



505 Nicollet Mall
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April 29, 2016

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

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

RE: CenterPoint Energy's 2015 Conservation Improvement Program Status Report, 2015 Demand-Side Management Financial Incentive, Conservation Improvement Program Tracker Report and 2015 Conservation Cost Recovery Adjustment Aggregated Compliance Filing.
Docket No. E,G999/CI-08-133
Docket No. G-008/CI-10-111
Docket No. G-008/CI-12-564
Docket No. G-008/M-16-___

Dear Mr. Wolf and Deputy Commissioner Grant:

CenterPoint Energy (the Company) respectfully submits to the Minnesota Public Utilities Commission and the Minnesota Department of Commerce, Division of Energy Resources, its aggregated compliance filing for the 2015 Conservation Improvement Program (CIP) Status Report; the 2015 Demand-Side Management (DSM) Financial Incentive; the CIP Tracker Report for the period of January 1, 2015 through December 31, 2015; and its request to update the Conservation Cost Recovery Adjustment (CCRA or CIP Adjustment). This filing complies with the Public Utilities Commission's (PUC or Commission) Orders in the Matter of the Commission Review of Utility Performance Incentives for Energy Conservation (Docket No. E,G-999/CI-08-133), CIP rules and regulations to submit an annual Status Report, and the PUC's requirement that CenterPoint Energy submit its CIP Adjustment annually in conjunction with its CIP Tracker Report and DSM Financial Incentive filing (Docket No. G-008/M-10-634).

CenterPoint Energy's 2015 energy savings achievements surpassed the Company's approved savings goal for the year by 18.4 percent. At 1,851,930 MCF, 2015 energy savings was a record achievement for the Company's CIP program, representing 1.36 percent of the Company's average sales.¹ This is the third consecutive year in which CenterPoint Energy's CIP has surpassed one percent of its average sales.

¹ The three-year average, weather-normalized sales figure of 136,490,212 MCF, is net of exempt customer sales volumes and was filed in the March 29, 2013 CIP Triennial Plan in Docket No. G008/CIP-12-564.

The 2015 CIP program expenditures were \$25,893,618 (\$1,382,794 below the 2015 approved budget), which represents 2.92 percent of 2011 gross operating revenues from non-exempt customers. Under the mechanism approved by the PUC in Docket No. E,G999/CI-08-133, this level of performance qualifies the Company for a financial incentive of \$12,732,019.

In addition, CenterPoint Energy was assessed a total of \$501,182 under Minnesota Statute §216B.241. These assessments are recoverable under the provisions of the Next Generation Act of 2007 (NGEA) and Minnesota Statute §216B.241 through the CIP Tracker mechanism. Total assessments in 2015 combined with the 2015 CIP program expenditures result in total deferred expenses on the CIP Tracker Account of \$26,394,800. The Company also requests approval of its 2015 CIP Carrying Charges. Because the Company's 2015 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 Tracker Account, reducing the total year-end under-recovered balance. A total of \$13,773 in annual carrying charges were credited to the 2015 Tracker Account, resulting in a year-end Tracker balance of \$2,932,026.

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

By copy of this transmittal letter, CenterPoint Energy is notifying persons on the service lists of this filing. A copy of this filing is available for public inspection at CenterPoint Energy's business office at 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 Audrey Partridge at audrey.partridge@centerpointenergy.com.

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

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

Sincerely,

/s/ Audrey C. Partridge

Audrey C. Partridge
Senior Regulatory Analyst, Conservation Improvement Program

CC: Service List

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

Audrey C. Partridge, being first duly sworn on oath, deposes and says that she is an employee in the office of CenterPoint Energy, Minneapolis, Minnesota 55402, and that on the 29th day of April 2016, she 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/ Audrey C. Partridge
Audrey C. Partridge

Subscribed and sworn to before me
this 29th day of April 2016.

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

[illegible]

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

CenterPoint Energy submits its *2015 Conservation Improvement Program Status Report* and associated filings. In addition to the *Status Report*, the associated filings include a request for approval of the Company's December 31, 2015 CIP Tracker balance of \$2,932,026; a request for approval of the 2015 CIP Financial Incentive in the amount of \$12,732,019 (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 \$0.01553 per therm.

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

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

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

Date Filed: April 29, 2016
Effective Dates: January 1, 2017 (CCRA)
Upon receipt of Commission approval (Financial Incentive)

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

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

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

_____/s/_____
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AGGREGATED COMPLIANCE REPORTS OVERVIEW

CenterPoint Energy submits its *2015 Conservation Improvement Program Status Report* and associated compliance reports. The purpose of the filing is to report 2015 CIP project activity; to request approval to allocate the 2015 financial incentive to CenterPoint Energy's CIP Tracker; to update CIP Tracker activity through December 31, 2015 and request approval of the CIP Tracker balance; and to request approval of the Company's CIP Adjustment.

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

- Section 1. 2015 Conservation Improvement Program Status Report;
- Section 2. 2015 Demand-Side Management Financial Incentive;
- Section 3. Conservation Improvement Program Tracker Report, December 31, 2014 through December 31, 2015;
- Section 4. Conservation Cost Recovery Adjustment; and
- Section 5. Attachments.

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SECTION 1: 2015 CONSERVATION IMPROVEMENT PROGRAM STATUS REPORT

CenterPoint Energy submits this *Status Report* on its CIP in compliance with Minnesota Department of Commerce (Department) Rules and the Commissioner's *Decisions*. This report covers the 2015 CIP year, January 1 through December 31. The report is divided into four sections:

- I. Summary of Accomplishments
- II. Update of Program Modifications
- III. Compliance Overview
- IV. 2015 CIP Program Results

Summary of Accomplishments

CenterPoint Energy's CIP programs achieved a new record level of energy savings in 2015, exceeding 1.85 billion cubic feet of natural gas savings for the first time. The total energy savings of 1,851,930 MCF exceeded the approved goal of 1,564,715 MCF by 18.4 percent and represents 1.36 percent of sales.¹

These results were achieved through program spending of \$25,893,618 – more than 1.38 million dollars (5.1 percent) under the approved budget. The combination of high savings achievement and controlled program expenses resulted in highly cost-effective programs; the total portfolio cost of saved energy was \$13.98 per first-year MCF saved, 19.8 percent lower than the approved cost of \$17.43 per first-year MCF. Viewed over the lifetime of the achieved savings, the programs were even more cost-effective with an average of about \$1.44 per lifetime MCF saved. Further demonstrating CenterPoint Energy's ongoing commitment to helping its customers achieve cost-effective energy conservation is the fact that the Company's overall CIP portfolio, as well as the residential and commercial and industrial market sectors, were cost-effective from both the utility and societal perspectives.

In the residential market sector, the Company exceeded its energy savings goal by 11.6 percent (71,025 MCF), while residential expenditures were over budget by 2.8 percent (\$422,391). The success of this sector was due to higher than expected participation and energy savings in a number of projects, including the Low-Flow Showerhead and Faucet Aerator Project, the Residential Weatherization Rebate Project, the Water Heater Rebate Project, the Electronic Ignition Hearth Rebate Project, and Residential Energy Efficiency Kits.

The Company also exceeded its goals in the commercial and industrial (C&I) sector, achieving energy savings of 1,132,452 MCF (224,924 MCF or 25 percent above the goal), while finishing the year under budget by more than \$1.4 million (17.2 percent). As a result, the sector's cost per first-year MCF saved (\$6.03) was 33.6 percent lower than the approved cost of \$9.09 per first-year MCF. The C&I Prescriptive Heating and Water Heating Project was a very strong performer in the C&I sector (relative to goal), surpassing the 2015 program savings goal by 88 percent (373,139 MCF).

Minnesota statutes require gas utilities to spend at least 0.4 percent of gross operating revenue from residential customers on conservation programs that directly serve the needs of low-income customers. The Company spent \$2,665,523 on dedicated low-income CIP programs within the low-income sector and a total of \$3,081,962 on low-income customers in the overall 2015 CIP, which represents 0.54 percent of the Company's gross operating revenue from residential customers. More information about dedicated low-income program results as well as low-income participation within the residential and the commercial and industrial sectors is included in the *CIP Program Results* section herein.

CenterPoint Energy is proud of its CIP accomplishments in 2015. The record-setting, yet highly cost-effective, energy savings achieved in 2015 illustrates the continued excellence of CenterPoint Energy's conservation program design and implementation. Helping its customers achieve cost-effective energy savings is a key part of CenterPoint Energy's business in Minnesota. The Company believes that the success of the Company's 2015 CIP, described in detail in this *Status Report*, along with the Company's CIP results in previous years, shows the Company's sustained commitment to energy conservation. While there remain challenges in meeting Minnesota's aggressive energy efficiency goals, the Company looks forward to continuing to approach those challenges with the same effort and dedication that has made it a recognized national leader in delivering natural gas energy efficiency programs.

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

Update of Program Modifications

The Deputy Commissioner's *Order* approving CenterPoint Energy's 2013-2015 CIP Triennial Plan required that the Company "submit modification updates annually in its Status Report to keep the Department and all other interested parties informed of any modifications to its CIP, including those modifications not requiring formal approval."² Accordingly, the Company provides the following information regarding various formal and informal modifications to the CIP Triennial Plan.

Formal Modifications

Residential Engagement Pilot Project

This project was filed in 2014 as a modification to the Company's 2013-2015 CIP Triennial Plan. The Pilot Project provides supportive services designed to help customers who receive a Home Energy Squad visit to follow through on recommended air sealing and insulation improvements to their homes. The support offered includes assistance prioritizing work, simplifying and streamlining the contractor selection process, and scheduling work. A full project description can be found in the Residential Engagement Pilot Project modification request filed on October 31, 2014, in Docket No. G008/CIP-12-564. The project was approved in the Deputy Commissioner's *Decision* on January 12, 2015 in the same docket.

Whole Home New Construction

A modification request was filed on March 27, 2015 in Docket No. G008/CIP-12-564 to include a performance-based incentive for builders, and to update the project's budget and goals to reflect both the new incentive and anticipated levels of participation and energy savings. By using a performance-based incentive that increases with the level of savings achieved relative to code, the Company hopes to encourage builders to pursue increasingly high-efficiency practices in Minnesota's building stock. In addition, it is the Company's hope that the new incentives will drive sufficient results to minimize the degradation of program savings that would otherwise occur as a result of changes to state energy codes. The modification was approved on May 22, 2015 in the same docket.

Attic Weatherization Rebate and Wall Insulation Rebate Projects

On November 15, 2013 in Docket No. G008/CIP-12-564, the Company filed a request to suspend its Attic Weatherization Rebate Project and Wall Insulation Rebate Project (ASI Projects) in light of an identified need to revise the project delivery model to one that provided more control over the work performed under the project, the quantification of achieved energy savings, and the quality of data collected. In the same docket, on February 28, 2014, the Deputy Commissioner issued a *Decision* that required CenterPoint Energy to file a proposal for one or more projects to promote air sealing and insulation measures within 60 days; the Company filed a proposal for the new Residential Weatherization Rebate Project in compliance with this requirement on March 31, 2014.³

Residential Weatherization Rebate Project

In Compliance with the Deputy Commissioner's *Order* of February 28, 2014 in the current docket (discussed above), the Company filed a new CIP project proposal for the Residential Weatherization Rebate Project on March 31, 2014 to promote air sealing and insulation measures in the residential market. The Residential Weatherization Rebate Project was approved on July 7, 2014 in the current docket and results for the 2015 program year are included herein.

² Deputy Commissioner's *Decision* on October 19, 2012, in Docket No. G-008/CIP-12-564, p. 28, Decision Point 11.

³ Docket No. G008/CIP-12-564

Low-Income Renter Efficiency Project

From 2010 through 2012 the Company conducted a Low-Income Renter Research Pilot Project intended to help identify whether additional energy efficiency benefits could be achieved for low-income renters by targeting landlords directly; the research project was extended through 2013 during the approval process for the *2013-2015 CIP Triennial Plan*. On August 28, 2013 in Docket No. G008/CIP-12-564, the Company filed a modification request proposing a Low-Income Rental Efficiency Project based on the model used in the pilot project. The proposal was approved as filed on December 3, 2013 in the same docket, adding the project to the Company's CIP portfolio for 2014 and 2015.

Multi-Family Building Efficiency Program

The Company proposed the Multi-Family Building Efficiency Program as a modification to the Company's *2013-2015 CIP Triennial Plan* on February 20, 2015, in Docket No. G008/CIP-12-564. This program was developed and filed in partnership with Xcel Energy to help multi-family property owners understand their buildings' energy use, achieve immediate energy savings through low-cost/no-cost improvements, and move beyond initial measures to achieve deep energy savings. It combines a building assessment/direct-install phase to engage building owners and achieve early savings, and a performance-based incentive component to encourage further improvements in the building. This program addresses the entire multi-family building – resident spaces and common areas. The program was approved for the 2015 and 2016 program years in the Deputy Commissioner's *Decision* on May 27, 2015 in the same docket.

Process Steam Trap Audit Project

This project was filed on February 23, 2015, in Docket No. G008/CIP-12-564 as a modification to the Company's *2013-2015 CIP Triennial Plan*. The Process Steam Trap Audit Project will help influence industrial users to identify and replace the failed steam traps in their steam distribution system. The project was approved in the Deputy Commissioner's *Decision* on May 26, 2015 in the same docket.

Modifications Not Requiring Formal Approval

Residential High-Efficiency Heating System Rebate Project and Residential High-Efficiency Water Heater Rebate Project

In addition to listings in the Air-Conditioning, Heating and Refrigeration Institute directory, energy efficiency ratings shown on the ENERGY STAR website will also be accepted as a means to determine whether equipment meets the minimum qualifying efficiency for a rebate. This modification was communicated to the Department via the Courtesy Notification process on April 24, 2015, and became effective in the 2015 program year.

Residential Energy Audit Project

In an effort to increase CIP services to low-income customers, the Company expanded no-fee residential audits for low-income customers to include Standard as well as Basic audits. This change was communicated to Staff in 2013.

Residential Weatherization Rebate Project

In launching the new Residential Weatherization Project, the Company encountered two issues: one regarding rebate eligibility for customers who had previously received rebates for weatherization measures that were later determined to be inadequate or faulty and one regarding whether contractors who perform insulation and air sealing work for Community Action Partnership (CAP) agencies would be eligible for the "waive-in" quality assurance (QA) path in the new project. The Company discussed the issues with Department Staff and provided a courtesy notification in 2014 documenting the Company's adopted policies in dealing with both issues.

In cases in which a customer received a rebate for weatherization through the old ASI Projects and discovered problems with the quality of the air-sealing and insulation work, the Company would pay a second rebate to those customers. However, the Company would not claim energy savings for weatherization work if energy savings had already been claimed for the prior rebate. Note that for 2013 and a portion of 2014, the Company did not claim energy savings for

rebates under the ASI Projects; for these customers, the Company would claim energy savings for weatherization work rebated under the new project.

Concerning whether contractors for CAP agencies would be eligible to “waive-in” to the new project, the Company determined that it did not have enough information about the CAP agency QA process to determine whether it qualified as having a comparable QA requirement. As a result, these contractors are required to go through the standard onboarding process and are not eligible to “waive-in.”

Whole Home New Construction

In the process of reviewing the *2013 CIP Status Report* results, it was brought to the Company’s attention that the REM/Rate software used in the Whole Home New Construction Project used a default baseline furnace efficiency of 78 percent. This baseline was not consistent with the Company’s residential new construction baseline furnace efficiency of 90 percent in the Residential Heating and Water Heating Rebate Project. To align the Whole Home New Construction Project with the rest of the Company’s portfolio, the Company worked with the program vendor to develop a correction factor to adjust program savings to account for a 90 percent efficient baseline furnace. A new residential building code became effective in 2015, making this adjustment unnecessary for participating homes subject to the new residential code because a 90 percent furnace was already included in the baseline model for this new code. However, several homes built in 2015 obtained building permits in the prior year and were therefore subject to the previous residential code. For participating homes in the Whole Home New Construction Project in 2015 that were subject to the old residential code, a correction factor was used to account for a 90 percent efficient baseline furnace. This adjustment resulted in approximately 21 percent lower energy savings in 2015 as compared to a model based upon a 78 percent baseline furnace.

Trade Ally Incentives for C&I Prescriptive Rebates

In the 2014 program year, the Company decided to make changes to its trade ally incentives for C&I prescriptive rebates. All changes were consistent with the provision of Ordering Point 10 of the Deputy Commissioner's *Decision* approving the Company's *CIP Triennial Plan*,⁴ which provides for flexibility in the size of customer and vendor rebates the Company offers so long as the flexibility is used in a non-discriminatory manner. The Company discussed the changes with Department Staff and provided a courtesy notification in 2014 documenting the Company’s adjustments to its trade ally incentives. For the 2014 and 2015 program year, the Company increased trade ally incentives for a specific timeframe in the fourth quarter to motivate contractors to submit rebate paperwork ahead of the Company’s year-end deadline. The Company also increased the trade ally incentive for carbon monoxide sensors to \$10 per sensor, rather than the \$10 per carbon monoxide sensor project as filed in the Company’s *CIP Triennial Plan*.

Low-Income Weatherization

The Company’s *2013-2015 CIP Triennial Plan* established that participating homes in the Low-Income Weatherization Project must exhibit a Savings to Investment Ratio (SIR) of 1.0 or better in order to participate in the project. In 2014, the Company was notified by the program delivery vendor that this policy had become a barrier in delivering services. Therefore, the Company decided to waive that requirement for the remainder of the triennium. The Company discussed the changes with Department Staff and provided a courtesy notification in 2014 documenting the Company’s waiver of the SIR requirement in the Low-Income Weatherization Project.

Low-Income Renter Efficiency Project

As originally filed and approved, the Low-Income Renter Efficiency Project (LIRE) requires landlords to pay 50 percent of the cost of installed improvements. For landlords who can demonstrate financial hardship, this level is reduced to 20 percent. However, many of these properties would be eligible for the Low-Income Weatherization (LIW) program, which would pay for 100 percent of improvements. Therefore, for landlords facing financial hardship, the Company

⁴ Deputy Commissioner’s *Decision* on October 19, 2012 in Docket No. G-008/CIP-12-564

increased the LIRE incentive to 100 percent to match that offered under LIW. Consistent with the original filing, "financial hardship" continues to be defined as 200 percent of poverty. The Company discussed this with Department Staff and provided a courtesy notification in 2015 documenting the Company's adopted policy and change to the rebate structure.

Compliance Overview

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

CenterPoint Energy's approved 2015 energy savings goal represents 1.15 percent of the Company's three-year average gross annual retail energy sales, in compliance with Minn. Statute 216B.241, subd. 1c. (d). The Company surpassed the approved 2015 energy savings goal by 287,214 MCF; achieving energy savings equivalent to 1.36 percent of CenterPoint Energy's approved three-year averaged weather-normalized energy sales, net of energy sales to exempt customers.

Table 1. Compliance with Annual Energy Savings Goal

Average Weather-Normalized Energy Sales (2009-2011)	136,490,212 MCF
2015 Energy Savings Goal	1,564,715 MCF
2015 CIP Energy Savings Goal - Percent of Average Weather-Normalized Energy Sales	1.15%
2015 Actual Energy Savings	1,851,930 MCF
2015 CIP Energy Savings - Percent of Average Weather-Normalized Energy Sales	1.36%

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

Minnesota Statutes §216B.241, subd. 1a, requires gas utilities to spend 0.5 percent of gross operating revenue on CIP; Minnesota Rules 7690.1200 subp. 1A(2) establishes the Gas Jurisdictional Annual Report as the source of data to be used for calculating this amount. In 2015, CenterPoint Energy spent a total of \$25,893,618 on CIP programs, which represents 2.92 percent of the Company's approved gross operating revenue, net of sales to CIP exempt customers.

Table 2. Compliance with Minimum Spending Requirement

2011 Total Gross Operating Revenue (GOR)*	\$918,707,700
Revenue from Exempt Customers**	\$30,723,563
2011 Net GOR***	\$887,984,137
Statutory Spending Factor	0.5%
Statutory Minimum CIP Spending	\$4,439,921
2015 CIP Program Spending	\$25,893,618
2015 CIP Program Spending as a Percent of Net GOR	2.92%

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

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

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

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

Minnesota Statutes §216B.241, subd. 7 requires a gas utility to spend at least 0.4 percent of its most recent three-year average residential gross operating revenue (GOR) annually on conservation programs that directly serve the needs of low-income customers. In 2015, CenterPoint Energy spent a total of \$3,081,962 on low-income customers participating in CIP, representing 0.54 percent of the Company's three-year average GOR from residential customers.⁵ As directed by

⁵ Consistent with how CIP energy savings goals are calculated for CIP Triennial Plan filings, the Company calculated its three-year average GOR from residential customers using the three most recent years prior to filing the 2013-2015 CIP Triennial Plan.

the January 9, 2015 *Decision* in Docket No. G008/CIP-12-564.02, the Company calculated the minimum low-income spending amounts using the methodology proposed by Department Staff in the November 21, 2014 *Proposed Decision* in the same docket.

Table 3. Compliance with Low-Income Spending Requirement

2009 GOR from Residential Customers	\$603,917,000
2010 GOR from Residential Customers	\$551,982,300
2011 GOR from Residential Customers	\$555,038,100
2009-2011 Average GOR from Residential Customers*	\$570,312,467
Statutory Spending Factor	0.40%
Statutory Minimum Low-Income Spending	\$2,281,250
2015 Low-Income Spending	
2015 Spending in the Dedicated Low-Income Segment	\$2,665,523
2015 Low-Income Spending in the Multi-Family Building Efficiency Program	\$31,293
2015 Low-Income Spending in the Residential Market Segment**	\$325,592
2015 Spending on Low-Income Participants in the Commercial and Industrial Market Segment**	\$59,553
2015 Total Actual Low-Income Spending	\$3,081,962
Proposed Low-Income Spending as Percent of Residential GOR (2015)	0.54%

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

**The Company's methodology for determining low-income status in the residential and commercial and industrial sectors is provided in the market segment descriptions.

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.

Table 4. Compliance with Research and Development Spending Cap

Statutory Minimum CIP Spending	\$4,439,921
R&D Spending Cap	\$443,992
2015 R&D Spending in Project Development	\$60,658
2015 Total R&D Spending	\$60,658

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 (DRG) projects. CenterPoint Energy did not expend funds on any DRG projects in 2015.

2015 CIP Program Results⁶

⁶ Tables included in this section may not sum to the exact totals provided due to rounding.

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

Program Summary

Summary	Budget	Participation	Energy Saved (MCF)	Demand Energy Saved (MCF)
Residential Market Segment				
2015 Goal	\$14,975,140	289,655	611,515	6,115
2015 Actual	\$15,397,531	337,470	682,540	6,825
Variance	\$422,391	47,815	71,025	710
Low-Income Market Segment				
2015 Goal	\$2,789,000	2,110	45,672	457
2015 Actual	\$2,665,523	1,799	36,937	369
Variance	(\$123,477)	(311)	(8,735)	(87)
C&I Market Segment				
2015 Goal	\$8,252,272	7,005	907,528	9,075
2015 Actual	\$6,833,760	9,412	1,132,452	11,325
Variance	(\$1,418,512)	2,407	224,924	2,249
Other Projects				
2015 Goal	\$1,260,000	0	0	0
2015 Actual	\$996,804	0	0	0
Variance	(\$263,196)	0	0	0
Total				
2015 Goal	\$27,276,412	298,770	1,564,715	15,647
2015 Actual	\$25,893,618	348,681	1,851,930	18,519
Variance	(\$1,382,794)	49,911	287,214	2,872

2015 Budget Summary

Project	Budget	Actual Spending	Difference	Percent Difference
Residential Market Segment Projects				
Heating System Rebate	\$6,126,050	\$6,471,676	\$345,626	5.6%
Water Heater Rebate	\$940,875	\$1,151,636	\$210,761	22.4%
Low-Flow Showerhead & Aerator	\$574,000	\$648,879	\$74,879	13.0%
Residential Weatherization Rebate	\$799,562	\$790,667	(\$8,895)	-1.1%
Electronic Ignition Hearth Rebate	\$255,000	\$340,402	\$85,402	33.5%
Residential Energy Audit	\$578,700	\$377,230	(\$201,470)	-34.8%
Residential Engagement Pilot	\$159,500	\$214,850	\$55,350	34.7%
Home Energy Reports	\$1,396,453	\$1,493,661	\$97,208	7.0%
Home Energy Squad	\$975,000	\$849,391	(\$125,609)	-12.9%
Whole Home New Construction	\$3,032,500	\$2,939,816	(\$92,684)	-3.1%
Residential Efficiency Kits	\$137,500	\$119,324	(\$18,176)	-13.2%
Subtotal:	\$14,975,140	\$15,397,531	\$422,391	2.8%
Low-Income Market Segment Projects				
Low-Income Weatherization	\$1,806,500	\$1,952,925	\$146,425	8.1%
Non-Profit Affordable Housing	\$215,250	\$215,970	\$720	0.3%
Low-Income Multifamily Buildings	\$287,250	\$148,025	(\$139,225)	-48.5%
Low-Income Heating System Tune-ups	\$200,000	\$103,561	(\$96,439)	-48.2%
Low-Income Rental Efficiency	\$280,000	\$245,043	(\$34,957)	-12.5%
Subtotal:	\$2,789,000	\$2,665,523	(\$123,477)	-4.4%
C&I Market Segment Projects				
Foodservice	\$545,954	\$553,008	\$7,054	1.3%
C&I Heating & Water Heating	\$2,927,337	\$3,468,686	\$541,349	18.5%
Custom	\$2,578,441	\$984,752	(\$1,593,689)	-61.8%
Commercial Energy Analysis	\$273,500	\$165,876	(\$107,624)	-39.4%
Energy Design Assistance	\$940,000	\$905,328	(\$34,672)	-3.7%
Process Efficiency	\$370,000	\$297,406	(\$72,594)	-19.6%
Training & Education	\$107,700	\$97,473	(\$10,227)	-9.5%
Engineering Assistance	\$84,288	\$97,654	\$13,366	15.9%
Recommissioning	\$165,000	\$66,641	(\$98,359)	-59.6%
LEED Assistance	\$14,730	\$254	(\$14,476)	-98.3%
Multi-family Building Efficiency	\$220,822	\$187,758	(\$33,065)	-15.0%
Steam Trap Audit Program	\$24,500	\$8,923	(\$15,577)	-63.6%
Subtotal:	\$8,252,272	\$6,833,760	(\$1,418,512)	-17.2%
Other Projects				
General Energy Efficiency Awareness	\$650,000	\$564,843	(\$85,157)	-13.1%
Project Development	\$175,000	\$60,658	(\$114,342)	-65.3%
Planning & Regulatory	\$150,000	\$98,177	(\$51,823)	-34.5%
EnerChange	\$285,000	\$273,125	(\$11,875)	-4.2%
Subtotal:	\$1,260,000	\$996,804	(\$263,196)	-20.9%
Total	\$27,276,412	\$25,893,618	(\$1,382,794)	-5.1%

2015 Energy Savings Summary

Project	Goal Energy Savings	Actual Energy Savings	Difference	Percent Difference
Residential Market Segment Projects				
Heating System Rebate	227,983	217,751	(10,232)	-4.5%
Water Heater Rebate	13,998	18,344	4,346	31.0%
Low-Flow Showerhead & Aerator	67,930	165,200	97,270	143.2%
Residential Weatherization Rebate	17,978	21,198	3,220	17.9%
Electronic Ignition Hearth Rebate	6,570	11,406	4,836	73.6%
Residential Energy Audit	N/A	N/A	N/A	N/A
Residential Engagement Pilot	N/A	N/A	N/A	N/A
Home Energy Reports	94,333	79,505	(14,828)	-15.7%
Home Energy Squad	22,500	21,852	(648)	-2.9%
Whole Home New Construction	149,148	131,847	(17,301)	-11.6%
Residential Efficiency Kits	11,075	15,439	4,364	39.4%
Subtotal:	611,515	682,540	71,025	11.6%
Low-Income Market Segment Projects				
Low-Income Weatherization	12,028	8,746	(3,283)	-27.3%
Non-Profit Affordable Housing	2,833	2,354	(479)	-16.9%
Low-Income Multifamily Buildings	27,000	22,498	(4,502)	-16.7%
Low-Income Heating System Tune-ups	1,800	1,771	(29)	-1.6%
Low-Income Rental Efficiency	2,011	1,569	(442)	-22.0%
Subtotal:	45,672	36,937	(8,735)	-19.1%
C&I Market Segment Projects				
Foodservice	46,040	54,439	8,399	18.2%
C&I Heating & Water Heating	422,161	795,300	373,139	88.4%
Custom	305,000	135,483	(169,517)	-55.6%
Commercial Energy Analysis	N/A	N/A	N/A	N/A
Energy Design Assistance	84,000	130,054	46,054	54.8%
Process Efficiency	20,000	10,715	(9,285)	-46.4%
Training & Education	N/A	N/A	N/A	N/A
Engineering Assistance	N/A	N/A	N/A	N/A
Recommissioning	10,000	6,260	(3,740)	-37.4%
LEED Assistance	N/A	N/A	N/A	N/A
Multi-family Building Efficiency	3,577	201	(3,376)	-94.4%
Steam Trap Audit Program	16,750	0	(16,750)	-100.0%
Subtotal:	907,528	1,132,452	224,924	24.8%
Other Projects				
General Energy Efficiency Awareness	N/A	N/A	N/A	N/A
Project Development	N/A	N/A	N/A	N/A
Planning & Regulatory	N/A	N/A	N/A	N/A
EnerChange	N/A	N/A	N/A	N/A
Subtotal:	N/A	N/A	N/A	N/A
Total	1,564,715	1,851,930	287,214	18.4%

2015 Demand Energy Savings Summary

Project	Goal Energy Savings	Actual Energy Savings	Difference	Percent Difference
Residential Market Segment Projects				
Heating System Rebate	2,280	2,178	(102)	-4.5%
Water Heater Rebate	140	183	43	31.0%
Low-Flow Showerhead & Aerator	679	1,652	973	143.2%
Residential Weatherization Rebate	180	212	32	17.9%
Electronic Ignition Hearth Rebate	66	114	48	73.6%
Residential Energy Audit	N/A	N/A	N/A	N/A
Residential Engagement Pilot	N/A	N/A	N/A	N/A
Home Energy Reports	943	795	(148)	-15.7%
Home Energy Squad	225	219	(6)	-2.9%
Whole Home New Construction	1,491	1,318	(173)	-11.6%
Residential Efficiency Kits	111	154	44	39.4%
Subtotal:	6,115	6,825	710	11.6%
Low-Income Market Segment Projects				
Low-Income Weatherization	120	87	(33)	-27.3%
Non-Profit Affordable Housing	28	24	(5)	-16.9%
Low-Income Multifamily Buildings	270	225	(45)	-16.7%
Low-Income Heating System Tune-ups	18	18	(0)	-1.6%
Low-Income Rental Efficiency	20	16	(4)	-22.0%
Subtotal:	457	369	(87)	-19.1%
C&I Market Segment Projects				
Foodservice	460	544	84	18.2%
C&I Heating & Water Heating	4,222	7,953	3,731	88.4%
Custom	3,050	1,355	(1,695)	-55.6%
Commercial Energy Analysis	N/A	N/A	N/A	N/A
Energy Design Assistance	840	1,301	461	54.8%
Process Efficiency	200	107	(93)	-46.4%
Training & Education	N/A	N/A	N/A	N/A
Engineering Assistance	N/A	N/A	N/A	N/A
Recommissioning	100	63	(37)	-37.4%
LEED Assistance	N/A	N/A	N/A	N/A
Multi-family Building Efficiency	36	2	(34)	-94.4%
Steam Trap Audit Program	168	0	(168)	-100.0%
Subtotal:	9,075	11,325	2,249	24.8%
Other Projects				
General Energy Efficiency Awareness	N/A	N/A	N/A	N/A
Project Development	N/A	N/A	N/A	N/A
Planning & Regulatory	N/A	N/A	N/A	N/A
EnerChange	N/A	N/A	N/A	N/A
Subtotal:	N/A	N/A	N/A	N/A
Total	15,647	18,519	2,872	18.4%

Low-Income Participation Summary

Project	Participation Goal	Actual Participation	Low-Income Participation Goal	Actual Low-Income Participation
Residential Market Segment Projects				
Heating System Rebate	50,230	38,616	3,617	671
Water Heater Rebate	7,225	9,421	896	128
Low-Flow Showerhead & Aerator	42,000	95,965	3,150	4,352
Residential Weatherization Rebate	1,100	1,298	49	4
Electronic Ignition Hearth Rebate	1,500	2,604	32	10
Residential Energy Audit	2,600	1,589	65	24
Residential Engagement Pilot	500	724	55	42
Home Energy Reports	177,000	178,273	9,204	5,450
Home Energy Squad	2,500	2,647	275	289
Whole Home New Construction	2,500	2,848	0	0
Residential Efficiency Kits	2,500	3,485	188	165
Subtotal:	289,655	337,470	17,531	11,135
Low-Income Market Segment Projects				
Low-Income Weatherization	650	402	650	402
Non-Profit Affordable Housing	100	104	100	104
Low-Income Multifamily Buildings	300	259	300	259
Low-Income Heating System Tune-ups	1,000	984	1,000	984
Low-Income Rental Efficiency	60	50	60	50
Subtotal:	2,110	1,799	2,110	1,799
C&I Market Segment Projects				
Foodservice	539	660	0	0
C&I Heating & Water Heating	4,997	7,201	0	0
Custom	125	42	0	0
Commercial Energy Analysis	225	91	0	0
Energy Design Assistance	48	133	0	3
Process Efficiency	10	6	0	0
Training & Education	1,000	1,208	0	0
Engineering Assistance	7	51	0	0
Recommissioning	10	14	0	0
LEED Assistance	1	0	0	0
Multi-family Building Efficiency	33	6	12	1
Steam Trap Audit Program	10	0	0	0
Subtotal:	7,005	9,412	12	4
Other Projects				
General Energy Efficiency Awareness	0	0	0	0
Project Development	0	0	0	0
Planning & Regulatory	0	0	0	0
EnerChange	0	0	0	0
Subtotal:	0	0	0	0
Total	298,770	348,681	19,653	12,938

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

- Residential customers income-qualified for participation in low-income programs, as documented by third party agencies such as community action agencies and non-profits;
- Low-income multifamily housing customers providing documentation to CenterPoint Energy showing pre-qualification in the Department of Energy Weatherization Assistance Program (WAP), certification for the Minnesota Low-Income Rental Classification (LIRC), and other documentation including (but not limited to) participation in the project-based Section 8 voucher program; and
- A cross-check of 2015 residential CIP participants against Low-Income Home Energy Assistance Program (LIHEAP) recipients.

2015 Low-Income Spending Summary

Project	Total Spending	Low-Income Spending	Percent of Total
Residential Market Segment Projects			
Heating System Rebate	\$6,471,676	\$116,469	1.8%
Water Heater Rebate	\$1,151,636	\$15,516	1.3%
Low-Flow Showerhead & Aerator	\$648,879	\$29,427	4.5%
Residential Weatherization Rebate	\$790,667	\$574	0.1%
Electronic Ignition Hearth Rebate	\$340,402	\$1,307	0.4%
Residential Energy Audit	\$377,230	\$5,823	1.5%
Residential Engagement Pilot	\$214,850	\$12,464	5.8%
Home Energy Reports	\$1,493,661	\$45,663	3.1%
Home Energy Squad	\$849,391	\$92,701	10.9%
Whole Home New Construction	\$2,939,816	\$0	0%
Residential Efficiency Kits	\$119,324	\$5,649	4.7%
Subtotal:	\$15,397,531	\$325,592	2.1%
Low-Income Market Segment Projects			
Low-Income Weatherization	\$1,952,925	\$1,952,925	100.0%
Non-Profit Affordable Housing	\$215,970	\$215,970	100.0%
Low-Income Multifamily Buildings	\$148,025	\$148,025	100.0%
Low-Income Heating System Tune-ups	\$103,561	\$103,561	100.0%
Low-Income Rental Efficiency	\$245,043	\$245,043	100.0%
Subtotal:	\$2,665,523	\$2,665,523	100.0%
C&I Market Segment Projects			
Foodservice	\$553,008	\$0	0%
C&I Heating & Water Heating	\$3,468,686	\$0	0%
Custom	\$984,752	\$0	0%
Commercial Energy Analysis	\$165,876	\$0	0%
Energy Design Assistance	\$905,328	\$59,553	6.6%
Process Efficiency	\$297,406	\$0	0%
Training & Education	\$97,473	\$0	0%
Engineering Assistance	\$97,654	\$0	0%
Recommissioning	\$66,641	\$0	0%
LEED Assistance	\$254	\$0	0%
Multi-family Building Efficiency	\$187,758	\$31,293	16.7%
Steam Trap Audit Program	\$8,923	\$0	0%
Subtotal:	\$6,833,760	\$90,846	1.3%
Other Projects			
General Energy Efficiency Awareness	\$564,843	\$0	0%
Project Development	\$60,658	\$0	0%
Planning & Regulatory	\$98,177	\$0	0%
EnerChange	\$273,125	\$0	0%
Subtotal:	\$996,804	\$0	0%
Total	\$25,893,618	\$3,081,962	11.9%

2015 Renter Participation Summary

Project	Participation Goal	Actual Participation	Renter Participation Goal	Actual Renter Participation
Residential Market Segment Projects				
Heating System Rebate	50,230	38,616	251	2,103
Water Heater Rebate	7,225	9,421	29	545
Low-Flow Showerhead & Aerator	42,000	95,965	672	13,280
Residential Weatherization Rebate	1,100	1,298	0	70
Electronic Ignition Hearth Rebate	1,500	2,604	2	73
Residential Energy Audit	2,600	1,589	96	70
Residential Engagement Pilot	500	724	22	82
Home Energy Reports	177,000	178,273	6,903	5,363
Home Energy Squad	2,500	2,647	110	515
Whole Home New Construction	2,500	2,848	0	0
Residential Efficiency Kits	2,500	3,485	190	510
Subtotal:	289,655	337,470	8,275	22,611
Low-Income Market Segment Projects				
Low-Income Weatherization	650	402	45	20
Non-Profit Affordable Housing	100	104	25	20
Low-Income Multi-Family Building	300	259	300	53
Low-Income Heating System Tune-ups	1,000	984	70	3
Low-Income Renter Research	60	50	60	50
Subtotal:	2,110	1,799	500	146
C&I Market Segment Projects				
Foodservice	539	660	0	7
C&I Heating & Water Heating	4,997	7,201	0	506
Custom	125	42	0	2
Commercial Energy Analysis	225	91	0	36
Energy Design Assistance	48	133	0	13
Process Efficiency	10	6	0	0
Training & Education	1,000	1,208	0	0
Engineering Assistance	7	51	0	0
Recommissioning	10	14	0	0
LEED Assistance	1	0	0	0
Multi-family Building Efficiency	33	6	33	6
Steam Trap Audit Program	10	0	0	0
Subtotal:	7,005	9,412	33	570
Other Projects				
General Energy Efficiency Awareness	0	0	0	0
Project Development	0	0	0	0
Planning & Regulatory	0	0	0	0
EnerChange	0	0	0	0
Subtotal:	0	0	0	0
Total	298,770	348,681	8,808	23,327

The methodologies used to determine renter participation rates for applicable projects are contained in the individual market segment summaries that follow.

2015 Cost-Benefit Analyses

Project	Ratepayer Impact Test	Utility Cost Test	Societal Test	Participant Test
Residential Market Segment Projects				
Heating System Rebate	0.63	2.92	1.61	2.34
Water Heater Rebate	0.48	1.18	0.69	1.26
Low-Flow Showerhead & Aerator	0.75	10.28	12.25	N/A
Residential Weatherization Rebate	0.62	2.64	1.07	1.56
Electronic Ignition Hearth Rebate	0.62	2.63	2.06	3.39
Residential Energy Audit	N/A	N/A	N/A	N/A
Residential Engagement Pilot	N/A	N/A	N/A	N/A
Home Energy Reports	0.45	0.99	1.05	N/A
Home Energy Squad	0.48	1.17	1.14	6.54
Whole Home New Construction	0.68	4.42	1.49	2.23
Residential Efficiency Kits	0.70	5.22	6.23	N/A
Subtotal:	0.65	3.30	1.61	2.56
Low-Income Market Segment Projects				
Low-Income Weatherization	0.25	0.37	0.53	N/A
Non-Profit Affordable Housing	0.44	0.95	5.70	N/A
Low-Income Multi-Family Building	0.77	7.70	3.07	3.28
Low-Income Heating System Tune-ups	0.17	0.21	0.23	N/A
Low-Income Rental Efficiency	0.00	0.63	0.63	2.15
Subtotal:	0.41	0.84	0.98	5.23
C&I Market Segment Projects				
Foodservice	0.76	6.41	2.52	2.63
C&I Heating & Water Heating	0.82	9.25	4.69	5.55
Custom	0.88	9.58	3.40	3.26
Commercial Energy Analysis	N/A	N/A	N/A	N/A
Energy Design Assistance	0.87	14.17	8.13	7.06
Process Efficiency	0.65	1.64	1.74	7.14
Training & Education	N/A	N/A	N/A	N/A
Engineering Assistance	N/A	N/A	N/A	N/A
Recommissioning	0.73	3.79	0.47	0.53
LEED Assistance	N/A	N/A	N/A	N/A
Multifamily Building Efficiency	0.04	0.04	0.05	N/A
Steam Trap Audit	0.00	0.00	0.00	N/A
Subtotal:	0.82	9.21	4.51	5.13
Other Projects				
General Energy Efficiency Awareness	N/A	N/A	N/A	N/A
Project Development	N/A	N/A	N/A	N/A
Planning & Regulatory	N/A	N/A	N/A	N/A
EnerChange	N/A	N/A	N/A	N/A
Subtotal:	N/A	N/A	N/A	N/A
Total	0.68	4.32	2.26	3.10

2015 Cost per MCF Saved Comparison

Project	Approved Cost per MCF Saved	Actual Cost per MCF Saved	Percent Difference
Residential Market Segment Projects			
Heating System Rebate	\$26.87	\$29.72	10.6%
Water Heater Rebate	\$67.21	\$62.78	-6.6%
Low-Flow Showerhead & Aerator	\$8.45	\$3.93	-53.5%
Residential Weatherization Rebate	\$44.47	\$37.30	-16.1%
Electronic Ignition Hearth Rebate	\$38.81	\$29.85	-23.1%
Residential Energy Audit	N/A	N/A	N/A
Residential Engagement Pilot	N/A	N/A	N/A
Home Energy Reports	\$14.80	\$18.79	26.9%
Home Energy Squad	\$43.33	\$38.87	-10.3%
Whole Home New Construction	\$20.33	\$22.30	9.7%
Residential Efficiency Kits	\$12.42	\$7.73	-37.7%
Subtotal:	\$24.49	\$22.56	-7.9%
Low-Income Market Segment Projects			
Low-Income Weatherization	\$150.19	\$223.30	48.7%
Non-Profit Affordable Housing	\$75.98	\$91.75	20.8%
Low-Income Multifamily Buildings	\$10.64	\$6.58	-38.2%
Low-Income Heating System Tune-ups	\$111.11	\$58.47	-47.4%
Low-Income Rental Efficiency	\$139.23	\$156.22	12.2%
Subtotal:	\$61.07	\$72.16	18.2%
C&I Market Segment Projects			
Foodservice	\$11.86	\$10.16	-14.3%
C&I Heating & Water Heating	\$6.93	\$4.36	-37.1%
Custom	\$8.45	\$7.27	-14.0%
Commercial Energy Analysis	N/A	N/A	N/A
Energy Design Assistance	N/A	\$6.96	-37.8%
Process Efficiency	\$18.50	\$27.76	50.0%
Training & Education	N/A	N/A	N/A
Engineering Assistance	N/A	N/A	N/A
Recommissioning	\$16.50	\$10.65	-35.5%
LEED Assistance	N/A	N/A	N/A
Multi-family Building Efficiency	\$61.73	\$934.17	1413.2%
Steam Trap Audit Program	\$1.46	N/A	N/A
Subtotal:	\$9.09	\$6.03	-33.6%
Other Projects			
General Energy Efficiency Awareness	N/A	N/A	N/A
Project Development	N/A	N/A	N/A
Planning & Regulatory	N/A	N/A	N/A
EnerChange	N/A	N/A	N/A
Subtotal:	N/A	N/A	N/A
Total	\$17.43	\$13.98	-19.8%

CenterPoint Energy's 2015 CIP projects in both the residential and commercial market achieved an improvement over the Department-approved cost per MCF targets. The achieved variations from the targets are as follows:

- Residential: 7.9 percent below;
- Commercial and Industrial: 33.6 percent below; and
- Overall: 19.8 percent below.

Residential Market Segment Projects

CenterPoint Energy's Residential Market Segment achieved 117 percent of the sector's participation goal and 112 percent of the energy savings goal, while being over budget by 2.8 percent.

In 2015 the Company started development of an online rebate portal; this effort is ongoing and expected to be operational in 2016. Expenses in 2015 related to this effort are included in the Residential Market Segment, allocated to the Residential High-Efficiency Heating System Rebate Project, the Residential High-Efficiency Water Heater Project, and the Residential Electronic Ignition Heart Project. More information about the total spending in these projects can be found in the Residential Market Segment summary table and the individual project summaries that follow.

CenterPoint Energy submits 2015 year-end information on the following residential projects:

- High-Efficiency Heating System Rebate Project;
- High-Efficiency Residential Water Heater Project;
- Low-Flow Showerhead and Faucet Aerator Project;
- Residential Weatherization Rebate Project;
- Residential Electronic Ignition Hearth Project;
- Residential Energy Audit Project;
- Residential Engagement Pilot;
- Home Energy Report Project;
- Home Energy Squad Project;
- Whole Home New Construction Project; and
- Residential Energy Efficiency Kits.

Residential Market Segment	Project Spending	Project Participation	Energy Savings	\$/MCF	BenCost Results (Societal Test)
Heating System Rebate	\$6,471,676	38,616	217,751	\$29.72	1.61
Water Heater Rebate	\$1,151,636	9,421	18,344	\$62.78	0.69
Low-Flow Showerhead & Aerator	\$648,879	95,965	165,200	\$3.93	12.25
Residential Weatherization Rebate	\$790,667	1,298	21,198	\$37.30	1.07
Electronic Ignition Hearth Rebate	\$340,402	2,604	11,406	\$29.85	2.06
Residential Energy Audit	\$377,230	1,589	N/A	N/A	N/A
Residential Engagement Pilot	\$214,850	724	N/A	N/A	N/A
Home Energy Reports	\$1,493,661	178,273	79,505	\$18.79	1.05
Home Energy Squad	\$849,391	2,647	21,852	\$38.87	1.14
Whole Home New Construction	\$2,939,816	2,848	131,847	\$22.30	1.49
Residential Efficiency Kits	\$119,324	3,485	15,439	\$7.73	6.23
Residential Total	\$15,397,531	337,470	682,540	\$22.56	1.61

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

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

High-Efficiency Heating System Rebate Project

Discussion: The project achieved 77% of its participation and 96% of its energy savings goal, while project spending was over budget by 5.6%. In 2015, project participants installed heating equipment with higher efficiency ratings than expected, and were therefore eligible for higher incentive levels; this was particularly true of replacement furnaces. Thus, the total incentive spending in this project was higher than expected due to higher spending per customer.

The total participation represents 38,616 measures installed by 31,783 customers. Customers who installed programmable thermostats in addition to their high-efficiency heating equipment were eligible for an additional rebate, according to the Company's *CIP Triennial Plan*. 6,833 customers took advantage of this opportunity, in addition to installations of 749 92% efficient furnaces; 2,004 94% efficient furnaces; 418 95% efficient furnaces; 8,625 96% efficient furnaces; 624 83.5% efficient boilers; and 292 91% efficient boilers. 19,071 customers also received rebates for furnace or boiler tune-ups.

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

Equipment Type	Replacements	New Construction	1- and 2-Family	Townhouses
92% Furnace	348	401	699	21
94% Furnace	2,004	-	1,934	26
95% Furnace	-	418	384	34
96% Furnace	8,625	-	8,309	91
83.5 % Boiler	623	1	604	2
91% Boiler	243	49	286	2

High-Efficiency Water Heater Rebate Project

Discussion: The project achieved 130% of its participation and 131% of its energy savings goal, while project spending was 22.4% over budget.

This project saw especially high participation relative to goal at the highest efficiency level; the Company rebated more than double its 2015 goal for .67 ENERGY STAR qualified water heaters. Of the total of 9,421 natural gas storage tank water heaters rebated, 6,177 had an energy factor of 0.62, 118 had an energy factor of 0.64, and 2,858 had an energy factor of 0.67 or greater. An additional 218 tankless water heaters were rebated, 19 of which had an energy factor between .82 and .90 and 199 had an energy factor of .90 or above. Fifty indirect water heaters (installed with 91% AFUE or greater condensing boilers) were rebated through the program.

The Company was requested to report in its Status Report filing any irregular dips in system pressure or other issues identified in the Company's routine system monitoring activities that are determined or believed to be the result of tankless water heaters.⁷ The Company is not aware of any dips in system pressure or other irregularities due to tankless water heaters.

Low-Flow Showerhead Project

Discussion: The project achieved 228% of its participation and 243% of its energy savings goal, while project spending was 13% over budget. The 20,773 participating customers received 43,913 low-flow showerheads and 52,052 low-flow

⁷ From the October 19, 2012 *Decision* in Docket No. G008/CIP-12-564, page 15.

faucet aerators. There were 942 participating low-income customers, who received 1,940 low-flow showerheads and 2,412 low-flow faucet aerators.

Residential Weatherization Rebate Project

Discussion: The project achieved 118% of its 2015 participation goal and 118% of its energy savings goal. The project remained under budget by 1.1%. Of the 1,298 measures rebated, 20 were air sealing; 97 were wall insulation; and 1,181 were for both attic insulation and air sealing.

Electronic Ignition Hearth Project

Discussion: The project achieved 174% of its participation goal and energy savings goal, while project spending was over budget by 33.5%.

Residential Engagement Pilot Project

Discussion: The project achieved 145% of its participation goal, while project spending was over budget by 34.7%.

Residential Energy Audit Project

Discussion: The project achieved 61% of its participation goal and project spending was under budget by 34.8%. A total of 77 Basic and 1,512 Standard energy audits were conducted. Eight no-fee energy audits were conducted for low-income participants.

Home Energy Report Project

Discussion: The project achieved 101% of its participation goal and 84% of its energy savings goal. The project spending was over budget by 7%.

Home Energy Squad Project

Discussion: The project achieved 106% of its participation goal and 97% of its energy savings goal, while project spending was under budget by 12.9%. The 2,647 participating customers installed 10,757 natural gas conservation measures through the program.

Whole Home New Construction Project

Discussion: The project achieved 114% of its participation goal and 88% of its energy savings goal,⁸ while project spending was under budget by 3.1%. 19.4% of total participating homes received incentives for satisfying all incentive

⁸ This energy savings figure reflects a correction factor to adjust program savings to account for a 90 percent efficient baseline furnace for a subset of the program participants. See the *Update of Project Modifications* section for more information. For participating homes in the Whole Home New Construction Project in 2015 that were subject to the old residential code, a correction

requirements including achieving 20% or higher savings relative to baseline. Lower than expected energy savings was due in part to the fact that a higher than projected percentage of rebated homes achieved the lowest tier of savings (between 20-29% relative to baseline); additionally, homes in this category had lower average savings than anticipated.

Residential Energy Efficiency Kits Project

Discussion: The project achieved 139% of its participation and energy savings goal, while project spending was under budget by 13.2%.

factor was used to account for a 90 percent efficient baseline furnace. This adjustment resulted in approximately 21 percent lower energy savings for those homes in 2015 as compared to a model based upon a 78 percent baseline furnace. Participating homes that were subject to the new residential code have no adjustment to energy savings.

Low-Income Market Segment Projects

The Company's Low-Income Market Segment achieved 85 percent of the sector's participation goal, 81 percent of the energy savings goal, and was under budget by 4 percent. Total spending in the Low-Income Market Segment of programs represents 0.47 percent of the Company's three-year average gross operating revenue from residential customers.⁹ The Company also served a number of low-income customers through projects included in the Residential and the Commercial and Industrial Market Segments. Low-income status for participants in the Residential Market Segment was verified through a cross-check of LIHEAP recipient records. Low-income status for participants in the Commercial Market Segment was verified through documentation showing pre-qualification in the Department of Energy WAP, certification for the Minnesota LIRC, and other documentation including (but not limited to) participation in the project-based Section 8 voucher program.¹⁰ As summarized in Table 3 of the *Compliance Overview* section, total CIP spending to directly serve low-income customers in the Company's overall 2015 CIP reached 0.54 percent of the Company's three-year average gross operating revenue from residential customers.

CenterPoint Energy submits 2015 year-end information on the following low-income projects:

- Low-Income Weatherization Project;
- Non-Profit Affordable Housing Project;
- Low-Income Multifamily Building Rebate Project;
- Low-Income Heating System Tune-Ups; and
- Low-Income Rental Efficiency Project.

Low-Income Market Segment	Project Spending	Project Participation	Energy Savings	\$/MCF	BenCost Results (Societal Test)
Low-Income Weatherization	\$1,952,925	402	8,746	\$223.30	0.53
Non-Profit Affordable Housing	\$215,970	104	2,354	\$91.75	5.70
Low-Income Multifamily Buildings	\$148,025	259	22,498	\$6.58	3.07
Low-Income Heating System Tune-ups	\$103,561	984	1,771	\$58.47	0.23
Low-Income Rental Efficiency	\$245,043	50	1,569	\$156.22	0.63
Low-Income Total	\$2,665,523	1,799	36,937	\$72.16	0.98

Methodology 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 and documented by third party agencies such as community action agencies and non-profits. Low-income multifamily housing customers provided documentation to CenterPoint Energy showing pre-qualification in the Department of Energy WAP, certification for the Minnesota LIRC, and other documentation including (but not limited to) participation in the project-based Section 8 voucher program. Renter participation was established either through a cross-check of rental data in CenterPoint Energy's customer information system or, when available, through third party agency verification.

⁹ The three-year average gross operating revenue (GOR) from residential customers figure is an average of 2009, 2010 and 2011. Annual GOR from residential customers comes from the Company's 2009-2011 Gas Jurisdictional Annual Reports.

¹⁰ This methodology is consistent with Department guidance.

Low-Income Weatherization Project

Discussion: The Low-Income Weatherization Project achieved 62% of its participation goal and 73% of its energy savings goal and was over budget by 8.1%. In addition to the 402 weatherization recipients, 128 low-income participants benefited from the project through the replacement of furnaces with high-efficiency furnaces; 13 customers received high-efficiency boiler replacements; 45 customers received programmable thermostats; 80 participants received high-efficiency water heater replacements; and 46 customers received mechanical repairs on their existing heating systems.

The average weatherization cost was \$2,829.40. The average cost for the installation of 128 high-efficiency furnaces was \$3,674.25; the average cost of the 13 high-efficiency boiler replacements was \$7,053.08; the average cost of the 80 high-efficiency water heater replacements was \$2,069.11; and the average cost of the 46 heating system mechanical repairs was \$757.13.

Non-Profit Affordable Housing Project

Discussion: The project achieved 104% of its participation goal and 83% of its energy savings goal and was over budget by 0.3%.

Of the 104 participants, 90 installed a heating system, 59 installed a high-efficiency water heater, 91 installed programmable thermostats, and 23 installed heat recovery ventilation. Seventy-four showerheads and 146 faucet aerators were installed through the program. In addition, 74 participants performed major air sealing, and 74 participants upgraded attic insulation.

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

Equipment Type	Replacements	New Construction	1- and 2-Family	Townhouses	4-plex
92% Furnace	40	38	69	5	4

Low-Income Multi-family Building Rebate Project

Discussion: The project achieved 86% of its participation goal, 83% of its energy savings goal and was under budget by 48.5%.

The 53 participating buildings had a total of 8,165 units, 8,000 of which were low-income occupied units. Of the 259 measures installed in this project, 63 were heating systems, 51 were high-efficiency water heaters, one was an ENERGY STAR dishwasher, four were energy recover wheels, 112 were boiler tune-ups, and 28 were carbon monoxide sensors.

Low-Income Heating System Tune-Up Project

Discussion: The project achieved 98% of its participation and energy savings goals and was under budget by 48.2%.

Low-Income Rental Efficiency Project

Discussion: The project achieved 83% of its participation goal and 78% of its energy savings goal; project spending was 12.5% under budget. This was the second year for the Low-Income Rental Efficiency Project.

The Low-Income Rental Efficiency Project had 50 participating buildings in 2015: 27 single family homes, 22 duplexes, and one 4-unit building. Of the participating buildings 22 received weatherization, 57 updated heating systems were installed, 27 high-efficiency water heaters were installed, 55 programmable thermostats were installed, and seven received a health and safety measure. The participating landlords provided a total of \$130,533 in contributions toward these upgrades.

Commercial and Industrial Market Segment Projects

CenterPoint Energy's Commercial and Industrial (C&I) Market Segment achieved 134 percent of the sector's participation goal and 125 percent of the energy savings goal, while remaining under budget by 17.2 percent.

CenterPoint Energy submits 2015 year-end information on the following commercial and industrial projects:

- Foodservice Rebate Project;
- Commercial and Industrial Heating and Water Heating Project;
- Custom Rebate Project;
- Natural Gas Energy Analysis;
- Energy Design Assistance;
- Process Efficiency Project;
- Commercial and Industrial Education and Training;
- Engineering Assistance Project;
- Recommissioning Project;
- LEED Certification Assistance Project;
- Multi-family Building Efficiency Project; and
- Steam Trap Audit Project.

C&I Market Segment	Project Spending	Project Participation	Energy Savings	\$/MCF	BenCost Results (Societal Test)
Foodservice	\$553,008	660	54,439	\$10.16	2.52
C&I Heating & Water Heating	\$3,468,686	7,201	795,300	\$4.36	4.69
Custom	\$984,752	42	135,483	\$7.27	3.40
Commercial Energy Analysis	\$165,876	91	N/A	N/A	N/A
Energy Design Assistance	\$905,328	133	130,054	\$6.96	8.13
Process Efficiency	\$297,406	6	10,715	\$27.76	1.74
Training & Education	\$97,473	1,208	N/A	N/A	N/A
Engineering Assistance	\$97,654	51	N/A	N/A	N/A
Recommissioning	\$66,641	14	6,260	\$10.65	0.47
LEED Assistance	\$254	0	N/A	N/A	N/A
Multi-family Building Efficiency	\$187,758	6	201	\$934.17	0.05
Steam Trap Audit	\$8,923	0	0	N/A	N/A
C&I Total	\$6,833,760	9,412	1,132,452	\$6.03	4.51

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

Low-Income participation in the Commercial and Industrial Market is defined as verified low-income multifamily housing participants. Low-income multifamily housing customers provided documentation to CenterPoint Energy showing pre-qualification in the Department of Energy Weatherization Assistance Program (WAP), certification for the Minnesota Low-Income Rental Classification LIRC, and other documentation including (but not limited to) participation in the project-based Section 8 voucher program. Renter participation was established through a cross-check of SIC codes in CenterPoint Energy's customer information system. Participants with SIC codes representing multifamily housing are considered "renter participants" in the C&I market.

Foodservice Rebate Project

Discussion: The project achieved 122% of its participation goal and 118% of its energy savings goal, while project spending was over budget by 1.3%. The 349 participating customers installed 660 energy conservation measures through the project.

C&I Heating and Water Heating Rebate Project

Discussion: The project achieved 144% of its participation goal and 188% of its energy savings goal, while project spending was over budget by 18.5%. The 1,801 participating customers installed 7,201 energy conservation measures through the project.

Custom Rebate Project

Discussion: The project achieved 34% of its participation goal and 44% of its energy savings goal, while project spending was under budget by 61.8%. Of the 42 projects rebated, 23 were efficiency projects related to heating and water heating systems and 19 were efficiency projects related to industrial processing.

The Company provides the following information regarding expenses related to large custom project energy savings measurement and verification (M&V) included in the Commercial and Industrial Project spending total:¹¹

2015 M&V Expenses

Labor	\$9,600
Equipment	\$0
Contracting Expenses	\$0
Total	\$9,600

The Company rebated one custom project in 2015 that required a formal M&V plan; in addition, there were expenses incurred in 2015 associated with M&V plans for projects in future years.

Natural Gas Energy Analysis Project

Discussion: The project achieved 40% of its participation goal and project spending was under budget by 39.4%. CenterPoint Energy will continue to work to promote participation in this project in 2016.

Energy Design Assistance Project

Discussion: The project achieved 277% of its participation goal and 155% of its energy savings goal, while project spending was under budget by 3.7%. Though there were 133 enrolled participants in the project, far more than the Company expected, only 37 participants completed energy efficiency projects in 2015. Of the 37 projects completed, three qualified as low-income multifamily housing participants and received the highest approved rebate level.

¹¹ In the Commissioner's Order on August 25, 2008, in Docket No. G008/CIP-06-789, the Company was ordered to "track all labor, equipment, and third-party contracting expenses associated with its Measurement and Verification activities and to report these expenses as separate line items in its annual CIP Status Reports."

Process Efficiency Project

Discussion: The project achieved 60% of its participation goal and 54% of its energy savings goal, while project spending was under budget by 19.6%. This project paid rebates to six different customer accounts for 19 pieces of equipment in 2015, but had a total of 16 customers enrolled in the project.

C&I Education and Training Project

Discussion: The project achieved 121% of its participation goal and project spending was under budget by 9.5%. Of the 1,208 participants, 296 were participants in online webinars, 626 participated in the high-efficiency foodservice equipment training, 92 participated in the Seasonal Energy Management Seminar, 110 in the CIP technology conference, 60 in the CIP trade ally meeting, and 24 in the high-efficiency boiler seminar.

Engineering Assistance Project

Discussion: The project achieved 729% of its participation goal and project spending was over budget by 15.9%. Of the 51 rebates paid through this project, 27 rebates were for engineering study funding and 24 rebates were for customers who implemented energy savings measures that resulted from an engineering study.

Recommissioning Project

Discussion: The project achieved 140% of its participation goal and 63% of its energy savings goal, while project spending was under budget by 59.6%. Though the Recommissioning Project had higher than expected participation in 2015, most participants received study funding only. Three of the 14 participants in 2015 received rebates for completed energy efficiency projects.

LEED Certification Assistance Project

Discussion: This project had no participants in the 2015 program year and was under budget by 98.3%.

Multi-Family Building Efficiency Project

Discussion: The project achieved 18% of its participation goal and 6% of its energy savings goal, while project spending was under budget by 15%. Of the six buildings that participated, one building qualified as low-income. The six participating buildings contained 222 total dwelling units, 30 of which were low-income occupied. The project was launched in October 2015 and was still in its early development stages for the 2015 program year, which led to lower participation than expected.

Steam Trap Audit Project

Discussion: The project had no participants in the 2015 program year and was under budget by 63.6%. This was the first year of the project; participation is expected to increase as awareness of the project grows.

Other Projects

CenterPoint Energy submits 2015 year-end information on the following CIP projects:

- General Energy Efficiency Awareness
- Project Development;
- Planning and Regulatory Affairs; and
- EnerChange.

Other Projects Total	Project Spending	Project Participation	Energy Savings	\$/MCF	BenCost Results (Societal Test)
General Energy Efficiency Awareness	\$ 564,843	N/A	N/A	N/A	N/A
Project Development	\$ 60,658	N/A	N/A	N/A	N/A
Planning & Regulatory	\$ 98,177	N/A	N/A	N/A	N/A
EnerChange	\$ 273,125	N/A	N/A	N/A	N/A
Other Projects Total	\$ 996,804	N/A	N/A	N/A	N/A

Methodology 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 this segment.

General Energy Efficiency Awareness

Discussion: The project expenditures were 13.1% under budget.

Expenditure Allocation and Activities:

Administrative:	\$1,571
Project Delivery:	\$8,893
Advertising and Promotion:	\$554,379
Total:	\$564,843

Marketing and promotional activities included general energy efficiency program awareness advertising on network and cable television; advertising on commercial radio stations to promote energy efficiency and CenterPoint Energy's portfolio of CIP offerings; a Severe Weather sponsorship with WCCO radio and a Golden Baton sponsorship of Minnesota Public Radio with energy efficiency messaging; sports sponsorships with the Minnesota Twins, at the University of Minnesota and at the National Sports Center; as well as paid search, digital display and streaming video. In addition, the General Energy Efficiency Awareness Project budget paid for the printing of energy efficiency brochures, such as an overview of all CenterPoint Energy's residential CIP offerings, an energy efficiency program overview January bill insert, and CenterPoint Energy's participation in various events including the Eco Experience and Blue Flame Lodge at the Minnesota State Fair.

Project Development

Discussion: Project Development expenditures were under budget by 65.3%.

Expenditure Allocation and Activities:

Administrative: \$19,048
Project Delivery: \$41,610
Total: \$60,658

Activities supporting the development of CIP projects included membership in the Gas Technology Institute's Emerging Technology Program; membership in the Midwest Energy Efficiency Alliance; and attendance at various energy efficiency conferences. Project development funds also supported activity related to several pilot projects, research efforts, and program modifications, including the following:

- Multifamily Building Efficiency Project;
- Process Steam Trap Audit Project;
- Whole Home New Construction performance-based incentive; and
- Condensing Rooftop Unit Pilot, conducted by the Gas Technology Institute with support from CenterPoint Energy. This pilot effort analyzed the performance of condensing rooftop HVAC equipment in cold climates. The first phase of this project reached completion in 2015; the second phase is ongoing.

Planning and Regulatory Affairs

Discussion: The project expenditures were 34.5% under budget.

Expenditure Allocation and Activities:

Administrative: \$95,242
Project Delivery: \$2,935
Total: \$98,177

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

EnerChange

Discussion: Project spending was 4.2% under the approved budget for 2015.

Expenditure Allocation and Activities:

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

The EnerChange project was proposed for inclusion in the Company's CIP by the National Initiative by Consumers of Energy (NICE). The Deputy Commissioner's December 29, 2012 *Decision*, in Docket No. G008/CIP-12-564, approved the EnerChange Project with a total budget of \$750,000 for each of the 2013-2015 program years to be split between CenterPoint Energy and Xcel Energy.¹²

¹² In Ordering Point 3 of the above cited *Decision*, the Deputy Commissioner allocated 38 percent of the EnerChange Project's annual budget to CenterPoint Energy, totaling \$285,000 per year.

The project is an indirect-impact conservation project for which no energy savings are claimed. NICE filed its *Annual Program Status Report* for 2015 on March 1, 2016 in Docket No. G008/CIP-12-564. Because EnerChange is an Alternative CIP proposed and managed by NICE, CenterPoint Energy asks that any requests for additional information regarding project activity be directed to NICE.

Total Project Cost-Benefit Analysis

The following BenCosts provided below include the cost-benefit analyses for the Company's total 2015 CIP Program goals and actual results.¹³

Conservation Improvement Program (CIP)

BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**
Project: **Total CenterPoint Energy CIP**
2015 Goal (Full Behavioral Savings)

Input Data			First Year	Second Year	Third	Year
1) Retail Rate (\$/MCF) =	\$6.76	16) Utility Project Costs				
Escalation Rate =	4.28%	16 a) Administrative & Operating Costs =	-	-	15,863,512.000	
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000	16 b) Incentive Costs =	-	-	11,412,901.000	
Escalation Rate =	2.80%	16 c) Total Utility Project Costs =	-	-	\$ 27,276,413	
Non-Gas Fuel Units (ie. k/wh, Gallons, etc) =	k/wh	17) Direct Participant Costs (\$/Part.) =	-	-	184.06	
3) Commodity Cost (\$/MCF) =	\$4.34	18) Participant Non-Energy Costs (Annual \$/Part.) =	-	-	-	
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%	
4) Demand Cost (\$/Unit/Yr) =	\$109.11	19) Participant Non-Energy Savings (Annual \$/Part.) =	-	-	-	
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%	
5) Peak Reduction Factor =	1.00%	20) Project Life (Years) =	-	-	10,850	
6) Variable O&M (\$/MCF) =	\$0.0500	21) Avg. MCF/Part. Saved =	-	-	5.869	
Escalation Rate =	4.28%	22) Avg Non-Gas Fuel Units/Part. Saved =	-	-	-	
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.027	22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	-	-	-	
Escalation Rate =	2.80%	23) Number of Participants =	-	-	298,770	
8) Non-Gas Fuel Loss Factor	5.80%	24) Total Annual MCF Saved =	-	-	1,753,382	
9) Gas Environmental Damage Factor =	\$0.3500	25) Incentive/Participant =	✓ #DIV/0!	✓ #DIV/0!	\$38.20	
Escalation Rate =	1.73%					
10) Non Gas Fuel Enviro. Damage Factor (\$/Unit)	\$0.0123					
Escalation Rate =	1.73%					
11) Participant Discount Rate =	6.97%					
12) Utility Discount Rate =	6.97%					
13) Societal Discount Rate =	2.67%					
14) General Input Data Year =	2012					
15a) Project Analysis Year 1 =	2013					
15b) Project Analysis Year 2 =	2014					
15c) Project Analysis Year 3 =	2015					

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	✓ #DIV/0!			Ratepayer Impact Measure Test	(\$45,391,266)	0.67
Cost per Participant per MCF =	✓ #DIV/0!			Utility Cost Test	\$68,700,051	3.88
Lifetime Energy Reduction (MCF)	19,287,197			Societal Test	\$62,297,860	1.93
Societal Cost per MCF	3.48509802			Participant Test	\$76,006,635	2.58

¹³ Behavioral energy savings are reported consistent with the Deputy Commissioner's *Decision* on April 26, 2012 in Docket No. G008/09-644. 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 2015**
Total Actual (Full Behavioral Savings)

Input Data			First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.76	16 Utility Project Costs			
Escalation Rate =	4.28%	16 a) Administrative & Operating Costs =	-	-	14,296,318
		16 b) Incentive Costs =	-	-	11,597,299
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000	16 c) Total Utility Project Costs =	-	\$0	\$25,893,617
Escalation Rate =	2.80%				
Non-Gas Fuel Units (ie. k/w/h,Gallons, etc) =	k/w/h	17) Direct Participant Costs (\$/Part.) =	-	-	137.99
3) Commodity Cost (\$/MCF) =	\$4.34	18) Participant Non-Energy Costs (Annual \$/Part.)	-	-	-
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
4) Demand Cost (\$/Unit/Yr) =	\$109.11	19) Participant Non-Energy Savings (Annual \$/Part.)	-	-	-
Escalation Rate =	4.28%	Escalation Rate =	1.73%	1.73%	1.73%
5) Peak Reduction Factor =	1.00%	20) Project Life (Years) =	-	-	9,740
6) Variable O&M (\$/MCF) =	\$0.0500	21) Avg. MCF/Part. Saved =	-	-	5,767
Escalation Rate =	4.28%	22) Avg Non-Gas Fuel Units/Part. Saved =	-	-	-
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.027	22a) Avg Additional Non-Gas Fuel Units/ Part. Use	-	-	-
Escalation Rate =	2.80%	23) Number of Participants =	-	-	348,681
8) Non-Gas Fuel Loss Factor	5.80%	24) Total Annual MCF Saved =	-	-	2,010,939
9) Gas Environmental Damage Factor =	\$0.3500	25) Incentive/Participant =	-	-	\$33.26
Escalation Rate =	1.73%				
10) Non Gas Fuel Enviro. Damage Factor (\$/L	\$0.0123				
Escalation Rate =	1.73%				
11) Participant Discount Rate =	6.97%				
12) Utility Discount Rate =	6.97%				
13) Societal Discount Rate =	2.67%				
14) General Input Data Year =	2012				
15a) Project Analysis Year 1 =	2013				
15b) Project Analysis Year 2 =	2014				
15c) Project Analysis Year 3 =	2015				

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	#DIV/0!			Ratepayer Impact Measure Test	(\$45,361,698)	0.68
Cost per Participant per MCF =	#DIV/0!			Utility Cost Test	\$75,034,432	4.32
Lifetime Energy Reduction (MCF	20,109,391			Societal Test	\$74,838,873	2.26
Societal Cost per MCF	2.9442438			Participant Test	\$88,482,707	3.10

SECTION 2: 2015 DEMAND-SIDE MANAGEMENT FINANCIAL INCENTIVE

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

The Company used the financial incentive mechanism as approved in the Commission's December 20, 2012 *Order* in Docket No. E,G-999/CI-08-133 to calculate the requested financial incentive amount. Details of the calculation of the financial incentive are included in Attachment A of this filing. The calculations also rely on the results of the BenCost cost-effectiveness analysis of the Company's 2015 CIP, which is also included in Attachment A.

On January 29, 2015, the Company filed its 2015 CIP DSM Financial Incentive Plan with the Department of Commerce.¹⁴ On March 31, 2015, the Department filed a letter stating that electric and natural gas utilities' 2015 Shared Savings DSM Financial Incentive Compliance Filings were fully compliant with Commission's *Orders*.¹⁵

As the Company indicated in its January 29, 2015 Compliance Filing and as permitted by Commission *Order*, CenterPoint Energy excluded the third-party EnerChange project from its financial incentive calculations; the figures given here and in Attachment A reflect that election.¹⁶ Assessments under Minnesota Statute §216B.241 and the Next Generation Energy Act of 2007 (NGEA) are also excluded from the calculation of the incentive per the Commission's *Order*.¹⁷

The following table summarizes these adjustments to the Company's 2015 CIP spending:

Adjustments to Post-Year Spending:	
Total Spending (from CIP Tracker Report)	\$26,394,800
Exclude NGEA Assessments	(\$501,182)
Exclude EnerChange	(\$273,125)
Total Post-Year Spending	\$25,620,492

As detailed in the *2015 CIP Status Report* section of this filing, the Company's total energy savings in 2015 were 1,851,930 MCF, or 118 percent of goal. As shown in the worksheets in Attachment A, this level of performance would qualify the Company for a financial incentive award of 18 percent of the benefits achieved, which falls below the Commission-approved cap on incentives of 20 percent of net benefits. Eighteen percent times the achieved benefits of \$75,451,306 results in an incentive amount of \$13,532,095. However, the cap on the financial incentive of \$6.875 per MCF limits the 2015 financial incentive to \$12,732,019, representing 16.87 percent of net benefits achieved. The tables below illustrate the application of the caps to the Company's CIP financial incentive.

¹⁴ Docket No. E,G999/CI-08-133; Docket No. G008/M-15-99

¹⁵ *Ibid*

¹⁶ The EnerChange Project was approved as a third-party CIP project in the Company's 2013-2015 CIP in the Director's December 29, 2012 *Decision*, in Docket No. G008/CIP-12-564. The Commission's December 20, 2012 *Order* in Docket No. E,G-999/CI-08-133 allows utilities to exclude the spending and energy savings of third-party CIP projects in their financial incentive mechanisms.

¹⁷ See the Commission's December 20, 2012 *Order* in Docket No. E,G-999/CI-08-133, Ordering Point 2.k.

CenterPoint Energy's 2015 Financial Incentive Cap on Net Benefits		
2015 Total Net Benefits Achieved	\$75,451,306	Net benefits achieved
Commission-approved Incentive Cap	20%	Of net benefits
Percent of Net Benefits Awarded	18%	Of net benefits at level of energy savings achieved
2015 Financial Incentive Eligibility Calculated as a Percent of Net Benefits	\$13,532,095	

CenterPoint Energy's 2015 Financial Incentive Cap on Dollar per MCF Saved		
2015 Dollar per MCF Saved Incentive Cap	\$6.875	Per MCF Saved
Requested 2015 Dollar per MCF Saved Financial Incentive	\$6.875	Per MCF Saved
2015 Financial Incentive Eligibility Calculated as Dollar per MCF Saved	\$12,732,019	

CenterPoint Energy's 2015 CIP efforts will result in approximately \$62,719,287 in net benefits after the requested incentive.

Summary of CenterPoint Energy's 2015 Requested Financial Incentive	
Requested 2015 Financial Incentive	\$12,732,019
Requested Incentive as a Percent of Net Benefits Achieved	16.87%
2015 Total Net Benefits Achieved	\$75,451,306
2015 CIP Net Benefit After Requested Incentive	\$62,719,287

The Company therefore respectfully requests that the Commission approve CenterPoint Energy's 2015 CIP financial incentive in the amount of \$12,732,019, to be entered in the Company's CIP Tracker as of the issue date of the Commission's *Order*.

SECTION 3: CONSERVATION IMPROVEMENT PROGRAM TRACKER REPORT

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

The 2015 CIP Tracker beginning balance was an under-recovery of \$2,285,733.¹⁸ The ending balance on December 31, 2015 is an under-recovery of \$2,932,026. The 2015 Tracker report reflects recovery using the final approved Conservation Cost Recovery Charge (CCRC) rate from the Company's 2013 rate case¹⁹ from January through October 1st and the CCRC rate in interim rates from the Company's 2015 rate case filing²⁰ from October 2nd through December.

On December 19, 2014 the Company filed a Compliance Filing²¹ with the Minnesota Public Utilities Commission ("the Commission") recalculating its CIP adjustment factor (CCRA) to \$0.00883 per therm; this rate went into effect on January 1, 2015. That CCRA amount remained in effect throughout 2015; see Section 4 of this filing for more discussion of the CCRA. The amount recovered via the CCRA (line 13) is reflected in the report separately from the amount recovered through base rates (line 10).

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 (the NGEA). These assessments have not been included in the total CIP program spending reported in Section 1 of this filing, but are included in the CIP Tracker because of the NGEA's provision for utilities to recover the assessment through the CIP Tracker mechanism.²² As described in Section 1, total CIP program spending in 2015 was \$25,893,618; the assessments totaled \$501,182, resulting in total recoverable CIP expenses of \$26,394,800 in 2015. The assessments were also excluded from the calculation of the financial incentive requested in Section 2.²³

Miscellaneous Expenses

Included in the \$25,893,618 of CIP program expenses are various meals, travel, and miscellaneous CIP-related expenses.

CenterPoint Energy believes it is necessary and reasonable to spend a modest amount of ratepayer funds on meals, travel, and miscellaneous expenses to encourage participation in the Company's CIP program. In particular, expenses incurred educating customers and vendors, such as heating dealers, mechanical contractors, and architects and

¹⁸ The Company's 2014 CIP Tracker ending balance of \$2,285,733 was approved in the Commission's *Order* on August 11, 2015 Docket No. G-008/M-15-421.

¹⁹ On August 2, 2013, CenterPoint Energy filed a rate case in Docket No. G-008/GR-13-316. In December of 2014 final rates went into effect as approved in the November 6, 2014 *Order*, Ordering paragraph 2 in the same docket authorizing the implementation of final rates on customer bills, effective December 1, 2014.

²⁰ On August 3, 2015, the Company filed a rate case in Docket No. G-008/GR-15-424; associated interim rates went into effect on October 2, 2015 as approved in the September 22, 2015 *Order Setting Interim Rates*, Ordering paragraph 1.

²¹ In the Commission's December 17, 2014 *Order*, Ordering Point 3 in Docket No. G-008/M-14-368, the Commission approved the "manner in which the Company calculated the CCRA proposed" in its annual filing to update the CIP rider and required that the Company "make a compliance filing proposing a revised CCRA, calculated in the same manner but reflecting the decisions made in this order. In the absence of an objection, the revised CCRA shall take effect in the month following the date of this order."

²² MN Statutes §216B.241, subd. 1d, 1e, & 1f provide for assessments for technical assistance, research and development grants, and facilities energy efficiency; each subdivision states that the assessments "must be deposited in the state treasury and credited to the energy and conservation account;" the total of CenterPoint Energy's assessments under these three subdivisions for 2015 is \$501,182.

²³ The Commission's *Order Establishing Utility Performance Incentives for Energy Conservation* (January 27, 2010 in Docket No. E,G-999/CI-08-133), Ordering Point 10, states: "The costs of mandated, non-third party projects (e.g., Next Generation Energy Act assessment, University of Minnesota Institute for Renewable Energy and the Environment costs) shall be excluded from the calculation of net benefits awarded at specific energy savings levels (calculated before the CIP year begins) and in the post-CIP year calculation of net benefits and energy savings achieved and incentive awarded."

engineers, about available CIP offerings results in higher customer participation in CIP and greater energy savings. Other examples of reasonable and necessary expenses supporting CIP include employee participation in energy efficiency workshops and conferences, employee training, and a variety of miscellaneous expenses such as program related mileage and parking expenses for employees involved in delivering and promoting CIP.

These expenses (\$86,667.34) are 0.34 percent of the total CIP program expenses included for recovery in this docket (\$25,893,618). The total amount in each of category is as follows:

Meals:	\$6,721.86
Entertainment:	\$334.00
Miscellaneous:	\$66,437.41
Travel:	\$13,174.07

The various categories listed above are generally defined as follows:

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

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

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

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

CenterPoint Energy tracks CIP-related spending separately from other utility spending, using FERC account numbers to ensure that conservation-related expenses are not recorded in non-conservation accounts and vice-versa. This in turn ensures that ratepayers are not charged twice for a single expense; conservation expenses are approved through the annual CIP Tracker filings while non-conservation expenses are addressed in other proceedings (e.g., utility rate cases). The CIP-related expenses are incorporated into the Company’s CIP benefit/cost analysis through their inclusion in the Company’s total CIP spending for 2015.

CenterPoint Energy Minnesota Gas
CIP Tracker and Balance
2015 Actuals
Current Approved CCRA of \$0.883/Dth
CCRC (Includes Interim Rates starting in October)

	Jan 15 Actual	Feb 15 Actual	Mar 15 Actual	Apr 15 Actual	May 15 Actual	June 15 Actual	July 15 Actual	Aug 15 Actual	Sept 15 Actual	Oct 15 Actual	Nov 15 Actual	Dec 15 Actual	Annual Summary
Expenses													
1 Beginning Tracker Balance (\$) - Under / (Over) Recovered	2,285,733	(2,474,735)	(7,573,129)	(11,992,449)	(14,651,991)	(14,699,870)	(14,376,141)	(13,312,249)	(1,034,595)	(678,023)	(115,750)	(470,881)	2,285,733
2 CIP Program Expenditures	1,653,440	996,375	2,087,001	999,464	2,058,852	1,836,864	2,228,151	1,670,327	1,501,089	1,917,871	1,886,902	7,558,465	26,394,800
3 Performance Incentive	(90,812)	-	-	-	-	-	-	11,699,298	-	-	-	-	11,608,486
4 Total Expenses & Incentive (Line 1 + Line 2 + Line 3)	3,848,361	(1,478,360)	(5,486,128)	(10,992,985)	(12,593,139)	(12,863,007)	(12,147,990)	57,376	466,493	1,239,848	1,771,152	7,087,584	40,289,019
Recovery													
5 Total Volumes (Dt)	26,917,296	25,278,714	27,476,162	17,111,800	11,607,348	7,953,194	8,175,819	9,087,266	8,592,155	8,758,310	11,444,018	17,640,004	180,042,084
6 Exemptions (Dt)	(3,392,241)	(2,974,766)	(3,668,638)	(3,728,071)	(3,905,483)	(2,423,876)	(3,922,811)	(5,090,966)	(4,403,290)	(3,884,391)	(3,530,322)	(2,969,786)	(43,894,641)
7 Volumes less Exemptions (Dt) (Line 5 + Line 6)	23,525,055	22,303,948	23,807,524	13,383,729	7,701,865	5,529,318	4,253,008	3,996,300	4,188,865	4,873,920	7,913,696	14,670,217	136,147,444
8 Base Rate Recovery (CCRC) (per Dt)	0.1849	0.1849	0.1849	0.1849	0.1849	0.1849	0.1849	0.1849	0.1849	0.195	0.195	0.195	
9 Adjustment for Interim rates implementation	-	-	-	-	-	-	-	-	-	25,204	-	-	
10 Base Rate Cost Recovery (\$) (Line 7 x Line 8 + Line 9)	(4,349,783)	(4,124,000)	(4,402,011)	(2,474,651)	(1,424,075)	(1,022,371)	(786,381)	(738,916)	(774,521)	(925,210)	(1,543,171)	(2,860,692)	(25,425,782)
11 CCRA (per Dt)	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	0.0883	
12 Adjustment for CCRA rate implementation	104,383	-	-	-	-	-	-	-	-	-	-	-	104,383
13 CCRA Recovery (\$) (Line 7 x Line 11 + Line 12)	(1,972,879)	(1,969,439)	(2,102,204)	(1,181,783)	(680,075)	(488,239)	(375,541)	(352,873)	(369,877)	(430,367)	(698,779)	(1,295,380)	(11,917,436)
14 Total Recovery (Line 10 + Line 13)	(6,322,662)	(6,093,439)	(6,504,215)	(3,656,434)	(2,104,150)	(1,510,610)	(1,161,922)	(1,091,789)	(1,144,398)	(1,355,577)	(2,241,950)	(4,156,072)	(37,343,219)
Carrying Charges													
15 Sub-Balance (\$) (Line 4 + Line 14)	(2,474,301)	(7,571,799)	(11,990,343)	(14,649,419)	(14,697,289)	(14,373,617)	(13,309,912)	(1,034,413)	(677,905)	(115,730)	(470,798)	2,931,512	2,945,800
16 Accum. Deferred Tax (Line 15 x 41.37% x -1)	1,023,618	3,132,453	4,960,405	6,060,465	6,080,269	5,946,365	5,506,311	427,937	280,449	47,877	194,769	(1,212,766)	
17 Net Investment (Line 15 + Line 16)	(1,450,683)	(4,439,346)	(7,029,938)	(8,588,955)	(8,617,021)	(8,427,251)	(7,803,601)	(606,477)	(397,455)	(67,852)	(276,029)	1,718,745	
18 Carrying Charge Rate	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	
19 Carrying Charge (Line 17 x Line 18)	(434)	(1,330)	(2,106)	(2,572)	(2,581)	(2,524)	(2,337)	(182)	(119)	(20)	(83)	515	(13,773)
20 Ending Tracker Balance - Under / (Over) Recovered (Line 15 + Line 19)	(2,474,735)	(7,573,129)	(11,992,449)	(14,651,991)	(14,699,870)	(14,376,141)	(13,312,249)	(1,034,595)	(678,023)	(115,750)	(470,881)	2,932,026	2,932,026

Footnotes to Tracker:

1. Line 1: January beginning balance is equal to the December 31, 2014 ending balance of \$2,285,733, approved in the Commission's *Order* on August 11, 2015 Docket No. G-008/M-15-421.
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 Next Generation Energy Act of 2007 (the NGEA).
3. Line 3: The Company's 2014 CIP Financial Incentive included an adjustment that resulted from the 2013 program year. This adjustment is show in January (-\$90,812); the actual 2014 CIP Financial Incentive is shown in August (\$11,699,298); and the net incentive for the 2014 program year, booked in the 2015 CIP Tracker Account, is shown in the Annual Summary column (\$11,608,486).
4. Line 8: Interim rates, for which the CCRC was \$0.195 per MCF, went into effect in October 2015, as filed in the Company's 2015 rate case in Docket No. G008/GR-15-424.
5. Line 9: At the effective date of interim rates (October 2015), the Company's Tracker Account was adjusted to account for the misalignment of the Company's billing cycle with the October 2nd effective date of the interim 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. Therefore, the Company must prorate bills during the first month of a new conservation recovery rate to account for usage that took place in the previous month and should therefore be subject to the previous rate.
6. Line 11: The CCRA in the amount of \$0.0883 was implemented January 1, 2015 as filed in the Company's *Compliance Filing* on December 19, 2014 in Docket. No. G-008/M-14-368.
7. Line 12: Upon implementation of the current CCRA rate, the Company's Tracker Account was adjusted to account for the misalignment of the Company's billing cycle with the January 1st effective date of the new CCRA. See further description of the billing cycle misalignment in footnote 5.
8. Line 18: The interest factor used to calculate carrying charges for 2015 is based on the short-term cost of debt approved in the Company's 2013 rate case in Docket No. G008/GR-13-316.

Carrying Charges

The calculation of carrying charges in the 2015 CIP Tracker is based on the short-term cost of debt rate approved in the Company's 2013 rate case in Docket No. G-008/GR-13-316. The Company used this rate based upon the Commission's December 17, 2014 *Order* in Docket. No. G-008/M-14-368, which states in Ordering Point 5 that "The Commission modifies the carrying charge on the CIP Tracker Account balance to the short-term cost of debt set in the Company's last electric [*sic*] rate case, G-008/GR-13-316. This change shall become effective in the month following the date of this order."

The Company's current short-term cost of debt is the interim rate of 1.62 percent annually, which was filed as a part of the 2015 rate case (Docket No. G008/GR-15-424). However, due to the citation of the Company's 2013 rate case in the December 17, 2014 *Order*, the Company did not update the interest factor in the CIP Tracker at the time that interim rates became effective. The Company requests that the Commission authorize the Company to update the interest factor with the Company's most current short-term cost of debt and allow the Company to make an adjustment to the 2016 CIP Tracker Account that would reflect the difference in carrying charges had the interest factor been updated in the month that interim rates became effective. If the adjustment were made in January 2016, the adjustment would be \$1,430. This adjustment is shown in the 2016 CIP Tracker forecast provided in Attachment B.

The 2015 year-end CIP Tracker balance of \$2,932,026 includes \$13,773 in total carrying charges to be credited to the Tracker Account. Calculation of the monthly carrying charge is shown in the table above; the calculation of the monthly interest factor is shown below.

Approved Interest Factor from 2013 Rate Case:

$$\begin{aligned}\text{Annual Interest Factor} &= \text{Cost of Short Term Debt}^1 \\ &= 0.36\%\end{aligned}$$

$$\begin{aligned}\text{Monthly Interest Factor} &= ((1 + \text{Annual Interest Factor})^{(1/12)}) - 1 \\ &= ((1 + 0.0036)^{(1/12)}) - 1 \\ &= 0.0003 \\ &= 0.03\%\end{aligned}$$

¹ As filed in the September 8, 2014 Compliance Filing (Schedule F) in Docket No. G-008/GR-13-316.

SECTION 4: CONSERVATION COST RECOVERY ADJUSTMENT

Background

On May 1, 2015, in Docket No. G008/M-15-421, the Company filed a request for an updated CCRA for the 2016 program year. The Commission approved the requested CCRA rate of \$0.01021 per therm in the August 11, 2015 *Order* in the same docket, effective January 1, 2016; this CCRA rate is currently in effect.

The Commission has required CenterPoint Energy to file future adjustments with its CIP Tracker and financial incentive filings on May 1 of each year.² Accordingly, the Company includes here its request to update the CCRA for the 2017 program year.

The purpose of the CCRA is to allow the Company to recover approved CIP expenses not recovered through the CCRC, which is included in base rates. In recent years, CenterPoint Energy's spending on CIP has risen significantly as the Company sought to achieve the aggressive energy-savings goals established in the NGEA. Therefore, the total conservation recovery rate (the CCRC and CCRA combined) has increased in order to recover the heightened conservation program spending. The Company has increased the CCRC rate in both of its last two rate cases to reflect the trend in conservation spending. Nonetheless, in order to keep pace with approved CIP expenses, the Company has requested slight increases in the CCRA in its last two annual requests.

In the *2014 Status Report*, filed on May 1, 2015³ the Company requested a CCRA rate that was forecasted to fully recover the Company's CIP Tracker balance by the end of 2016. That rate was approved and became effective on January 1, 2016. However, since filing that CCRA request the Company received approval of a 2016 budget that includes an extraordinarily large custom rebate project. The project has a sizable impact on the Company's 2016 CIP energy savings goals and budget. The Company has informed Department Staff of this project. Due to the resulting increase in the 2016 budget, as well as the higher than forecasted requested financial incentive for the 2015 program year, the Company's 2016 year-end CIP Tracker balance is expected to be higher than forecasted, at approximately \$6.76 million under-recovered.

Also resulting from the extraordinary size of this project in terms of energy savings, the Company will see a one-time spike in the corresponding DSM financial incentive; and thus, in recoverable CIP expenses in the year that the associated financial incentive is booked. This one-time spike in the Company's financial incentive is anticipated to occur in the Company's 2017 CIP Tracker, when the 2016 CIP DSM financial incentive is approved.

Due to the size of the anticipated increase in recoverable CIP expenses and the one-time nature of these increased expenses, the Company does not propose a 2017 CCRA rate that would recover the entire CIP Tracker balance in a single year. Rather the Company proposes a CCRA rate that, if held constant for 2017 and 2018, is projected to fully recover expenses over the course of those two years. This will keep the conservation rate more stable, while recovering the full CIP Tracker balance by the end of 2018.⁴

To fully recover the CIP Tracker balance in 2017, there would be a sharp one-year increase in the 2017 CCRA, followed by a sharp decrease the following year. As illustrated in Attachment B-2, to have a zero year-end Tracker balance for

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

³ Docket No. G008/M-15-421

⁴ This is based on forecasted spending and recovery. The actual recovery will vary depending on recovery and actual CIP expenses. Though the Company has calculated a rate for the 2017 and 2018 program years, the Company is not requesting approval of that rate for two years. The Company will file an updated request for the 2018 CCRA in its May 1 annual filing in 2016. This rate will be updated with actual recovery and expenses through 2016 at that time.

2017, the 2017 CCRA rate would increase sharply to just over \$0.020 per therm, double the current rate. In the following year, 2018, the Company would then lower the CCRA rate by about half to approximately \$0.010 per therm. The Company believes that such a drastic increase in the CCRA for only one year is unnecessary and undesirable, preferring instead to maintain stability of rates over time as much as possible.

Based on the calculations presented in Attachment B-3, the Company respectfully requests Commission approval of a CCRA in the amount of \$0.01553 per therm, which the Company proposes to implement on January 1, 2017. This represents an increase of roughly \$0.005 per therm (52 percent) over the currently approved CCRA. In combination with the CCRC rate currently in place, the proposed CCRA amount would result in a total CIP collection of approximately \$0.03503 per therm.

CCRA Calculations

To determine the requested CCRA amount for 2017, the Company calculated the CCRA amount for 2017 and 2018, assuming the current interim CCRC rate⁵ and projected rate case volumes,⁶ that would result in a 2018 year-end CIP Tracker balance of zero (See Attachment B-3).

Currently, the Company does not have an approved budget for 2017 or 2018; the Company will file its 2017-2019 *CIP Triennial Plan* on June 1, 2016. There is also no approved DSM financial incentive mechanism for the 2017-2019 triennium; discussions are ongoing in Docket No. E,G999/CI-08-133. For calculating the CCRA amount in this filing, the Company used a 2017 and 2018 expected CIP spending amount of \$30,000,000 and an estimated 2017⁷ financial incentive of \$10,000,000.⁸ The estimated budget amount and financial incentive reflect round, inexact estimates. Given the absence of approved budgets and a financial incentive mechanism, the Company believes the figures described above are the best available figures to forecast a CCRA rate.

Based on the forecast described above and illustrated in Attachment B-3, the 2017 CCRA amount required to fully recover the CIP Tracker balance by the end of 2018 is \$0.01553 per therm (a 52 percent increase over the currently approved CCRA amount). The Company requests an increase in the CCRA to \$0.01553 per therm, for a total conservation recovery rate of \$0.03503 per therm to eliminate the CIP Tracker balance by the end of 2018.

CenterPoint Energy proposes an implementation date of January 1, 2017, based on experience with the Commission's procedural schedule. However, an earlier implementation date could allow an earlier recovery of the CIP Tracker balance.

Tracker projections for 2016, using the currently approved CCRA, the interim rate for CCRC, and projections for 2016 sales and spending, are provided in Attachment B-1. A tariff sheet reflecting the proposed CCRA rate is provided in Attachment C. CenterPoint Energy respectfully requests that the Commission approve the revised tariff with the new CCRA amount of \$0.01553 per therm as described above, as well as the following bill message.

⁵ The interim CCRC rate was filed in the Company's 2015 rate case in Docket No. G008/GR-15-424 and became effective on October 2, 2015.

⁶ Projected volumes reflect the sales volumes approved in the Company's 2013 rate case in Docket No. G008/GR-13-316.

⁷ The 2017 financial incentive would be booked in the 2018 CIP Tracker Account.

⁸ The estimated financial incentives for 2017 is based approximately on the latest proposal by Department Staff and a rounded estimate of the Company's expected net benefits.

CenterPoint Energy's Proposed Bill Message:

The MPUC has approved a Conservation Cost Recovery Adjustment (CCRA) factor of \$0.01553 per therm. This charge is used to fund energy conservation activities and has been added to your delivery charge. For more information please call 1-800-245-2377 or visit our website at www.centerpointenergy.com.

SECTION 5: ATTACHMENTS

Attachment A: DSM Financial Incentive Mechanism –2015 Financial Incentive Calculations and Associated BenCosts

Attachment B-1: CIP Tracker and Balance Projections for 2016 with the 2016 Approved CCRA and interim CCRC

Attachment B-2: CIP Tracker and Balance Projections for 2017 and 2018 with CCRA rates that results in a zero balance at year-end in both 2017 and 2018

Attachment B-3: CIP Tracker and Balance Projections for 2017 and 2018 with a CCRA rate that results in a zero balance at year-end in 2018

Attachment C: Revised Tariff

Attachment A: DSM Financial Incentive Mechanism – 2015 Financial Incentive Calculations and Associated BenCosts

The following pages contain the worksheets used to calculate the requested 2015 Financial Incentive, taken from the spreadsheet provided by the Minnesota Division of Energy Resources.

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

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

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

Approved CIP Budget: \$25,004,528 From Commissioner's Order approving Triennial Filing
Approved CIP Energy Goal: 1,445,180 From Commissioner's Order approving Triennial Filing
Estimated Net Benefits at Approved Goal: \$64,534,159 From Utility Triennial Filing.

Inputs:

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

Incentive Calibration:

Average Incentive per unit at 1.5%:	\$9.00	Set by Commission in approval of incentive mechanism & calibration
Incentive Cap:	\$6.875	per MCF
Energy savings at 1.5%:	2,047,353	
Targeted incentive at 1.5%:	\$18,426,179	
Multiplier:	1.55036%	Percent of Net Benefits received for every 0.1% of sales above zero point

Estimated Incentive Levels:

Achievement Level (% of sales)	Energy Saved	Percent of Benefits Awarded	Estimated Net Benefits	Financial Incentive	Average Incentive per unit Saved
0.0%	0	0.00000%	\$0	\$0	\$0.00
0.1%	136,490	0.00000%	\$6,094,936	\$0	\$0.00
0.2%	272,980	0.00000%	\$12,189,873	\$0	\$0.00
0.3%	409,471	0.00000%	\$18,284,809	\$0	\$0.00
0.4%	545,961	3.10071%	\$24,379,746	\$755,946	\$1.38
0.5%	682,451	4.65107%	\$30,474,682	\$1,417,398	\$2.08
0.6%	818,941	6.20143%	\$36,569,619	\$2,267,838	\$2.77
0.7%	955,431	7.75178%	\$42,664,555	\$3,307,263	\$3.46
0.8%	1,091,922	9.30214%	\$48,759,492	\$4,535,675	\$4.15
0.9%	1,228,412	10.85249%	\$54,854,428	\$5,953,074	\$4.85
1.0%	1,364,902	12.40285%	\$60,949,365	\$7,559,459	\$5.54
1.1%	1,501,392	13.95321%	\$67,044,301	\$9,354,830	\$6.23
1.2%	1,637,883	15.50356%	\$73,139,237	\$11,260,442	\$6.88
1.3%	1,774,373	17.05392%	\$79,234,174	\$12,198,813	\$6.88
1.4%	1,910,863	18.60428%	\$85,329,110	\$13,137,183	\$6.88
1.5%	2,047,353	20.00000%	\$91,424,047	\$14,075,553	\$6.88
1.6%	2,183,843	20.00000%	\$97,518,983	\$15,013,923	\$6.88
1.7%	2,320,334	20.00000%	\$103,613,920	\$15,952,294	\$6.88
1.8%	2,456,824	20.00000%	\$109,708,856	\$16,890,664	\$6.88
1.9%	2,593,314	20.00000%	\$115,803,793	\$17,829,034	\$6.88
2.0%	2,729,804	20.00000%	\$121,898,729	\$18,767,404	\$6.88
2.1%	2,866,294	20.00000%	\$127,993,666	\$19,705,774	\$6.88

2015 CIP Results

Spending: \$26,394,800 From Utility Status Report
 Energy Saved: 1,851,930 From Utility Status Report
 Net Benefits Achieved: \$75,451,306 From Utility Status Report

Resulting Incentive:

Steps above Zero Point: 11.56823
 Percent of Net Benefits Awarded: 17.93487%
 Capped Net Benefit Award: 17.93487% (Lower of figure calculated above or 20%)

Financial Incentive Award: \$12,732,019 (including \$/MCF cap)

\$6.875 Requested incentive per MCF Saved
 16.87% Requested incentive as a percent of Net Benefits

Modifications:

	Low-Income Rental Efficiency Project	Termination of Residential Attic Weatherization Project	Termination of Residential Wall Insulation Project	Residential Weatherization Rebate Project	Residential Engagement Pilot Project	Whole Home New Construction	Steam Trap Audit Project	Multifamily Building Efficiency Project	Total Impact
Budget	\$280,000	(\$1,530,962)	(\$19,038)	\$799,562	\$159,500	\$2,052,500	24,500	\$220,822	\$1,986,884
Energy	2,011	(36,784.00)	(1,645.00)	17,978.00	-	117,648	16,750	3,577	119,535
Net Benefits									(\$5,391,569)

2015 Pre-Year BenCost: 2015 CIP program excluding EnerChange project, Goal (used for pre-year inputs for financial incentive)

Conservation Improvement Program (CIP)

BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**
 Project: **2015 CIP Total Portfolio - Goal - Pre-Year**

Input Data		First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.76			
Escalation Rate =	4.28%			
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000			
Escalation Rate =	2.80%			
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh			
3) Commodity Cost (\$/MCF) =	\$4.34			
Escalation Rate =	4.28%			
4) Demand Cost (\$/Unit/Yr) =	\$109.11			
Escalation Rate =	4.28%			
5) Peak Reduction Factor =	1.00%			
6) Variable O&M (\$/MCF) =	\$0.0600			
Escalation Rate =	4.28%			
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.027			
Escalation Rate =	2.80%			
8) Non-Gas Fuel Loss Factor	5.80%			
9) Gas Environmental Damage Factor =	\$0.3500			
Escalation Rate =	1.73%			
10) Non Gas Fuel Enviro. Damage Factor (\$/Unit)	\$0.0213			
Escalation Rate =	1.73%			
11) Participant Discount Rate =	6.97%			
12) Utility Discount Rate =	6.97%			
13) Societal Discount Rate =	2.67%			
14) General Input Data Year =	2012			
15a) Project Analysis Year 1 =	2013			
15b) Project Analysis Year 2 =	2014			
15c) Project Analysis Year 3 =	2015			
16 Utility Project Costs				
16 a) Administrative & Operating Costs =	\$0	\$0	\$12,992,362	
16 b) Incentive Costs =	\$0	\$0	\$12,012,166	
16 c) Total Utility Project Costs =	\$0	\$0	\$25,004,528	
17) Direct Participant Costs (\$/Part.) =	\$0	\$0	\$166	
18) Participant Non-Energy Costs (Annual \$/Part.) =	\$0	\$0	\$0	
Escalation Rate =	1.73%	1.73%	1.73%	
19) Participant Non-Energy Savings (Annual \$/Part.) =	\$0	\$0	\$0	
Escalation Rate =	1.73%	1.73%	1.73%	
20) Project Life (Years) =	-	-	10	
21) Avg. MCF/Part. Saved =	-	-	5.5	
22) Avg Non-Gas Fuel Units/Part. Saved =	0 kWh	0 kWh	0 kWh	
22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	0 kWh	0 kWh	0 kWh	
23) Number of Participants =	-	-	297,917	
24) Total Annual MCF Saved =	0	0	1,633,846	
25) Incentive/Participant =	#DIV/0!	#DIV/0!	\$40.32	

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	#DIV/0!	#DIV/0!	\$83.93	Ratepayer Impact Measure Test	(\$41,814,590)	0.67
Cost per Participant per MCF =	#DIV/0!	#DIV/0!	\$45.65	Utility Cost Test	\$64,534,159	3.95
Lifetime Energy Reduction (MCF)	17,972,308			Societal Test	\$61,541,309	2.04
Societal Cost per MCF	3.30252168			Participant Test	\$73,522,918	2.70

2015 Post-Year BenCost: 2015 CIP program excluding EnerChange project, Actual (used for post-year inputs for financial incentive)

Conservation Improvement Program (CIP)

BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**
 Project: **2015 CIP Total Portfolio - Goal - Post-Year**

Input Data		First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.76			
Escalation Rate =	4.28%			
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000			
Escalation Rate =	2.80%			
Non-Gas Fuel Units (ie. kWh, Gallons, etc) =	kWh			
3) Commodity Cost (\$/MCF) =	\$4.34			
Escalation Rate =	4.28%			
4) Demand Cost (\$/Unit/Yr) =	\$109.11			
Escalation Rate =	4.28%			
5) Peak Reduction Factor =	1.00%			
6) Variable O&M (\$/MCF) =	\$0.0600			
Escalation Rate =	4.28%			
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.027			
Escalation Rate =	2.80%			
8) Non-Gas Fuel Loss Factor	5.80%			
9) Gas Environmental Damage Factor =	\$0.3500			
Escalation Rate =	1.73%			
10) Non Gas Fuel Enviro. Damage Factor (\$/Unit)	\$0.0213			
Escalation Rate =	1.73%			
11) Participant Discount Rate =	6.97%			
12) Utility Discount Rate =	6.97%			
13) Societal Discount Rate =	2.67%			
14) General Input Data Year =	2012			
15a) Project Analysis Year 1 =	2013			
15b) Project Analysis Year 2 =	2014			
15c) Project Analysis Year 3 =	2015			
16 Utility Project Costs				
16 a) Administrative & Operating Costs =	\$0	\$0	\$14,023,193	
16 b) Incentive Costs =	\$0	\$0	\$11,597,299	
16 c) Total Utility Project Costs =	\$0	\$0	\$25,620,492	
17) Direct Participant Costs (\$/Part.) =	\$0	\$0	\$138	
18) Participant Non-Energy Costs (Annual \$/Part.) =	\$0	\$0	\$0	
Escalation Rate =	1.73%	1.73%	1.73%	
19) Participant Non-Energy Savings (Annual \$/Part.) =	\$0	\$0	\$0	
Escalation Rate =	1.73%	1.73%	1.73%	
20) Project Life (Years) =	-	-	10	
21) Avg. MCF/Part. Saved =	-	-	5.77	
22) Avg Non-Gas Fuel Units/Part. Saved =	0 kWh	0 kWh	0 kWh	
22a) Avg Additional Non-Gas Fuel Units/ Part. Used =	0 kWh	0 kWh	0 kWh	
23) Number of Participants =	-	-	348,709	
24) Total Annual MCF Saved =	0	0	2,010,939	
25) Incentive/Participant =	#DIV/0!	#DIV/0!	\$33.26	

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =	#DIV/0!	#DIV/0!	\$73.47	Ratepayer Impact Measure Test	(\$44,946,606)	0.69
Cost per Participant per MCF =	#DIV/0!	#DIV/0!	\$36.67	Utility Cost Test	\$75,451,306	4.37
Lifetime Energy Reduction (MCF)	20,109,391			Societal Test	\$75,329,871	2.28
Societal Cost per MCF	2.93137687			Participant Test	\$88,484,160	3.10

**Attachment B-1: CIP Tracker and Balance Projections for 2016 with the 2016
Approved CCRA and interim CCRC**

CenterPoint Energy Minnesota Gas
 CIP Tracker and Balance
 2016 Forecast - Revised using 2016 Actual Volumes and CIP Expenditures through March
 Current Approved CCRA of \$0.1021/Dth
 CCRC Rate included in interim rates in the 2015 rate case (Docket No. G008/GR-15-424)

	Jan 16 Actual	Feb 16 Actual	Mar 16 Actual	Apr 16 Forecast	May 16 Forecast	June 16 Forecast	July 16 Forecast	Aug 16 Forecast	Sept 16 Forecast	Oct 16 Forecast	Nov 16 Forecast	Dec 16 Forecast	Annual Summary
Expenses													
1 Beginning Tracker Balance (\$) - Under / (Over) Recovered	2,932,026	(1,426,670)	(6,915,680)	(9,440,289)	(11,385,171)	(11,617,500)	(11,224,837)	(10,259,359)	(9,529,266)	(9,308,554)	(8,924,193)	(9,361,888)	2,932,026
2 CIP Program Expenditures	1,909,406	1,243,481	2,929,186	1,488,958	1,952,213	1,844,923	2,141,713	1,865,117	1,378,302	2,153,842	2,561,329	8,438,428	29,906,898
3 Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$12,732,019	12,732,019
4 Total Expenses & Incentive (Line 1 + Line 2 + Line 3)	4,841,433	(183,189)	(3,986,494)	(7,951,331)	(9,432,958)	(9,772,577)	(9,083,124)	(8,394,242)	(8,150,965)	(7,154,712)	(6,362,864)	11,808,559	45,570,943
Recovery													
5 Total Volumes (Dt)	26,334,629	27,164,786	22,799,079	13,363,176	9,250,737	6,886,559	6,823,345	6,484,562	5,784,696	7,858,141	12,079,398	19,327,973	164,157,082
6 Exemptions (Dt)	(4,969,399)	(4,522,369)	(4,467,261)	(1,835,400)	(1,928,554)	(2,028,100)	(2,891,400)	(2,689,400)	(1,913,000)	(1,925,878)	(2,009,811)	(2,324,577)	(33,505,149)
7 Volumes less Exemptions (Dt) (Line 5 + Line 6)	21,365,230	22,642,417	18,331,818	11,527,776	7,322,183	4,858,459	3,931,945	3,795,162	3,871,696	5,932,263	10,069,587	17,003,396	130,651,933
8 Base Rate Recovery (CCRC) (per Dt)	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	
9 Base Rate Cost Recovery (\$) (Line 7 x Line 8)	(4,166,220)	(4,415,271)	(3,574,705)	(2,247,916)	(1,427,826)	(947,399)	(766,729)	(740,057)	(754,981)	(1,156,791)	(1,963,569)	(3,315,662)	(25,477,126)
10 CCRA (per Dt)	0.1021	0.1021	0.1021	0.1021	0.1021	0.1021	0.1021	0.1021	0.1021	0.1021	0.1021	0.1021	
11 CCRA Recovery (\$) (Line 7 x Line 10)	(2,181,390)	(2,311,791)	(1,871,679)	(1,176,986)	(747,595)	(496,049)	(401,452)	(387,486)	(395,300)	(605,684)	(1,028,105)	(1,736,047)	(13,339,564)
12 Adjustment for CCRA rate implementation	79,198												
13 Total Recovery (Line 9 + Line11 + Line 12)	(6,268,412)	(6,727,062)	(5,446,384)	(3,424,902)	(2,175,421)	(1,443,448)	(1,168,181)	(1,127,543)	(1,150,281)	(1,762,475)	(2,991,674)	(5,051,709)	(38,737,492)
Carrying Charges													
14 Sub-Balance (\$) (Line 4 + Line 13)	(1,426,979)	(6,910,251)	(9,432,878)	(11,376,233)	(11,608,379)	(11,216,025)	(10,251,305)	(9,521,785)	(9,301,246)	(8,917,187)	(9,354,538)	6,756,850	6,833,451
15 Accum. Deferred Tax (Line 14 x 41.37% x -1)	590,341	2,858,771	3,902,382	4,706,348	4,802,386	4,640,070	4,240,965	3,939,163	3,847,925	3,689,040	3,869,972	(2,795,309)	
16 Net Investment (Line 14 + Line 15)	(836,638)	(4,051,480)	(5,530,496)	(6,669,885)	(6,805,993)	(6,575,956)	(6,010,340)	(5,582,623)	(5,453,320)	(5,228,147)	(5,484,565)	3,961,541	
17 Carrying Charge Rate	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	
18 Adjustment for Interim Rate*	1,430	-	-	-	-	-	-	-	-	-	-	-	
19 Carrying Charge (Line 16 x Line 17 + Line 18)	309	(5,429)	(7,411)	(8,938)	(9,121)	(8,812)	(8,054)	(7,481)	(7,308)	(7,006)	(7,350)	5,309	(71,292)
20 Ending Tracker Balance - Under / (Over) Recovered (Line 14 + Line 19)	(1,426,670)	(6,915,680)	(9,440,289)	(11,385,171)	(11,617,500)	(11,224,837)	(10,259,359)	(9,529,266)	(9,308,554)	(8,924,193)	(9,361,888)	6,762,159	6,762,159

Approved Interest Factor from Short Term Debt (December 2015):¹

$$\begin{aligned}\text{Monthly Interest Factor} &= ((1 + \text{Annual Interest Factor})^{(1/12)}) - 1 \\ &= ((1 + 1.62)^{(1/12)}) - 1 \\ &= 0.0013 \\ &= 0.13\%\end{aligned}$$

¹In the December 17, 2015 *Order*, Docket No. G-008/M-14-368, the Commission modified the carrying charge on the CIP Tracker Account balance to the short-term cost of debt set in the Company's rate case, G-008/GR-13-316. On August 3, 2015, the Company filed a rate case in Docket No. G-008/GR-15-424 and interim rates became effective on October 2, 2015. Interim rates included an updated short-term cost of debt at 1.62 percent annually.

Attachment B-2: CIP Tracker and Balance Projections for 2017 and 2018 with CCRA rates that results in a zero balance at year-end in both 2017 and 2018

CenterPoint Energy Minnesota Gas

CIP Tracker and Balance

2017 Forecast

CCRC Rate included in interim rates in the 2015 rate case (Docket No. G008/GR-15-424)

CCRA Determined by 2017 year-end goal-seek to zero

	Jan 17 Forecast	Feb 17 Forecast	Mar 17 Forecast	Apr 17 Forecast	May 17 Forecast	June 17 Forecast	July 17 Forecast	Aug 17 Forecast	Sept 17 Forecast	Oct 17 Forecast	Nov 17 Forecast	Dec 17 Forecast	Annual Summary
Expenses													
1 Beginning Tracker Balance (\$) - Under / (Over) Recovered	6,762,159	(532,013)	(8,063,789)	(13,413,037)	(16,546,620)	(17,526,484)	(17,626,553)	(17,054,946)	(16,707,429)	(16,882,189)	(17,100,686)	(18,568,424)	6,762,159
2 CIP Program Expenditures	1,998,942	1,676,608	2,273,176	1,503,110	1,970,768	1,862,459	2,162,069	1,882,845	1,391,402	2,174,314	2,585,674	8,518,633	30,000,000
3 Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$16,869,724	16,869,724
4 Total Expenses & Incentive (Line 1 + Line 2 + Line 3)	8,761,101	1,144,596	(5,790,613)	(11,909,927)	(14,575,852)	(15,664,025)	(15,464,484)	(15,172,101)	(15,316,027)	(14,707,876)	(14,515,012)	6,819,933	53,631,883
Recovery													
5 Total Volumes (Dt)	25,432,627	24,823,532	21,089,339	13,363,176	9,250,737	6,886,559	6,823,345	6,484,562	5,784,696	7,858,141	12,079,398	19,327,973	159,204,086
6 Exemptions (Dt)	(2,264,156)	(1,881,050)	(2,111,431)	(1,835,400)	(1,928,554)	(2,028,100)	(2,891,400)	(2,689,400)	(1,913,000)	(1,925,878)	(2,009,811)	(2,324,577)	(25,802,757)
7 Volumes less Exemptions (Dt) (Line 5 + Line 6)	23,168,471	22,942,482	18,977,908	11,527,776	7,322,183	4,858,459	3,931,945	3,795,162	3,871,696	5,932,263	10,069,587	17,003,396	133,401,329
8 Base Rate Recovery (CCRC) (per Dt)	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	
9 Base Rate Cost Recovery (\$) (Line 7 x Line 8)	(4,517,852)	(4,473,784)	(3,700,692)	(2,247,916)	(1,427,826)	(947,399)	(766,729)	(740,057)	(754,981)	(1,156,791)	(1,963,569)	(3,315,662)	(26,013,258)
10 CCRA (per Dt)	0.2061	0.2061	0.2061	0.2061	0.2061	0.2061	0.2061	0.2061	0.2061	0.2061	0.2061	0.2061	
11 CCRA Recovery (\$) (Line 7 x Line 10)	(4,774,844)	(4,728,270)	(3,911,202)	(2,375,787)	(1,509,046)	(1,001,291)	(810,344)	(782,154)	(797,927)	(1,222,594)	(2,075,265)	(3,504,270)	(27,492,994)
12 Total Recovery (Line 9 + Line 11)	(9,292,696)	(9,202,054)	(7,611,894)	(4,623,703)	(2,936,872)	(1,948,690)	(1,577,073)	(1,522,211)	(1,552,908)	(2,379,385)	(4,038,834)	(6,819,932)	(53,506,252)
Carrying Charges													
13 Sub-Balance (\$) (Line 4 + Line 12)	(531,595)	(8,057,458)	(13,402,507)	(16,533,630)	(17,512,724)	(17,612,715)	(17,041,557)	(16,694,312)	(16,868,935)	(17,087,261)	(18,553,846)	1	125,631
14 Accum. Deferred Tax (Line 13 x 41.37% x -1)	219,921	3,333,371	5,544,617	6,839,963	7,245,014	7,286,380	7,050,092	6,906,437	6,978,679	7,069,000	7,675,726	(0)	
15 Net Investment (Line 13 + Line 14)	(311,674)	(4,724,088)	(7,857,890)	(9,693,667)	(10,267,710)	(10,326,335)	(9,991,465)	(9,787,875)	(9,890,257)	(10,018,261)	(10,878,120)	0	
16 Carrying Charge Rate	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	
17 Carrying Charge (Line 15 x Line 16)	(418)	(6,331)	(10,530)	(12,990)	(13,760)	(13,838)	(13,389)	(13,117)	(13,254)	(13,425)	(14,578)	-	(125,630)
18 Ending Tracker Balance - Under / (Over) Recovered (Line 13 + Line 17)	(532,013)	(8,063,789)	(13,413,037)	(16,546,620)	(17,526,484)	(17,626,553)	(17,054,946)	(16,707,429)	(16,882,189)	(17,100,686)	(18,568,424)	1	1

CenterPoint Energy Minnesota Gas

CIP Tracker and Balance

2018 Forecast

CCRC Rate included in interim rates in the 2015 rate case (Docket No. G008/GR-15-424)

CCRA Determined by 2018 year-end goal-seek to zero

	Jan 18 Forecast	Feb 18 Forecast	Mar 18 Forecast	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
Expenses													
1 Beginning Tracker Balance (\$) - Under / (Over) Recovered	1	(4,932,442)	(10,123,722)	(13,535,681)	(15,491,607)	(15,722,559)	(15,324,839)	(14,349,711)	(13,612,330)	(13,389,100)	(12,998,774)	(13,434,514)	1
2 CIP Program Expenditures	1,998,942	1,676,608	2,273,176	1,503,110	1,970,768	1,862,459	2,162,069	1,882,845	1,391,402	2,174,314	2,585,674	8,518,633	30,000,000
3 Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$10,000,000	10,000,000
4 Total Expenses & Incentive (Line 1 + Line 2 + Line 3)	1,998,943	(3,255,833)	(7,850,546)	(12,032,571)	(13,520,839)	(13,860,100)	(13,162,770)	(12,466,866)	(12,220,928)	(11,214,787)	(10,413,100)	5,084,119	40,000,001
Recovery													
5 Total Volumes (Dt)	25,432,627	24,823,532	21,089,339	13,363,176	9,250,737	6,886,559	6,823,345	6,484,562	5,784,696	7,858,141	12,079,398	19,327,973	159,204,086
6 Exemptions (Dt)	(2,264,156)	(1,881,050)	(2,111,431)	(1,835,400)	(1,928,554)	(2,028,100)	(2,891,400)	(2,689,400)	(1,913,000)	(1,925,878)	(2,009,811)	(2,324,577)	(25,802,757)
7 Volumes less Exemptions (Dt) (Line 5 + Line 6)	23,168,471	22,942,482	18,977,908	11,527,776	7,322,183	4,858,459	3,931,945	3,795,162	3,871,696	5,932,263	10,069,587	17,003,396	133,401,329
8 Base Rate Recovery (CCRC) (per Dt)	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	
9 Base Rate Cost Recovery (\$) (Line 7 x Line 8)	(4,517,852)	(4,473,784)	(3,700,692)	(2,247,916)	(1,427,826)	(947,399)	(766,729)	(740,057)	(754,981)	(1,156,791)	(1,963,569)	(3,315,662)	(26,013,258)
10 CCRA (per Dt)	0.1040	0.1040	0.1040	0.1040	0.1040	0.1040	0.1040	0.1040	0.1040	0.1040	0.1040	0.1040	
11 CCRA Recovery (\$) (Line 7 x Line 10)	(2,409,661)	(2,386,157)	(1,973,817)	(1,198,958)	(761,551)	(505,309)	(408,946)	(394,720)	(402,680)	(616,991)	(1,047,298)	(1,768,456)	(13,874,544)
12 Total Recovery (Line 9 + Line 11)	(6,927,513)	(6,859,941)	(5,674,509)	(3,446,874)	(2,189,377)	(1,452,708)	(1,175,675)	(1,134,777)	(1,157,661)	(1,773,782)	(3,010,867)	(5,084,118)	(39,887,802)
Carrying Charges													
13 Sub-Balance (\$) (Line 4 + Line 12)	(4,928,570)	(10,115,774)	(13,525,055)	(15,479,445)	(15,710,216)	(15,312,808)	(14,338,445)	(13,601,643)	(13,378,589)	(12,988,569)	(13,423,967)	1	112,199
14 Accum. Deferred Tax (Line 13 x 41.37% x -1)	2,038,949	4,184,896	5,595,315	6,403,846	6,499,316	6,334,909	5,931,815	5,627,000	5,534,722	5,373,371	5,553,495	(0)	
15 Net Investment (Line 13 + Line 14)	(2,889,621)	(5,930,879)	(7,929,740)	(9,075,598)	(9,210,900)	(8,977,899)	(8,406,630)	(7,974,644)	(7,843,867)	(7,615,198)	(7,870,472)	0	
16 Carrying Charge Rate	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	
17 Carrying Charge (Line 15 x Line 16)	(3,872)	(7,948)	(10,626)	(12,162)	(12,343)	(12,031)	(11,266)	(10,687)	(10,511)	(10,205)	(10,547)	-	(112,198)
18 Ending Tracker Balance - Under / (Over) Recovered (Line 13 + Line 17)	(4,932,442)	(10,123,722)	(13,535,681)	(15,491,607)	(15,722,559)	(15,324,839)	(14,349,711)	(13,612,330)	(13,389,100)	(12,998,774)	(13,434,514)	1	1

Attachment B-3: CIP Tracker and Balance Projections for 2017 and 2018 with a CCRA rate that results in a zero balance at year-end in 2018

CenterPoint Energy Minnesota Gas

CIP Tracker and Balance

2017 Forecast

CCRC Rate included in interim rates in the 2015 rate case (Docket No. G008/GR-15-424)

CCRA Determined by 2018 year-end goal-seek to zero

	Jan 17 Forecast	Feb 17 Forecast	Mar 17 Forecast	Apr 17 Forecast	May 17 Forecast	June 17 Forecast	July 17 Forecast	Aug 17 Forecast	Sept 17 Forecast	Oct 17 Forecast	Nov 17 Forecast	Dec 17 Forecast	Annual Summary
Expenses													
1 Beginning Tracker Balance (\$) - Under / (Over) Recovered	6,762,159	645,931	(5,718,465)	(10,100,985)	(12,645,864)	(13,250,384)	(13,100,077)	(12,325,004)	(11,780,815)	(11,754,857)	(11,667,715)	(12,619,220)	6,762,159
2 CIP Program Expenditures	1,998,942	1,676,608	2,273,176	1,503,110	1,970,768	1,862,459	2,162,069	1,882,845	1,391,402	2,174,314	2,585,674	8,518,633	30,000,000
3 Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$16,869,724	16,869,724
4 Total Expenses & Incentive (Line 1 + Line 2 + Line 3)	8,761,101	2,322,540	(3,445,289)	(8,597,875)	(10,675,096)	(11,387,925)	(10,938,008)	(10,442,159)	(10,389,413)	(9,580,544)	(9,082,041)	12,769,137	53,631,883
Recovery													
5 Total Volumes (Dt)	25,432,627	24,823,532	21,089,339	13,363,176	9,250,737	6,886,559	6,823,345	6,484,562	5,784,696	7,858,141	12,079,398	19,327,973	159,204,086
6 Exemptions (Dt)	(2,264,156)	(1,881,050)	(2,111,431)	(1,835,400)	(1,928,554)	(2,028,100)	(2,891,400)	(2,689,400)	(1,913,000)	(1,925,878)	(2,009,811)	(2,324,577)	(25,802,757)
7 Volumes less Exemptions (Dt) (Line 5 + Line 6)	23,168,471	22,942,482	18,977,908	11,527,776	7,322,183	4,858,459	3,931,945	3,795,162	3,871,696	5,932,263	10,069,587	17,003,396	133,401,329
8 Base Rate Recovery (CCRC) (per Dt)	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	
9 Base Rate Cost Recovery (\$) (Line 7 x Line 8)	(4,517,852)	(4,473,784)	(3,700,692)	(2,247,916)	(1,427,826)	(947,399)	(766,729)	(740,057)	(754,981)	(1,156,791)	(1,963,569)	(3,315,662)	(26,013,258)
10 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	
11 CCRA Recovery (\$) (Line 7 x Line 10)	(3,597,825)	(3,562,732)	(2,947,074)	(1,790,145)	(1,137,060)	(754,469)	(610,591)	(589,350)	(601,235)	(921,220)	(1,563,703)	(2,640,453)	(20,715,857)
12 Total Recovery (Line 9 + Line 11)	(8,115,677)	(8,036,516)	(6,647,766)	(4,038,061)	(2,564,886)	(1,701,868)	(1,377,320)	(1,329,407)	(1,356,216)	(2,078,011)	(3,527,272)	(5,956,115)	(46,729,115)
Carrying Charges													
13 Sub-Balance (\$) (Line 4 + Line 12)	645,424	(5,713,976)	(10,093,055)	(12,635,936)	(13,239,982)	(13,089,793)	(12,315,328)	(11,771,566)	(11,745,629)	(11,658,555)	(12,609,313)	6,813,022	6,902,768
14 Accum. Deferred Tax (Line 13 x 41.37% x -1)	(267,012)	2,363,872	4,175,497	5,227,487	5,477,380	5,415,247	5,094,851	4,869,897	4,859,167	4,823,144	5,216,473	(2,818,547)	
15 Net Investment (Line 13 + Line 14)	378,412	(3,350,104)	(5,917,558)	(7,408,449)	(7,762,601)	(7,674,546)	(7,220,477)	(6,901,669)	(6,886,462)	(6,835,411)	(7,392,840)	3,994,475	
16 Carrying Charge Rate	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	
17 Carrying Charge (Line 15 x Line 16)	507	(4,489)	(7,930)	(9,928)	(10,402)	(10,284)	(9,676)	(9,249)	(9,228)	(9,160)	(9,907)	5,353	(84,393)
18 Ending Tracker Balance - Under / (Over) Recovered (Line 13 + Line 17)	645,931	(5,718,465)	(10,100,985)	(12,645,864)	(13,250,384)	(13,100,077)	(12,325,004)	(11,780,815)	(11,754,857)	(11,667,715)	(12,619,220)	6,818,375	6,818,375

CenterPoint Energy Minnesota Gas

CIP Tracker and Balance

2018 Forecast

CCRC Rate included in interim rates in the 2015 rate case (Docket No. G008/GR-15-424)

CCRA Determined by 2018 year-end goal-seek to zero

	Jan 18 Forecast	Feb 18 Forecast	Mar 18 Forecast	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
Expenses													
1 Beginning Tracker Balance (\$) - Under / (Over) Recovered	6,818,375	702,191	(5,662,161)	(10,044,637)	(12,589,472)	(13,193,948)	(13,043,597)	(12,268,480)	(11,724,246)	(11,698,244)	(11,611,058)	(12,562,518)	6,818,375
2 CIP Program Expenditures	1,998,942	1,676,608	2,273,176	1,503,110	1,970,768	1,862,459	2,162,069	1,882,845	1,391,402	2,174,314	2,585,674	8,518,633	30,000,000
3 Performance Incentive	-	-	-	-	-	-	-	-	-	-	-	\$10,000,000	10,000,000
4 Total Expenses & Incentive (Line 1 + Line 2 + Line 3)	8,817,317	2,378,800	(3,388,985)	(8,541,527)	(10,618,704)	(11,331,489)	(10,881,528)	(10,385,635)	(10,332,844)	(9,523,931)	(9,025,384)	5,956,115	46,818,375
Recovery													
5 Total Volumes (Dt)	25,432,627	24,823,532	21,089,339	13,363,176	9,250,737	6,886,559	6,823,345	6,484,562	5,784,696	7,858,141	12,079,398	19,327,973	159,204,086
6 Exemptions (Dt)	(2,264,156)	(1,881,050)	(2,111,431)	(1,835,400)	(1,928,554)	(2,028,100)	(2,891,400)	(2,689,400)	(1,913,000)	(1,925,878)	(2,009,811)	(2,324,577)	(25,802,757)
7 Volumes less Exemptions (Dt) (Line 5 + Line 6)	23,168,471	22,942,482	18,977,908	11,527,776	7,322,183	4,858,459	3,931,945	3,795,162	3,871,696	5,932,263	10,069,587	17,003,396	133,401,329
8 Base Rate Recovery (CCRC) (per Dt)	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	0.195	
9 Base Rate Cost Recovery (\$) (Line 7 x Line 8)	(4,517,852)	(4,473,784)	(3,700,692)	(2,247,916)	(1,427,826)	(947,399)	(766,729)	(740,057)	(754,981)	(1,156,791)	(1,963,569)	(3,315,662)	(26,013,258)
10 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	
11 CCRA Recovery (\$) (Line 7 x Line 10)	(3,597,825)	(3,562,732)	(2,947,074)	(1,790,145)	(1,137,060)	(754,469)	(610,591)	(589,350)	(601,235)	(921,220)	(1,563,703)	(2,640,453)	(20,715,857)
12 Total Recovery (Line 9 + Line 11)	(8,115,677)	(8,036,516)	(6,647,766)	(4,038,061)	(2,564,886)	(1,701,868)	(1,377,320)	(1,329,407)	(1,356,216)	(2,078,011)	(3,527,272)	(5,956,115)	(46,729,115)
Carrying Charges													
13 Sub-Balance (\$) (Line 4 + Line 12)	701,640	(5,657,716)	(10,036,751)	(12,579,588)	(13,183,590)	(13,033,357)	(12,258,848)	(11,715,042)	(11,689,060)	(11,601,942)	(12,552,656)	(0)	89,260
14 Accum. Deferred Tax (Line 13 x 41.37% x -1)	(290,268)	2,340,597	4,152,204	5,204,175	5,454,051	5,391,900	5,071,485	4,846,513	4,835,764	4,799,723	5,193,034	0	
15 Net Investment (Line 13 + Line 14)	411,372	(3,317,119)	(5,884,547)	(7,375,412)	(7,729,539)	(7,641,457)	(7,187,363)	(6,868,529)	(6,853,296)	(6,802,218)	(7,359,622)	(0)	
16 Carrying Charge Rate	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	
17 Carrying Charge (Line 15 x Line 16)	551	(4,445)	(7,886)	(9,884)	(10,358)	(10,240)	(9,632)	(9,204)	(9,184)	(9,116)	(9,862)	-	(89,260)
18 Ending Tracker Balance - Under / (Over) Recovered (Line 13 + Line 17)	702,191	(5,662,161)	(10,044,637)	(12,589,472)	(13,193,948)	(13,043,597)	(12,268,480)	(11,724,246)	(11,698,244)	(11,611,058)	(12,562,518)	(0)	(0)

Attachment C: Revised Tariff

CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT RIDER

Applicability:

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

Exemptions are as follows:

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

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

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

Rate:

BASE CHARGE PER THERM (CCRC)	ADJUSTMENT (CCRA)
\$0.01950	\$0.04024 <u>0.01553</u>

Interim Surcharge:

Effective October 2, 2015, customers' bills will be increased on an interim basis by 5.65% before the inclusion of the purchased gas adjustment. 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 G-008/GR-15-424) 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 are higher than the total amount of interim rates, the Company will not charge 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.