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March 31, 2014

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

RE: In the Matter of the Application of CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corp., for Authority to Increase Natural Gas Rates in Minnesota – Annual Compliance Submission in Gas Affordability Service Program; MPUC Docket No. G-008/GR-05-1380; OAH Docket No. 15-2500-17032-2

Dear Dr. Haar:

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

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

Sincerely,

/s/

Joseph Dammel
Regulatory Analyst

Enclosure
cc: Service List

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Joseph Dammel, being first duly sworn on oath, deposes and says he served the attached compliance filing of CenterPoint Energy in Docket No. G-008/GR-05-1380 via e-filing to the Minnesota PUC, as well as those requesting electronic service on the service list and to all others on the service list via U.S. Mail at the city of Minneapolis.

/s/ Joseph Dammel

Subscribed and sworn to before me
this 31st day of March, 2014.

/s/ Mary Jo Schuh, Notary Public
My Commission expires 1/31/15

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_5-1380_1
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Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_5-1380_1
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Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_5-1380_1
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_5-1380_1
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STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Application of
CenterPoint Energy Minnesota Gas,
A Division of CenterPoint Energy Resources
Corp., for Authority to Increase Natural Gas
Rates in Minnesota

Docket No.: G-008/GR-05-1380

COMPLIANCE FILING

1 Introduction

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

The following is the seventh annual submission of information. This information is based on the Company’s June 6, 2007 Reply Comments and on the additional information required by the Commission’s Orders on November 18, 2009, September 22, 2010, November 22, 2010, December 29, 2011, and September 24, 2013. Finally, for the purposes of comparison, some tables in this report contain results from the 2011 and 2012 program years in addition to 2013 results. This report does not include results from 2010 or earlier; program modifications initiated on April 1, 2011 changed the program design such that the ‘new’ GAP is not comparable to the ‘old’ GAP of previous years.

CenterPoint Energy's GAP is available to residential customers who receive LIHEAP assistance during the federal fiscal year, agree to be placed on a levelized payment plan, and qualify for an affordability and/or arrearage forgiveness credit under the terms of the Program.¹ In its September 24, 2013 Order, the Commission approved the Company's proposed modification of the Program's credit process to apply the arrearage forgiveness credit to monthly bills prior to receipt of customer payment. As before, customers will still be removed from the Program if they fail to pay two consecutive monthly payments in full. To help maintain participation levels, after one missed payment, CenterPoint Energy calls GAP participants as a reminder of the payment requirements for the Program.

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

2 Total Affordability Credit

The total of the affordability credits applied to GAP participants during the 2013 year was \$3,390,615.

3 Total Arrearage Forgiveness Credit

The total of the arrearage forgiveness credits applied to GAP participants during the 2013 program year was \$723,884.

4 Total Program Administration Cost

The total administrative expenses incurred in 2013 were \$228,992, which was approximately 5.3% of total program costs. Because the total administrative expenses exceeded the 5% cap (see Section V page 25.a section 4.1 of the GAP tariff), an adjustment was made to the tracker account to reflect only \$217,175 of administrative expenses. The following calculation was made to remove the administrative costs that were in excess of 5% of total program costs from the tracker account.

¹ CenterPoint Energy GAP tariff, Section V, p. 25.

Total Program Costs:

1. Start-up costs:	\$0
2. Affordability component:	\$3,390,615
3. Arrearage Forgiveness component:	\$723,884
4. <u>Incremental admin costs incurred:</u>	<u>\$228,992</u>
5. Subtotal (sum of lines 1-4)	\$4,343,491
6. 5% of subtotal (line 5 multiplied by 5%):	\$217,175
7. Incremental admin costs above 5% (line 4 minus line 6 or \$0):	\$11,817
8. Incremental admin costs in Tracker (line 4 less line 7):	\$217,175

5 Total Start-up Costs

No start-up costs were incurred in 2013.

6 Incremental LIHEAP

As described in the response to PUC IR #21 in Docket No. G008/GR-05-1380, the incremental LIHEAP is calculated both in total and on an average participant basis as shown below. Please note that because the LIHEAP year and the GAP year do not correspond exactly, a customer may have received LIHEAP in one LIHEAP year to qualify for participation in a different GAP year. (i.e., a customer may have received LIHEAP in October 2012 and qualified for both the 2012 and 2013 GAP years).

line	GAP year	2011	2012 ²	2013 ³
1	GAP participants that received LIHEAP (October prior year through September current year)	12,255	10,862	14,737
2	LIHEAP received by GAP participants	\$5,239,580	\$3,486,911	\$4,464,354
3	Average amount (line 2 divided by line 1)	\$428	\$321	\$303
4	GAP participants that received LIHEAP (October current year through September subsequent year)	11,311	9,081	11,812
5	LIHEAP received by GAP participants	\$3,623,891	\$2,988,989	\$2,856,031
6	Average amount (line 5 divided by line 4)	\$320	\$329	\$242
7	Total incremental LIHEAP (line 5 minus line 2)	-\$1,615,689	-\$497,922	-\$1,608,323
8	Average incremental LIHEAP (line 6 minus line 3)	-\$107	-\$8	-\$61

7 Bad Debt Expense and Adjusted Bad Debt Factor

A. Bad Debt Factor

Similar to previous annual compliance reports, information is presented below that considers the effects of the Program on the bad debt factor. As described in the response to PUC IR #24 in Docket No. G008/GR-05-1380, the adjusted bad debt factor (the bad debt factor is determined by dividing bad debt expense by firm revenue) considers the effects of the arrears forgiveness credits from the Program on bad debt by calculating what bad debt expense and the resulting bad debt factor would have been, without the arrears forgiveness credits and arrears payments from participants, everything else being equal. Please keep in mind that the write-off percentage used in line 8 is based on all CenterPoint Energy customers, who may or may not be the same as GAP participants.

² The 2012 GAP year information (for participants receiving 2012-2013 LIHEAP) has been updated from last year's compliance filing since the 2012-13 LIHEAP year was not finished and not all payments were received on behalf of customers receiving LIHEAP grants when last year's compliance filing was made.

³ Because the 2013-14 LIHEAP year is not finished, the information on year 2013 GAP participants is incomplete and will be updated in the next annual report.

Bad Debt Factor

1. Actual 2013 Bad Debt Expense:	\$8,201,040
2. Firm Revenue:	\$833,796,845
3. Bad Debt Factor (line 1 divided by line 2):	1.0%
4. Impact of the Program	
5. Total Payments towards Arrears Rec'd from participants:	\$195,973
6. Total Arrearage Forgiveness Credits Applied:	<u>\$723,884</u>
7. Total payments applied to arrears (line 5 + line 6):	\$919,857
8. Percentage of Pre-Program Arrears that would have been written-off (from Section 8, below):	4.9%
9. Impact of Arrearage Forgiveness Component on write-offs (line 7 multiplied by line 8):	\$45,434
10. Impact of Program on Bad Debts	
11. Bad Debt Expense without Arrearage Forgiveness Component (line 1 plus line 9):	\$8,246,474
12. Adjusted Bad Debt Factor (line 11 divided by line 2):	1.0%

B. Bad Debt Expense

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

Bad Debt Expense

1. Difference in total request amount paid	\$1,182,961
2. Incremental LIHEAP – estimate ⁴	(\$718,716)
3. Total GAP credits	<u>\$4,114,499</u>
4. Change in customer payments, LIHEAP & GAP credits	\$4,578,744
5. Change in A/R balance	(\$4,578,744)
6. Change in Bad Debt Expense ⁵	(\$226,156)

⁴ Average of total incremental LIHEAP 2007-2012 from Section 6. The 2007 pilot program was a half year.

⁵ Calculated using the Write-Off/Arrears percentage from Section 8.

8 Arrearage to Write-Off Study

As described in the June 6, 2007 Reply Comments, a study was conducted to look at the relationship of write-offs to arrears. The information below is based on the 12 months ending December 2013 for *all* CenterPoint Energy customers and not just customers that are eligible or that participate in the GAP program. It is not known how the GAP eligible or GAP participants write-off to arrearage (or final bill) relationship compares to non-GAP eligible or non-GAP participant customers.

A. Write-Off/Arrears Percentage

The following table shows the write-off to arrears percentage by comparing the write-offs to arrears using a three-month lag. For example, the September arrears are compared to the December write-offs to show that the amount that was written off in December 2013 was 6.0% of the amount of September arrears.

2013	Write-Off / Arrears Percentage
January	8.7%
February	29.1%
March	10.6%
April	4.1%
May	3.3%
June	4.2%
July	3.5%
August	4.3%
September	4.7%
October	4.1%
November	6.1%
<u>December</u>	<u>6.0%</u>
12 Month Average	4.9%

B. Write-Off/Final Bill Percentage

The following table shows the write-off to final bills percentage by comparing the write-offs to final bills using a three-month lag. For example, the September final bills are compared to the December write-offs to show that the amount that was written off in December 2013 was 14.7% of the amount of September final bills.

2013	Write-Off / Final Bill Percentage
January	12.8%
February	12.1%
March	18.9%
April	14.1%
May	16.5%
June	23.0%
July	17.4%
August	22.3%
September	18.9%
October	14.8%
November	17.0%
<u>December</u>	<u>14.7%</u>
12 Month Average	16.9%

9 Customer Payment History and Frequency Study

The following table shows the payment frequency and history of GAP participants in 2013, compared to the payment frequency and history of LIHEAP non-GAP customers in 2013 and the payment frequency and history of 2013 GAP participants prior to their enrollment in the Program.

	2013 GAP Participants		2013 LIHEAP non- GAP Participants		2013 GAP Participants: 12 Months Prior	
	<i>Amount</i>	<i>Count</i>	<i>Amount</i>	<i>Count</i>	<i>Amount</i>	<i>Count</i>
Total Requested	\$4,800,245	119,716	\$40,424,167	600,976	\$15,631,908	182,383
Full Pmt Made	\$774,361	56,787 (47%)	\$9,022,012	148,881 (25%)	\$1,707,186	32,282 (18%)
Partial Pmt Made	\$779,495	15,249 (13%)	\$6,423,003	82,143 (14%)	\$1,214,965	18,764 (10%)
On Account	\$138,515	6,676 (6%)	\$116,633	2,653 (0%)	\$29,548	673 (0%)
Total Pmts	\$1,692,370 (35%)	78,712 (66%)	\$15,561,648 (38%)	233,677 (39%)	\$2,951,699 (19%)	51,719 (28%)
No Pmt Made	\$0	41,004 (34%)	\$0	367,299 (61%)	\$0	130,664 (72%)

10 Average Cost to Disconnect and Reconnect

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

- A. For a locked meter, based on historical activity, the average cost to disconnect and reconnect a meter was approximately \$79. Please note that this is an average and does not include the cost of a protective agent that may have been used.
- B. For a meter that is “plugged,” based on historical activity, the average cost was approximately \$86. Please note that this is an average and does not include the cost of a protective agent that may be used.
- C. For a meter that is shut off by using a valve lock at the curb, the average cost was approximately \$306. Please note that this is an average based on historical activity and expected time to reconnect meters.
- D. For a meter that is shut off by ‘hand digging’ in the yard, the average cost was approximately \$861. This is calculated based on cost information from contractors, internal costs and expected time to reconnect meters that have been hand dug in the yard and includes restoration costs based on historical activity.
- E. For a meter that is shut off by digging at a boulevard or curb, the average cost was approximately \$743. This is calculated based on cost information from contractors, internal costs and expected time to reconnect meters that have been dug at a curb and includes restoration costs based on 2013 activity.
- F. For a meter that is shut off by digging in the street, the average cost was approximately \$1,537. This is calculated based on cost information from contractors, internal costs and expected time to reconnect meters that have been dug in the street and includes street repair cost based on 2013 activity.

11 Average Payment Amount

During the 2013 GAP program year, there were 17,176 participants (including the customers that participated during the year, but dropped during the year).

Additionally, not all customers were requested to make an affordability component payment (those that had zero income) and/or an arrearage component payment

(those that did not have pre-program arrears). The table below presents average payment amount information on the groups of customers described above.

line		Customers	Avg Monthly Affordability Pmt	Avg Monthly Arrearage Pmt	Total Pmt
1	All customers on GAP	17,176	\$36	\$5	\$41
2	Customers on GAP asked to make payment	16,211	\$39	\$6	N/A ⁶

The November 18, 2009 Order Accepting Compliance Filings Regarding Gas Affordability Programs and Requiring Further Action required that all gas utilities report (starting with the annual report filed in 2010) the average annual and monthly bill credit amount in the utility's annual GAP reports. In addition, a comparison of these amounts to the average GAP participant's annual and average monthly bill and arrearage amount was also required. That information is shown below for the 17,176 customers that participated in GAP in 2013.

	Monthly	Annual
Average Affordability Credit ⁷	\$56.95	\$683.45
Average Arrearage Credit ⁸	\$20.45	\$245.36
Average Affordability Component bill ⁹	\$36.38	\$436.55
Average Arrearage Component bill ¹⁰	\$5.30	\$63.63
Average Pre-Program Arrears ¹¹	\$547.12	

⁶ A total is not presented for the subset of customers requested to make a payment since not all customers were requested to make both an affordability component payment (those that had zero income) and/or an arrearage component payment (those that did not have pre-program arrears).

⁷ The average monthly affordability credit is calculated by taking the total of the monthly affordability credits for the customers on the program during 2013 and dividing by the total number of GAP participants during the year. This is the same type of average as in line 1, above. The annual average is the monthly number times 12 months.

⁸ The average monthly arrearage credit is calculated by taking the total of the monthly arrearage credits for the customers on the program during 2013 and dividing by the total number of GAP participants during the year. This is the same type of average as in line 1, above. The annual average is the monthly number times 12 months.

⁹ The average monthly affordability component bill amount is from line 1, above. The annual average is the monthly number times 12 months.

¹⁰ The average monthly arrearage component bill amount is from line 2, above. The annual average is the monthly number times 12 months.

¹¹ This is the average pre-program arrears for the 7,787 GAP participants that were on the GAP program during the year and had a pre-program arrearage amount.

12 Arrearage Level

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

Customer Group	Customers	Total Pre-Program Arrears	Average Pre-Program Arrears
All customers on GAP	17,176	\$4,260,394	\$248
All customers on GAP that had Pre-Program Arrears	7,787	\$4,260,394	\$547

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

Customer Group	Jan. 2013	Dec. 2013	\$ Change	% Change
GAP ¹²	\$134	\$194	+\$60	+45%
LIHEAP non-GAP	\$131	\$160	+\$29	+22%
Residential	\$73	\$70	-\$3	-4%

13 Number of Customers in Arrears

As described in the June 6, 2007 Reply Comments, information on the total number of customers in arrears at the start of the Program is provided. As reported in the monthly "Cold Weather Rule" Report, there were 87,868 residential customer accounts past due at the end of December 2012, which is the approximate start of the 2013 Program year. Of the 17,176 customers that

¹² The average arrears amount shown for GAP participants above is for the GAP participants that had arrears during January and those that had arrears during December of 2013. It should be noted that, due to changes in the customers that participate (due to de-activations and new enrollments during the year), not all of the customers enrolled in January are the same customers enrolled in December.

participated in the program during the 2013 program year, 7,787 started their 2013 GAP participation with a pre-program arrears balance.

14 Service Disconnections

As reported in the monthly reports filed pursuant to Minnesota Statutes §216B.091 in Docket No. E,G999/PR-12-02, there were 31,336 residential accounts disconnected for non-payment during 2013.

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

Customer Group	% Disconnected
GAP customers ¹³	7.8%
LIHEAP non-GAP ¹⁴	13.3%
Total firm customers ¹⁵	3.8%

15 Retention Rate – Renewal

As reported in the compliance filing submitted March 29, 2013, there were approximately 11,249 customers that received a GAP credit and enrolled in the GAP program at the end of 2012. The table below shows the 2013 program year

¹³ The percent of GAP customers disconnected is the number of customers that had been on GAP during 2013 before subsequently being removed (or deactivated) from the program and then disconnected, divided by the total number of customers that were enrolled during the year.

¹⁴ The percent of LIHEAP non-GAP customers disconnected is the number of customers that received LIHEAP (and did not participate in GAP) during 2013 and were disconnected after receiving LIHEAP in 2013, divided by the number of customers that received LIHEAP (and did not participate in GAP) in 2013. It should be noted that the LIHEAP year is not a calendar year so that if a customer received LIHEAP in early 2013 as part of the end of the 2012-13 LIHEAP year, they would be included in this group – along with customers receiving LIHEAP in late 2013 as part of the 2013-14 LIHEAP year.

¹⁵ The percent of total firm customers disconnected is the number of involuntary disconnections of residential customers as reported in the 2013 monthly reports submitted pursuant to Minnesota Statutes §216B.091 and §216B.096, subd.11 plus the number of firm commercial/industrial accounts disconnected divided by the average number of firm customers in 2013.

participation information for the customers that were enrolled at the end of the 2012 program year.

Renewed into 2013 GAP year within 30 days	4,577	42%
Enrolled into 2013 GAP year 31-60 days	1,049	10%
Enrolled into 2013 GAP year 61-90 days	281	3%
Enrolled into 2013 GAP year 91-150 days	733	7%
Enrolled into 2013 GAP year over 151 days	1,015	9%
Application Rejected: no LIHEAP, incomplete GAP application, etc.	376	3%
Did not apply, other	2,855	26%
Total	10,886	100%

The retention rate for the 2014 GAP year is not available because some customers enrolled at the end of the 2013 year have not yet renewed. This information will be provided in the next annual compliance report, after the 2014 year is complete.

16 Retention Rate – Attrition

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

GAP year	2011	2012	2013
GAP participants at year-end	13,105	11,249	11,574
Total deactivated and percent of final participation	4,892 37%	6,861 61%	4,481 39%
Deactivated due to delinquency	3,543 27%	4,945 44%	3,281 28%
Deactivated due to customer request	72 1%	59 0.5%	66 0.6%
Deactivated due to customer move	1,277 10%	1,857 17%	1,134 10%
Applied but not accepted due to no benefit ¹⁶	3,376	4,920	4,112

17 Participation/Incremental LIHEAP

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

GAP year	2011	2012	2013
GAP participants at year-end	13,100	11,250	11,575
Approximate % that did not receive LIHEAP in prior year	24%	23%	22%

18 Customer Complaints

There were three GAP customer issues reported to the Commission during the 2013 GAP program year. In June, a customer was referred to the Company after the customer was dropped from the program. The customer claimed to have made a GAP payment, but it had not been applied to the customer's account and the customer could not provide proof of payment. The customer was not reinstated. In August, a GAP customer complained because payment arrangements are not available to GAP customers. In October, a GAP customer was referred to the Company with questions about eligibility for GAP.

¹⁶ Based on their income and usage, there was no affordability or arrearage credit for these customers.

19 Program Cost per customer

As described in the June 6, 2007 Reply Comments, this is a measurement of the total program costs divided by the total number of program participants. Please note that for the purpose of this calculation, the number of participants during 2013 is used, although not all customers participated for the same number of months.

Program Cost

1. Affordability Credits:	\$3,390,615
2. Arrearage Forgiveness Credits:	\$723,884
3. <u>Administrative Cost:</u>	<u>\$217,175</u>
4. Total Program Costs (lines 1-3):	\$4,331,674
5. Program Participants:	17,176
6. Program Cost per participant (line 4 divided by line 5):	\$252

20 Payment Coverage

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

Payment Coverage

1. Total Affordability Customer Payments Rec'd	\$1,688,135
2. <u>Total Arrears Customer Payments Rec'd</u>	<u>\$195,973</u>
3. Total Customer Payments (line 1 + line 2)	\$1,884,108
4. Total Affordability Requested	\$7,521,304
5. <u>Total Arrears Requested</u>	<u>\$432,255</u>
6. Total amount billed (line 4 plus line 5)	\$7,953,559
7. Payment coverage (line 3 divided by line 6)	0.24

21 Arrears Reduction Rate

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

Arrears Reduction Rate

1. Total LIHEAP received (2013 participants 1/13 – 12/13)	\$4,922,464
2. Arrears Forgiveness Customer Payments Rec'd	\$195,973
3. <u>Arrears Forgiveness Credits Applied</u>	<u>\$723,884</u>
4. Total Reduction to Arrears (line 1 plus line 2 plus line 3)	\$5,842,321
5. Total Preprogram Arrears balance at start of program	\$4,260,394
6. Arrears Reduction Rate (line 4 divided by line 5)	1.37

22 Coordination with Other Resources

The November 18, 2009 Order Accepting Compliance Filings Regarding Gas Affordability Programs and Requiring Further Action required that all gas utilities report (starting with the annual report filed in 2010) information relating to how each utility has coordinated its GAP with other available low income and conservation resources, naming the agencies the utility has coordinated with, how often the utility has communicated with those agencies during the year, the content of those communications, and what was accomplished in terms of coordination.

CenterPoint Energy coordinates and cross-promotes its GAP and conservation (CIP) programs. All residential conservation measures and CIP programs are available to GAP customers. Low income participation by CIP program is tracked and reported in the annual CIP status report. The Company coordinated its GAP and CIP programs in the following ways in 2013:

- Between late-November 2012 and September 2013, sent 72,206 direct mail pieces to LIHEAP recipients encouraging customers to enroll in GAP. Each mailer included a GAP application, detailed energy efficiency tips, and information about CenterPoint Energy's rebate and other programs, including the Home Energy Squad, Home Energy Audits, low-flow showerhead, and faucet aerators.
- E-mailed 12,927 GAP solicitations that included links to the GAP application as well as to sign up for bill reminders and receive energy tips.
- Called 592 LIHEAP recipients encouraging them to enroll in GAP.

In addition to the coordination between its GAP and CIP programs, the company also worked with outside organizations to promote GAP and conservation measures available to low income customers. The following is a summary of these outreach initiatives for the program year 2013:

- January: distributed 2013 Homeowners Calendar with energy efficiency tips and *More Comfort, Less Energy* booklet, with energy-saving tips and how-to instructions, distributed to non-profit affordable housing customers via low income agencies.
- February: provided *More Comfort, Less Energy* brochures and GAP flyers at Winter Social at Lutheran Social Service Center for Changing Lives.
- March: provided Energy-Saving brochures and GAP flyers at the Third Annual South Central MN Project Community Connect (Mankato). Distributed packets which included 500 APPLY NOW! flyers along with natural gas safety, conservation and payment assistance information at Project Community Connect. The flyer contained messages urging customers to apply for payment assistance and included GAP information and Energy-Saving ideas. Distributed 300 APPLY NOW! packets to the City of Minneapolis Neighborhood Councils; 113 packets at Minnesota Food Shelves; 500 packets at the Greater Minneapolis Council of Churches; and 82 packets at Neighborhood Associations.
- April: provided *More Comfort, Less Energy* Brochures and GAP flyers at Senior Citizens Energy Assistance Resource Event.
- August: participated in National Night Out, sponsored by the Phillips West Neighborhood Organization. Provided energy-savings tips brochures, GAP flyer and CNP magnets. Attended Senior Citizen Safety Pride day—MADDADS—provided various utility program assistance information and energy-saving tips. Twins Pre-game promotion—Distributed 7,000 GAP flyers, energy saving tips, and safety magnets.
- September: Tri-CAP Energy Outreach Event—CIP co-sponsored first-ever outreach event in the Tri-CAP area to provide information about Low Income Weatherization and other energy efficiency programs, LIHEAP, GAP, natural gas safety, and other payment assistance options for eligible low income customers. Distributed Bill Payment Assistance bill insert to customers, which included GAP information.
- October: participated in the first STAEP meeting hosted by Community Action of Minneapolis to address payment arrangements, Cold Weather Rule, and provide GAP applications to households eligible for the program.
- November: attended PICA Headstart resource fair and community event. Provided CNP cinch bag containing *More Comfort, Less Energy* brochure, GAP flyer, and CNP magnet. Sent Community LINK newsletter to 5,400

community leaders, including a message urging customers to call if they cannot pay their utility bill and an article about GAP and energy-saving ideas. Distributed *More Comfort, Less Energy* booklet with energy-saving tips and how-to instructions distributed to low income households through low income agencies in November. Participated in Veterans Resource fair sponsored by CAM provided cinch bags consisting of *More Comfort, Less Energy* brochures and GAP flyers. Delivered 558 cinch bags to Meals on Wheels, which included GAP information and energy-saving tips. Donated 1,000 cinch bags containing energy assistance and conservation messages to targeted customer group with Salvation Army and MN FoodShare partners. Cinch bags included 5 window weatherization kits, water heater temperature gauge, Energy Assistance income guidelines flyer, GAP flyer, United Way 2-1-1 brochure, Giving YOU more Energy Savings, outlet and switch gaskets, and CenterPoint Energy notepad. Beverley Lambkins and CNP's Energy Assistance/Payment Assistance programs featured in Minnesota Spokesman Recorder (circulation 40,000) article.

- December: participated in 2-day outreach event hosted by Community Action of Minneapolis. Provided GAP information and energy-saving information. Radio promotion of Low Income Weatherization program during December 2013. 500 cinch bags were distributed to 10 Minneapolis MN FoodShare food shelves the week of December 10th and 500 more were distributed on December 19 at Salvation Army Toy Shop in Minneapolis.

In the November 22, 2010 Order Evaluating the Company's GAP, the Commission required that in future reporting, the Company shall "report the potential no-, low-, and mid-cost conservation measures that could be implemented in the households of GAP participants, along with CenterPoint Energy's plans to encourage GAP participants to increase their use of these measures."¹⁷ The following list includes conservation measures and programs offered and promoted by the company:

- Conservation measures
 - Lowering thermostat and/or installing a programmable unit;
 - Lowering water heater setting;
 - Opening and closing drapes according to season and time of day;
 - Installing low-flow showerhead and faucet aerator; and

¹⁷ Ordering paragraph 11.

- Window and door weatherstripping.
- No-cost measures to qualifying low income customers via CenterPoint Energy programs
 - Home Energy Audit;
 - Weatherization;
 - Furnace Repair/Replacement/Tune-up;
 - Boiler Repair/Replacement/Tune-up; and
 - Water Heater Replacement.

In addition to the previously-listed outreach and coordination activities, the company encouraged low income customers to adopt conservation measures in the following ways:

- Conducted a letter campaign to low income customers promoting the Low Income Weatherization program in October and November;
- Sent Free Home Energy Efficiency Kits, with low-flow products and home weatherization materials to all LIHEAP recipients in November and December; and
- Distributed Home Energy Reports to residential customers during the heating season, many of which were low income customers.

23 Other Information

As required by the Commission's December 29, 2011 Order, CenterPoint Energy's application processing goal is to process 95% of all complete GAP applications within 30 days. All 2013 applications were processed within 30 days of receipt. Also as required by the Order, the Company's third-party administrator—Energy CENTS Coalition (ECC)—makes the GAP application available electronically on its website, www.energycents.org.

On May 31, 2013, the Company submitted its second GAP evaluation report that evaluated the program since the implementation of modifications in 2011 and 2012, provided a year-to-date update on 2013, and proposed a modification to the application of the arrearage credit, as described in Section 1 above. In its September 24, 2013 Order, the Commission extended the GAP program through 2016 and approved its proposed modification of the arrearage forgiveness credit.

CenterPoint Energy
GAP Annual Compliance: Summary

Schedule A

Item as listed in in Sept. 24, 2013 Order	2013
1 Average annual affordability benefit received per customer /1/	\$683.45
2 Average annual arrearage forgiveness benefit received per customer	\$245.36
3 Percentage of Low Income Home Energy Assistance Program (LIHEAP) customers that participated in GAP /2/	44.8%
4 Disconnection rates for:	
(a) GAP customers	7.8%
(b) LIHEAP – Non GAP customers	13.3%
(c) non-LIHEAP customers (all firm customers including C&I) /3/	3.8%
5 Number of GAP participants enrolled as of year-end	11,574
6 Number of GAP participants enrolled and receiving benefits at some time during the year	17,176
7 Annual program budget	\$5,000,000
8 Actual program revenue	\$5,411,530
9 Actual program cost /4/	\$217,175
10 GAP tracker balance as of year-end	\$2,372,429
11 GAP rate-affordability surcharge (\$/therm)	0.0049

1/ The average annual affordability benefit was calculated by taking the total of the monthly affordability credits for the customers on the program during 2013, dividing by the total number of GAP participants during the year, and then multiplying by 12 months. This was done to match the methodology for reporting the average monthly affordability payment, thereby ensuring that the credit and payment averages were comparable. Since not all GAP participants were in the program for a full 12 months, the Company did not report a simple average of the total program affordability component cost and dividing by the total number of program participants.

2/ Since the LIHEAP calendar year begins in October – three months before the GAP program year begins – some LIHEAP recipients may have participated during the prior GAP year but not the current. Thus, this percentage was calculated as the number of 2012 GAP participants who received LIHEAP from October prior year through September current year, divided by the number of customers who received LIHEAP during that time period.

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

4/ Calculated by removing the \$11,817 of incremental administrative costs above the 5% cap.

CenterPoint Energy
GAP Annual Compliance: Bad Debt Expense

Schedule B

Line	Description	2013		
1	Difference in % Tot pmt req paid		24.6%	
2	<u>Total Payment requested</u>	\$	4,800,245	
3	Diff in Tot pmt req paid	\$	1,182,961	
4	Incremental LIHEAP - annual report	\$	(718,716)	
5	<u>Total GAP credits</u>	\$	4,114,499	
6	Change in custo payments, LIHEAP, and GAP cr	\$	4,578,744	
7				
8	Change in A/R balance	\$	(4,578,744)	
9	<u>Write-off/Arrears percentage</u>		4.9%	
10	Write-off reduction	\$	(226,156)	
11	Bad Debt Expense reduction, minimum	\$	(226,156)	
12				
13				
14	Total Payment requested, 2013	\$	15,631,908	\$ 4,800,245
15				
16	Total Full payment	\$	1,707,186	\$ 774,361
17	Total Partial payment	\$	1,214,965	\$ 779,495
18	<u>Total on-account payment</u>	\$	29,548	\$ 138,515
19	Total Payments	\$	2,951,698	\$ 1,692,371
20				
21	Tot Pmt/Tot Pmt requested		18.9%	35.3%
22				16.4%
23	Total Payment requested, 2013	\$	15,631,908	
24	<u>Percent change in average bill from 2012 to 2013</u>		35%	
25	<u>Change in tot pmt requested due to 2012 to 2013 chgs</u>	\$	5,471,167.70	-50.5%
26	Tot pmt requested, 2013 pro forma	\$	21,103,075	-8.3%
27	<u>Tot pmt requested, 2013 on GAP actual</u>	\$	4,800,245	
28	Change in tot pmt requested due to GAP	\$	(16,302,830)	150.5%
29	Total change in tot pmt requested	\$	(10,831,663)	100.0%
				16.4%