(15,717,559)	7,061	<b>26,177</b>
14	Accum. Deferred Tax (Line 13 x 41.37% x -1)	6,031,797	7,880,898	8,856,567	9,472,073	9,351,749	9,118,216	8,588,253	7,888,606	7,552,595	6,793,533	6,502,354	(2,921)	
15	Net Investment (Line 13 + Line 14)	(8,548,326)	(11,168,892)	(12,551,620)	(13,423,921)	(13,253,397)	(12,922,432)	(12,171,363)	(11,179,815)	(10,703,617)	(9,627,867)	(9,215,205)	4,140	
16	Carrying Charge Rate	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	
17	<b>Carrying Charge</b> (Line 15 x Line 16)	<b>(1,310)</b>	<b>(1,711)</b>	<b>(1,923)</b>	<b>(2,057)</b>	<b>(2,030)</b>	<b>(1,980)</b>	<b>(1,865)</b>	<b>(1,713)</b>	<b>(1,640)</b>	<b>(1,475)</b>	<b>(1,412)</b>	<b>1</b>	<b>(19,115)</b>
18	<b>Ending Tracker Balance - Under / (Over) Recovered</b> (Line 13 + Line 17)	<b>(14,581,433)</b>	<b>(19,051,501)</b>	<b>(21,410,110)</b>	<b>(22,898,051)</b>	<b>(22,607,176)</b>	<b>(22,042,628)</b>	<b>(20,761,482)</b>	<b>(19,070,134)</b>	<b>(18,257,851)</b>	<b>(16,422,875)</b>	<b>(15,718,971)</b>	<b>7,062</b>	<b>7,062</b>

## Attachment C: Detailed Energy Savings Information for Projects with Deemed Savings Measures

This attachment provides additional information about certain measures rebated in 2017. Where the savings Dth/unit for a measure is listed as N/A, the Company does not claim a deemed savings amount for that measure. For example, for residential insulation measures such as air sealing the Company claims energy savings on the basis of the change in R-value observed at the participating home. Similarly, the Company claims “deemed calculated” energy savings for many commercial measures, meaning that the Company uses a formula to calculate energy savings on the basis of certain customer-provided inputs. For example, the energy savings claimed for a process boiler depends on the boiler’s efficiency and British thermal unit (Btu) per hour input.

Project and Measure Name	Quantity	Measure Life	Participant Cost	Savings Dth/Unit	Total Dth Savings
<b>Residential Market Segment</b>					
<b>Home Efficiency Rebates</b>					
92% AFUE furnace	251	20	\$802	14.52	3644
94% AFUE furnace	1251	20	\$1,438	17.23	21551
96% AFUE furnace	9288	20	\$1,438	19.94	185169
83.5% efficient boiler	578	20	\$934	6.83	3950
91% efficient boiler	277	20	\$1,480	21.48	5949
Tier 1 thermostat	3192	10	\$30	2.48	7929
Tier 2 thermostat	649	10	\$110	3.73	2418
Tier 3 thermostat	3780	10	\$200	6.14	23213
Furnace tune-up	13355	2	\$120	2.14	28609
Boiler tune-up	684	2	\$120	3.12	2137
Hearth with electronic ignition	1308	15	\$193	4.38	5733
.67 EF tank water heater (atmospheric)	193	15	\$209	1.93	372
.67 EF tank water heater (power vent)	2193	15	\$544	1.93	4222
.78 EF tank water heater (>55 Gallons, <75,000 Btu/hr)	0	15	\$814	0.71	0
88% thermal efficiency water heater (>75,000 Btu/hr, commercial water heater in residential application)	21	11	\$1,350	1.11	23
Indirect water heater	14	15	\$617	2.00	28
.90 EF tankless water heater	216	20	\$400	1.20	259
Combo unit (.90 EF tankless water heater + air handling unit)	0	20	\$1,202	15.71	0
ENERGY STAR clothes washer	807	14	\$65	0.41	331
ENERGY STAR clothes dryer	291	14	\$152	0.44	129
<b>DIY Home Efficiency</b>					

Low-flow showerhead	13435	10	N/A	1.63	21878
Low-flow kitchen aerator	4643	10	N/A	0.45	2103
Low-flow bathroom aerator	5839	10	N/A	0.34	1983
6' feet of R-2 (at least) DHW pipe insulation	9510	13	N/A	1.03	9795
Rope caulk	11729	1	N/A	0.09	1034
EDPM weatherstripping	12332	1	N/A	0.09	1087
Outlet gaskets	8495	1	N/A	0.09	749
Window film	12557	1	N/A	0.09	1107
Water heater temperature card	7869	2	N/A	0.21	1689
<b>Home Energy Squad</b>					
Low-flow showerhead	2545	10	N/A	1.63	4148
Low-flow kitchen aerator	631	10	N/A	0.45	284
1.0 GPM bathroom aerator	2446	10	N/A	0.34	832
0.5 GPM bathroom aerator	576	10	N/A	0.45	259
Weatherstripping on doors	1762	2	N/A	0.70	1233
Weatherstripping on attic hatches	116	20	N/A	1.40	162
Tier 1 thermostat replacing manual	1017	10	N/A	2.48	2522
Tier 2 thermostat replacing manual	0	10	N/A	3.73	0
Tier 3 thermostat replacing manual	61	10	N/A	6.14	375
Tier 2 thermostat replacing Tier 1	0	10	N/A	1.25	0
Tier 3 thermostat replacing Tier 1	64	10	N/A	3.66	234
Tier 3 thermostat replacing Tier 2	0	10	N/A	2.41	0
Insulation blanket for water heater	738	13	N/A	1.06	782
Water heater setback	725	2	N/A	0.86	624
6' feet of R-2 (at least) DHW pipe insulation	886	13	N/A	1.47	1302
<b>New Home Construction Rebates</b>					
92% AFUE furnace (new construction)	359	20	\$172	1.09	393
95% AFUE furnace (new construction)	461	20	\$808	5.11	2356
83.5% efficient boiler	2	20	\$934	6.83	14
91% efficient boiler	48	20	\$1,480	21.48	1031
Tier 2 thermostat	1	10	\$80	1.24	1

Tier 3 thermostat	24	10	\$170	3.66	88
Hearth with electronic ignition	2876	15	\$193	4.38	12606
.67 EF tank water heater (atmospheric)	0	15	\$209	1.93	0
.67 EF tank water heater (power vent)	87	15	\$544	1.93	168
.78 EF tank water heater (>55 Gallons, <75,000 Btu/hr)	0	15	\$814	0.71	0
88% thermal efficiency water heater (>75,000 Btu/hr, commercial water heater in residential application)	0	11	\$1,350	1.26	0
Indirect water heater	0	15	\$617	2.00	0
.90 EF tankless water heater	2	20	\$400	1.20	2
Combo unit (.90 EF tankless water heater + air handling unit)	0	20	\$572	2.29	0
ENERGY STAR clothes washer	60	14	\$65	0.41	25
ENERGY STAR clothes dryer	27	14	\$152	0.44	12
<b>Low Income Market Segment</b>					
<b>Low Income Weatherization</b>					
Weatherization	444	20	N/A	N/A	12849
92% AFUE furnace	0	20	N/A	14.52	0
94% AFUE furnace	8	20	N/A	17.23	138
96% AFUE furnace	120	20	N/A	19.94	2392
83.5% efficient boiler	1	20	N/A	6.83	7
91% efficient boiler	6	20	N/A	21.48	129
Tier 1 thermostat	66	10	N/A	2.48	164
.67 EF tank water heater (atmospheric)	0	15	N/A	1.93	0
.67 EF tank water heater (power vent)	90	15	N/A	1.93	173
Indirect water heater	1	15	N/A	2.00	2
.90 EF tankless water heater	0	20	N/A	1.20	0
Furnace tune-up	59	2	N/A	2.14	126
Boiler tune-up	3	2	N/A	3.12	9
<b>Non-Profit Affordable Housing</b>					
92% AFUE furnace (retrofit)	0	20	\$800	14.52	0
94% AFUE furnace (retrofit)	5	20	\$1,430	17.23	86
96% AFUE furnace (retrofit)	12	20	\$1,430	19.94	239
83.5% efficient boiler (retrofit)	1	20	\$930	6.83	7



91% efficient boiler (retrofit)	0	20	\$1,480	21.48	0
Tier 1 thermostat (retrofit)	23	10	\$30	2.48	57
Tier 2 thermostat (retrofit)	0	10	\$110	3.73	0
Tier 3 thermostat (retrofit)	1	10	\$200	6.14	6
.67 EF tank water heater (atmospheric; retrofit)	0	15	\$200	1.93	0
.67 EF tank water heater (power vent; retrofit)	24	15	\$540	1.93	46
Indirect water heater (retrofit)	0	15	\$770	2.00	0
.90 EF tankless water heater (retrofit)	0	20	\$400	1.20	0
Heat recovery ventilator (HRV)/ energy recovery ventilator (ERV) (retrofit)	2	10	\$850	10.41	21
Air sealing (retrofit)	25	20	\$1,800	N/A	349
Attic insulation (retrofit)	25	20	\$600	N/A	297
Wall insulation (retrofit)	12	20	\$2,500	N/A	797
Sill plate/rim joist (retrofit)	15	20	\$300	N/A	57
Low-flow showerhead (retrofit)	2	10	\$10	1.63	3
Low-flow kitchen aerator (retrofit)	2	10	\$5	0.45	1
Low-flow bathroom aerator (retrofit)	2	10	\$5	0.34	1
ENERGY STAR clothes washer (retrofit)	16	14	\$65	0.41	7
ENERGY STAR clothes dryer (retrofit)	6	14	\$150	0.44	3
92% AFUE furnace (new construction)	12	20	\$170	1.09	13
95% AFUE furnace (new construction)	37	20	\$800	5.11	189
83.5% efficient boiler (new construction)	0	20	\$930	6.83	0
91% efficient boiler (new construction)	3	20	\$1,480	21.48	64
Tier 2 thermostat (new construction)	1	10	\$80	1.24	1
Tier 3 thermostat (new construction)	6	10	\$170	3.66	22

.67 EF tank - atmospheric (new construction)	0	15	\$200	1.93	0
.67 EF tank - power vent (new construction)	40	15	\$540	1.93	77
Indirect water heater (new construction)	0	15	\$770	2.00	0
.90 EF tankless (new construction)	0	20	\$400	1.20	0
Heat recovery ventilator (HRV)/ energy recovery ventilator (ERV) (new construction)	52	10	\$850	10.41	541
Above code air sealing (new construction)	50	20	\$1,800	N/A	159
Above code attic insulation (new construction)	49	20	\$630	N/A	6
Above code wall insulation (new construction)	52	20	\$2,150	N/A	96
Low-flow showerhead - 1.5 gpm (new construction)	26	10	\$10	1.63	42
Low- flow kitchen aerator - 1.5 gpm (new construction)	27	10	\$5	0.45	12
Low-flow bathroom aerator - 1.0 gpm (new construction)	27	10	\$5	0.34	9
ENERGY STAR clothes washer (new construction)	20	14	\$65	0.41	8
ENERGY STAR clothes dryer (new construction)	7	14	\$150	0.44	3
NPAH Bonus Rebate	7	N/A	\$0	-	0
<b>Low-Income Multi-Family Rebate</b>					
Commercial steam boiler	0	20	\$9,133	N/A	0
Turbulators for commercial boiler (hot water or steam)	0	20	\$1,375	N/A	0
Modulating burner replacement for commercial boiler (hot water or steam)	0	15	\$20,974	N/A	0
Stack damper for commercial boiler (hot water or steam)	0	5	\$1,196	N/A	0
Steam traps	0	6	\$161	N/A	0

Commercial water heater non-GAMA rated (88%+ thermal efficiency)	14	11	\$1,350	N/A	1356
C&I high-efficiency hot water boiler (85% - 87.9% efficient); 100,000 - 12.5 million btu	0	20	\$2,253	N/A	0
C&I condensing efficiency hot water boiler (88%+ efficient); 100,000 - 12.5 million btu	12	20	\$8,959	N/A	1205
Boiler tune-up	117	2	\$511	N/A	6226
Boiler reset control	0	5	\$1,021	N/A	0
Boiler cutout control	0	5	\$1,096	N/A	0
Linkageless controls	0	15	\$11,250	N/A	0
CO garage sensors	0	15	\$1,500	N/A	0
Condensing unit heater	0	12	\$676	N/A	0
Energy recovery wheels and plates	0	15	\$10,459	N/A	0
Infrared heaters	0	15	\$1,716	N/A	0
92% AFUE furnace	5	20	\$802	N/A	85
94% AFUE furnace	0	20	\$1,438	N/A	0
96% AFUE furnace	2	20	\$1,438	N/A	32
Commercial DCV - Retrofit	0	15	\$269	N/A	0
Process boiler	0	20	\$136,578	N/A	0
Stack economizer - process, conventional	0	15	\$36,750	N/A	0
Stack economizer - process, condensing	0	15	\$28,460	N/A	0
High-efficiency single package vertical unit	101	20	\$400	5.01	506
.67 EF tank water heater (atmospheric)	0	11	\$209	N/A	0
.67 EF tank water heater (power vent)	0	11	\$544	N/A	0
Industrial boiler/burner tune-up	0	2	\$681	N/A	0
Commercial pipe insulation - hydronic heat	0	15	\$2,241	N/A	0
Commercial pipe insulation - low pressure steam heat	0	15	\$1,000	N/A	0
Commercial pipe insulation - high pressure steam heat	0	15	\$922	N/A	0
Commercial pipe insulation - domestic hot water	0	15	\$1,423	N/A	0
Broilers - infrared, upright	0	12	\$4,413	N/A	0
Charbroilers - infrared	0	12	\$2,173	N/A	0

Combi oven - Tier 1	0	12	\$2,521	256.19	0
Combi oven - Tier 2	0	12	\$6,109	334.58	0
Convection oven	0	12	\$1,177	36.10	0
Conveyor oven	0	12	\$2,230	88.40	0
Demand control ventilation - kitchen hood	0	15	\$19,606	318.20	0
Dishwasher - ENERGY STAR	0	16	\$941	N/A	0
Fryer - Tier 1	0	12	\$1,017	73.20	0
Fryer - Tier 2	0	12	\$1,017	80.90	0
Griddle	0	12	\$857	37.60	0
Pasta cooker	0	12	\$2,413	N/A	0
Pre-rinse spray valve	0	5	\$100	N/A	0
Rotating rack oven	0	12	\$4,128	211.30	0
Rotisserie oven	0	12	\$2,665	N/A	0
Salamander broiler	0	12	\$1,006	N/A	0
Steam equipment	0	12	\$2,901	370.70	0
<b>C&amp;I Market Segment</b>					
<b>Foodservice</b>					
Broilers - infrared, upright	1	12	\$4,413	N/A	87
Charbroilers - infrared	3	12	\$2,173	N/A	142
Combi oven - Tier 1	15	12	\$2,521	256.19	3843
Combi oven - Tier 2	67	12	\$6,109	334.58	22417
Convection oven	173	12	\$1,177	36.10	6245
Conveyor oven	9	12	\$2,230	88.40	796
Demand control ventilation - kitchen hood	28	15	\$19,606	318.20	6139
Dishwasher - ENERGY STAR	33	15.7	\$941	N/A	878
Fryer - Tier 1	8	12	\$1,017	73.20	586
Fryer - Tier 2	101	12	\$1,017	80.90	8171
Griddle	3	12	\$857	37.60	113
Pasta cooker	17	12	\$2,413	N/A	1765
Pre-rinse spray valve	6	5	\$100	N/A	27
Rotating rack oven	18	12	\$4,128	211.30	3803
Rotisserie oven	0	12	\$2,665	N/A	0
Salamander broiler	6	12	\$1,006	N/A	212
Steam equipment	11	12	\$2,901	370.70	4078
<b>C&amp;I Heating and Water Heating</b>					
Commercial steam boiler	5	20	\$9,133	N/A	2613
Turbulators for commercial boiler (hot water or steam)	7	20	\$1,375	N/A	1091
Modulating burner replacement for commercial boiler (hot water or steam)	14	15	\$20,974	N/A	4219

Stack damper for commercial boiler (hot water or steam)	27	5	\$1,196	N/A	783
Steam traps	4045	6	\$161	N/A	425188
Commercial water heater non-GAMA rated (88%+ thermal efficiency)	226	11	\$1,350	N/A	7058
C&I high-efficiency hot water boiler (85% - 87.9% efficient); 100,000 - 12.5 million btu	21	20	\$2,253	N/A	2113
C&I condensing efficiency hot water boiler (88%+ efficient); 100,000 - 12.5 million btu	255	20	\$8,959	N/A	86114
Boiler tune-up	1896	2	\$511	N/A	115254
Boiler reset control	26	5	\$1,021	N/A	827
Boiler cutout control	10	5	\$1,096	N/A	149
Linkageless controls	1	15	\$11,250	N/A	82
CO garage sensors	0	15	\$1,500	N/A	0
Condensing unit heater	0	12	\$676	N/A	0
Energy recovery wheels and plates	53	15	\$10,459	N/A	3570
Infrared heaters	25	15	\$1,716	N/A	635
92% AFUE furnace	91	20	\$802	N/A	1605
94% AFUE furnace	147	20	\$1,438	N/A	2822
96% AFUE furnace	259	20	\$1,438	N/A	5418
Commercial DCV - Retrofit	11	15	\$269	N/A	258
Process boiler	5	20	\$136,578	N/A	16211
Stack economizer - process, conventional	5	15	\$36,750	N/A	7154
Stack economizer - process, condensing	1	15	\$28,460	N/A	1348
High-efficiency single package vertical unit	54	20	\$400	5.01	271
.67 EF tank water heater (atmospheric)	3	11	\$209	N/A	445
.67 EF tank water heater (power vent)	13	11	\$544	N/A	1291
Industrial boiler/burner tune-up	19	2	\$681	N/A	12064
Commercial pipe insulation - hydronic heat	24	15	\$2,241	N/A	334
Commercial pipe insulation - low pressure steam heat	19	15	\$1,000	N/A	932
Commercial pipe insulation - high pressure steam heat	67	15	\$922	N/A	2093

Commercial pipe insulation - domestic hot water	5	15	\$1,423	N/A	79
<b>Natural Gas Energy Analysis</b>					
Commercial Low-Flow Aerator	735	10	N/A	0.26	191
Commercial Low-Flow Showerhead	84	5	N/A	1.76	148
Commercial Pre-Rinse Spray Valve	42	8	N/A	4.42	186
Commercial Programmable Thermostat	14	10	N/A	N/A	140
Commercial Weatherstripping	184	11	N/A	4.87	896
<b>Multifamily</b>					
Low-flow Showerhead	1892	10	N/A	1.88	3557
Low-flow Kitchen Aerator	1227	10	N/A	0.38	466
Low-flow Bathroom Aerator	2607	10	N/A	0.28	730
Water Heater Blanket	0	13	N/A	1.06	0

**Attachment D: Revised Tariff Page**

CenterPoint Energy attaches a revised tariff page reflecting the Conservation Cost Recovery Adjustment (CCRA) it proposed in Section 4 of this filing. The Company notes that the Conservation Cost Recovery Charge (CCRC), also described on this page, may change as a result of the Company's pending rate case before or at the same time as the CCRA proposed in this filing would take effect. If the Company's CCRC or interim CCRC change before the proposed effective date of the proposed CCRA (September 1, 2018), the Company will file a revised tariff page.

**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)
\$0.02421	\$0. <del>01553</del> <u>00441</u>

**Interim Surcharge:**

Effective October 1, 2017, customers’ bills will be increased on an interim basis by 13.2% on the monthly basic charge, the GAP charge, and the delivery charge per therm. Any sales tax and franchise fees will be calculated on the increased bill.

If the total amount of the rate increase approved at the end of the rate case (Docket No. G-008/GR-17-285) is lower than the total amount of the interim rates collected, the Company will refund the difference with interest, and if the total amount of the final rates is higher than the total amount of interim rates, the Company will not charge the customer for the difference.

**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.