COMMERCE DEPARTMENT

October 29, 2018

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

RE: **Revised Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G008/GR-18-574

Dear Mr. Wolf:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

> CenterPoint Energy's (CenterPoint, the Company) Decoupling Evaluation Report: Year 3 (2017-2018) of the Company's Revenue Decoupling (RD Rider) Program.

The decoupling evaluation report was filed on September 4, 2018 by:

> Peggy Sorum
> Director - Regulatory Portfolio Management Office
> CenterPoint Energy
> 505 Nicollet Mall, PO Box 59038
> Minneapolis, MN 55459-0038

The Department submits revised initial comments in this matter. CenterPoint staff alerted the Department that its Table 8 reflected monthly use and cost, not annual. The corrections to Table 8, now marked as Revised, do not change the Department's recommendation that the Minnesota Public Utilities Commission (Commission) **accept CenterPoint Energy's third Decoupling Evaluation Report and approve the Company's decoupling refund adjustments for the July 2017 through June 2018 program year that were implemented September 1, 2018.**

The Department appreciates CenterPoint's cooperation and assistance in this matter. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rates Analyst

MNZ/jl
Attachment

COMMERCE DEPARTMENT

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. G008/GR-18-574

I. BACKGROUND

On June 9, 2014, the Minnesota Public Utilities Commission (Commission) issued its *Findings of Fact, Conclusions of Law, and Order (Rate Case Order)* in CenterPoint Energy's (CenterPoint, the Company) 2013 General Rate Case, Docket No. G008/GR-13-316. As part of this *Rate Case Order*, the Commission authorized CenterPoint to implement a full Revenue Decoupling Rider (RD Rider) under Minnesota Statute § 216B.2412.[1] Ordering Point 3 in the Commission's *Rate Case Order* required the Company to submit proposals for annual evaluation reports, and a comprehensive customer outreach and education p. The Company filed this information on October 14, 2014.

The Company submitted its first Decoupling Evaluation Report on September 1, 2016 (2016 Decoupling Report) in compliance with the Commission's Order Point 3 and as set forth in CenterPoint's October 14, 2014 filing. The 2016 Decoupling Report encompassed the period from July 1, 2015 to June 30, 2016.

On November 1, 2016, the Minnesota Department of Commerce, Division of Energy Resources (the Department) submitted its comments on the 2016 Decoupling Report recommending that the Commission approve the Company's proposed decoupling adjustment factors, subject to potential adjustment given interim rate refunds and final rates resulting from the Company's 2015 general rate case (Docket No. G008/GR-15-424). The Department also recommended that CenterPoint provide information based on both 10-year and 20-year normal weather in subsequent annual evaluation plan filings.

On November 14, 2016 the Company submitted Reply Comments providing the information previously provided that was based on 10-year normal weather in a 20-year normal format, as requested by the Department.

[1] The full RD Rider replaced the Company's partial Conservation Enabling Rider (CE Rider), which was approved in Docket No. G008/GR-08-1075 and expired on June 30, 2013.

On December 28, 2016 the Commission issued its Order accepting CenterPoint's 2016 revenue decoupling evaluation report, approving CenterPoint's revenue decoupling rate adjustments to go into effect on September 1, 2016, and ordered CenterPoint to provide information based on 20-year normal weather in subsequent annual evaluation plan filings.

On February 1, 2017, the Company submitted a Supplemental Filing requesting a change in decoupling factors to be implemented on February 1, 2017. The new February Adjusted Decoupling Factors were necessary to reflect the final rates for CenterPoint's 2015 Rate Case (Docket No. G008/GR-15-424), which were approved on November 9, 2016.

On March 3, 2017 the Department submitted comments recommending that the Commission allow the Company to continue to use the February Adjusted Decoupling Factors it implemented February 1, 2017.

On March 29, 2017 the Commission issued its Order allowing CenterPoint to continue to use the February Adjusted Decoupling Factors implemented on February 1, 2017.

On September 1, 2017, CenterPoint submitted its second Decoupling Evaluation Report (2017 Decoupling Report). The 2017 Decoupling Report encompassed the period from July 1, 2016 to June 30, 2017. In this 2017 Decoupling Report, CenterPoint provided the data and supporting calculations for the decoupling adjustment factors that were implemented on customer bills effective September 1, 2017.

On October 30, 2017, the Department submitted its initial comments on CenterPoint's 2017 Decoupling Report, recommending approval.

On February 15, 2018 the Commission issued its Order accepting the second revenue decoupling report and approving the Company's adjusted decoupling factors. The Commission also approved the Company's request that the decoupling pilot be extended until the Commission made a final decoupling determination in the Company's 2017 rate case.

On August 8, 2017, the Company filed a rate case in Docket G-008/GR-17-285, which included a request to make the Company's full revenue decoupling rider a regular feature of CenterPoint's tariff instead of just being a pilot program.

On July 20, 2018, the Commission issued its *Order Accepting and Adopting Agreement Setting Rates* in Docket G-008/GR-17-285 which included making the RD Rider a regular feature of CenterPoint's tariff and modifying the definition of "Allowed Revenues" to be the Authorized Revenues per customer multiplied by the actual evaluation period number of customers, calculated each month of the evaluation period, and summed.

On September 4, 2018, the Company submitted its third Decoupling Evaluation Report (2018 Decoupling Report, Evaluation Report, or Report). The 2018 Decoupling report encompassed the period from July 1, 2017 to June 30, 2018. In this 2018 Decoupling Report, CenterPoint provided the data and supporting calculations for the decoupling adjustment factors that were implemented on customer bills effective September 1, 2018.

II. DEPARTMENT EVALUATION

A. OVERVIEW

The purpose behind CenterPoint's full RD Rider is to eliminate the Company's throughput incentive and thus eliminate the Company's disincentive to encourage its customers to invest in energy savings. Under the full RD Rider, CenterPoint is allowed to recover its authorized revenues for non-fuel costs, regardless of causes in variation (including weather, changes in economic factors, customer growth, etc.), up to the approved revenue cap. In general, the actual customer count and sales volumes are used to calculate revenue. The revenue, referred to in the model as "non-gas margin," reflects the basic delivery charge and the base per-therm delivery charge, less Conservation Improvement Program (CIP) and Gas Affordability Program (GAP) charges, times the actual volumes of sales. The actual non-gas revenue is compared to the authorized revenue that results from the authorized number of customers and authorized sales volumes in a rate class.[2] Any excess revenue will be returned to customers, and any revenue shortfall, up to ten percent of non-gas margin including GAP, for each individual rate class, will be surcharged over the next 12-month period. If the Company under recovers, the Company's surcharge in the subsequent year is capped at 10 percent of non-gas authorized revenues. If the Company over recovers, the Company is required to refund all revenues above the authorized amount over the subsequent year.

As noted above, the Company proposed its RD Rider Evaluation Plan on October 14, 2014 and the Commission approved the communication plan on March 23, 2015 and the rider evaluation compliance on March 31, 2015. On July 20, 2018 the Commission issued its *Order Accepting and Adopting Agreement Setting Rates* in Docket G-008/GR-17-285 which made the RD Rider a regular feature of the Company's tariff; however, the Evaluation Report continues to follow the original communication plan approved on March 23, 2015. The 2018 Decoupling Evaluation Report includes the following sections:

[2] As noted in the RD Rider tariff (Section V, page 28.a paragraph 4), authorized revenue is determined to be the Authorized Revenue-Per-Customer multiplied by the actual Evaluation Period number of customers, calculated monthly and summed.

- Executive Summary;
- Timeline for Evaluation;
- Evaluation of CenterPoint Energy's Commitment to Increased Energy Savings,
- Revenue Accrued and Collected Under Full Revenue Decoupling;
- Related Rate and Customer Usage Information;
- Other Information; and
- Attachment List.

Below, the Department discusses CenterPoint's energy conservation achievements compared to the pre-decoupling baseline (2007-2009), the Company's overall commitment to increasing its energy savings, the Company's accrual and collection of revenues under the full decoupling program and the impact of the RD Rider on customer rates going forward.

B. CENTERPOINT'S ENERGY SAVINGS

Below, the Department notes some of the highlights of CenterPoint's 2018 Decoupling Report, which provided substantial data and analyses concerning changes in the Company's Conservation Improvement Program (CIP). Data provided in the Company's Evaluation Report indicates that CenterPoint's CIP impacts have grown substantially.

As stated in the Department's April 29, 2014 comments on the Company's Decoupling Evaluation Report for Calendar Year 2013 (Docket No. G008/GR-08-1075), the Department continues to conclude that the Company's increase in energy savings since the implementation of decoupling was not necessarily due solely to CenterPoint's decoupling pilot because, during the same time that the Company's decoupling pilot projects have been in place, the following policies were in place, which also could have led to the Company's higher energy savings:

- Minnesota adopted an energy savings goal of 1.5 percent of retail sales,
- The Shared Savings Demand Side Management (DSM) Financial Incentive was increased for utilities to encourage them to work towards and surpass the State energy savings goal. CenterPoint received CIP financial incentives averaging more than $9 million per year over the RD program periods,
- Federal tax incentives to encourage homeowners to make energy-efficient investments in their home were in effect during this time,
- Customers became more aware of energy conservation in general.

Regardless of the cause, the Department commends CenterPoint for its excellent results, which are discussed below.

1. Level of Energy Savings

The Energy savings noted below are presented both as *first-year* energy savings, which refers to the amount of energy savings that would result from the energy conservation technologies and processes during the first 12 months after implementation, and *lifetime* energy savings, which refers to the energy savings expected during the lifetime of each of the energy conservation measures and processes.

Figure 1 (Graph C-1a on page 13 of CenterPoint's Evaluation Report) illustrates the Company's annual increase in energy savings for the years 2010 to 2017 compared to the average of CenterPoint's 2007-2009 CIP energy savings, which is the three-year period prior to:

- the commencement of the Company's original, partial decoupling mechanism, the Conservation Enabling (CE) Rider,
- the new Shared Savings DSM financial incentive mechanism (approved on January 27, 2010); and
- the beginning of the 1.5 percent energy savings goal established in the 2007 Next Generation Energy Act.

Figure 1: CenterPoint Customer Segment Energy Savings (Dth)

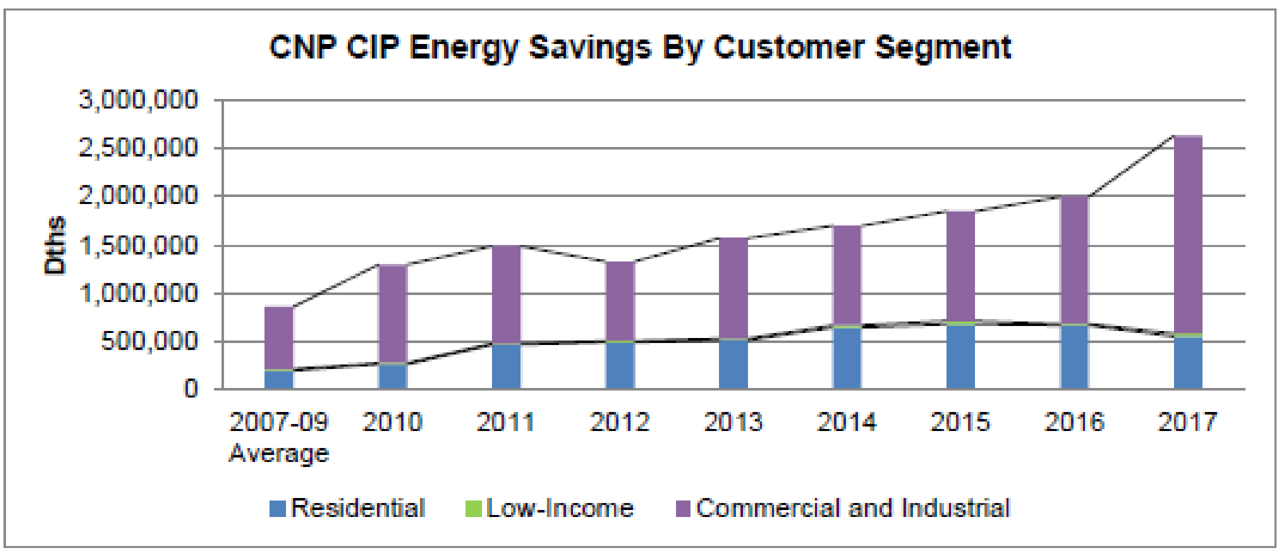

Table 1 below (CenterPoint's Table C-1a on page 13 of CenterPoint's Evaluation Report) shows the data underlying Figure 1 to facilitate evaluating changes in individual customer classes.

Table 1: CenterPoint Historical First-Year CIP Energy Savings (Dth) for Residential, Low-Income Residential, and Commercial and Industrial Customer Classes

Year/Period	Residential	Low-Income	Commercial and Industrial	Overall Program
2007-09 Average	203,100	16,199	644,424	**863,723**
2010	267,137	15,243	1,017,848	**1,300,228**
2011	469,107	14,693	1,004,431	**1,488,231**
2012	496,194	13,510	820,814	**1,330,518**
2013	515,946	17,075	1,037,790	**1,570,810**
2014	648,482	21,986	1,031,248	**1,701,716**
2015	682,540	36,937	1,132,452	**1,851,930**
2016	671,984	14,250	1,312,399	**2,006,014**
2017	554,411	32,397	2,045,737	**2,632,545**
2017 Percent Change From 2007-09	173%	100%	217%	**205%**

As can be seen in Table 1, CenterPoint's 2017 energy savings achievements were its highest ever. In fact, other than 2012, CenterPoint's energy savings achievements have grown steadily since 2010. All three of CenterPoint's customer classes—residential, low-income, and commercial and industrial—had higher energy savings in 2017 compared to the average of the pre-decoupling years 2007-2009. While CenterPoint's 2016 low-income energy savings were at the second lowest point since the Company implemented revenue decoupling, savings rebounded to the second highest energy savings ever for the class in 2017.

Table 2 below shows how each customer category contributed to the Company's increase in energy savings between 2017 and the average of 2007-2009.

**Table 2: Comparing 2017 CenterPoint CIP Energy Savings
For Residential, Low-Income, Commercial and Industrial Customer Classes
With Average of 2007-2009 CIP Energy Savings
(Dth)**

Customer Class	Residential	Low-Income Residential	C/I	Total
Energy Savings Increase (Dth)	351,311	16,198	1,401,313	1,768,822
Energy Savings Increase as Percentage of Total Increase	20%	1%	79%	

A review of Table 2 above indicates that, in terms of first-year Dth savings, the commercial and industrial customer segment provided the largest increase in energy savings.

Table 3 below (CenterPoint's Table C-2b on page 18 of its Report) shows the Company's CIP energy savings as a percent of weather-normalized non-CIP-exempt retail sales.

Table 3: CenterPoint CIP Energy Savings as a Percent of 20-Year Weather-Normalized Sales[3]

CIP Plan Period	Year	The applicable three-year average 20-year weather normalized sales (Dth)	Annual energy savings (Dth)	Energy savings as a percent of sales
2007-2008 Biennial Period	**2007**	154,110,813	825,030	**0.54%**
	2008	154,110,813	827,340	**0.54%**
Extension of 2007-2008 Biennial	**2009**	154,110,813	938,798	**0.61%**
2010-2012 Triennial Period	**2010**	150,775,872	1,300,228	**0.86%**
	2011	150,775,872	1,488,231	**0.99%**
	2012	150,775,872	1,330,518	**0.88%**
2013-2015 Triennial Period	**2013**	139,161,784	1,570,810	**1.13%**
	2014	139,161,784	1,701,716	**1.22%**
	2015	139,161,784	1,851,930	**1.33%**
Extension of 2013-2015 Biennial	**2016**	139,161,784	2,006,014	**1.44%**
2017-2019 Triennial Period	**2017**	143,628,146	2,632,545	**1.83%**

As shown in Table 3 above, CenterPoint's first-year energy savings as a percent of retail sales increased from 0.54 percent in 2007 to 1.87 percent in 2017. The Department commends CenterPoint for its 2017 CIP performance.

Figure 2 below shows the historical amounts of lifetime energy savings created each year through CenterPoint's customer CIP achievements. The Department notes that while this graph is similar to the Company's Graph C-8 on page 26 of its Report, the savings for 2017 are higher. During discussions with the Department, the Company discovered that Graph C-8 understated the lifetime energy savings created in 2017.

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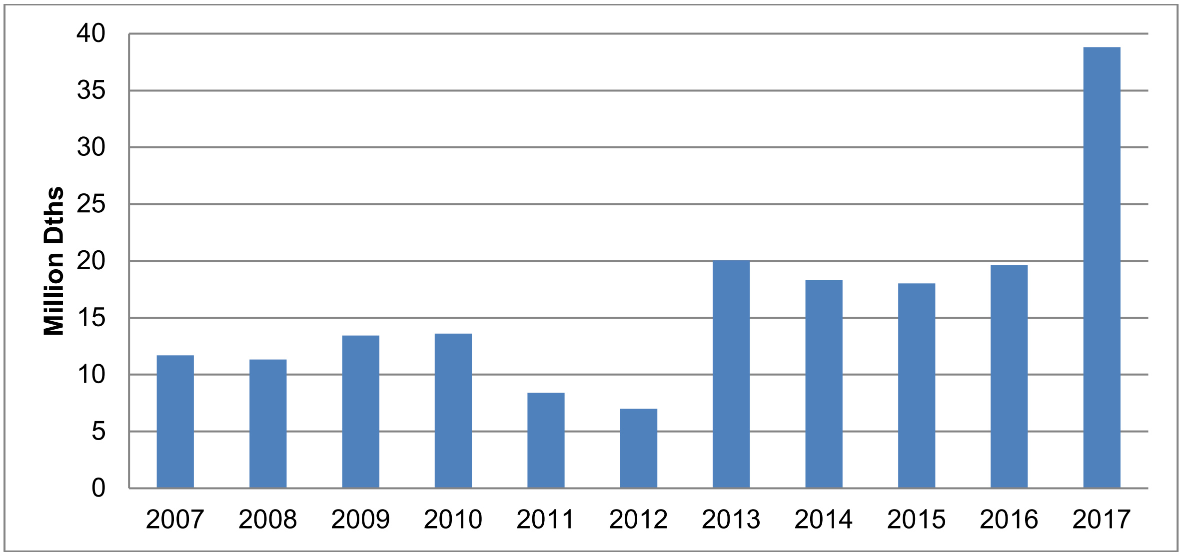
[3] At the request of the Department, CenterPoint used both 10-year and 20-year normal weather when analyzing the efficacy of its conservation programs. Since the Commission has approved revenue decoupling adjustments for two gas utilities (and one electric utility) that estimated rate case sales figures based on 20-year normal weather, the Department shows the 20-year normal format here. Using the 10-year weather-normalized figures, CenterPoint's 2017 energy savings equaled 1.87 percent of retail sales.

Figure 2: CenterPoint's Lifetime Energy Savings Created Through Annual CIP Achievements



The changes in lifetime energy savings are related to several factors, including;

- the level of first-year energy savings;
- the different lifetimes of the mix of energy savings achieved each year (for example, large commercial and industrial projects generally have longer lifetimes; even if CenterPoint achieved the same first-year energy savings in two years, the lifetime energy savings for CIP achievements associated with one of those years can be higher if that year's achievements have a higher concentration of long lifetime projects); and
- changes in lifetime assumptions between triennial CIPs (*e.g.*, the assumed lifetime for behavioral change projects is lower now than when first introduced).

The third factor makes it difficult to compare changes in lifetime energy savings between triennial CIPs. However, based on the assumptions used at the time for each CIP triennial, CenterPoint's 2017 lifetime energy savings were 219 percent higher than the Company's average lifetime energy savings from 2007 through 2009.

To put CenterPoint's energy savings in context, the Company's average residential customer uses approximately 89 Dth per year on average. CenterPoint's 2017 lifetime energy savings were 38.8 million Dth, enough savings to provide natural gas service to almost 436,000residential customers for a year.

2. Energy Savings Expenditures

Figure 3 below (CenterPoint's Graph C-1c on page 15 of the Report) illustrates the Company's CIP expenditures by customer segment.

Figure 3: CenterPoint's Annual CIP Expenditures After Implementing Decoupling Compared to CenterPoint's CIP Expenditures Before Decoupling Implementation

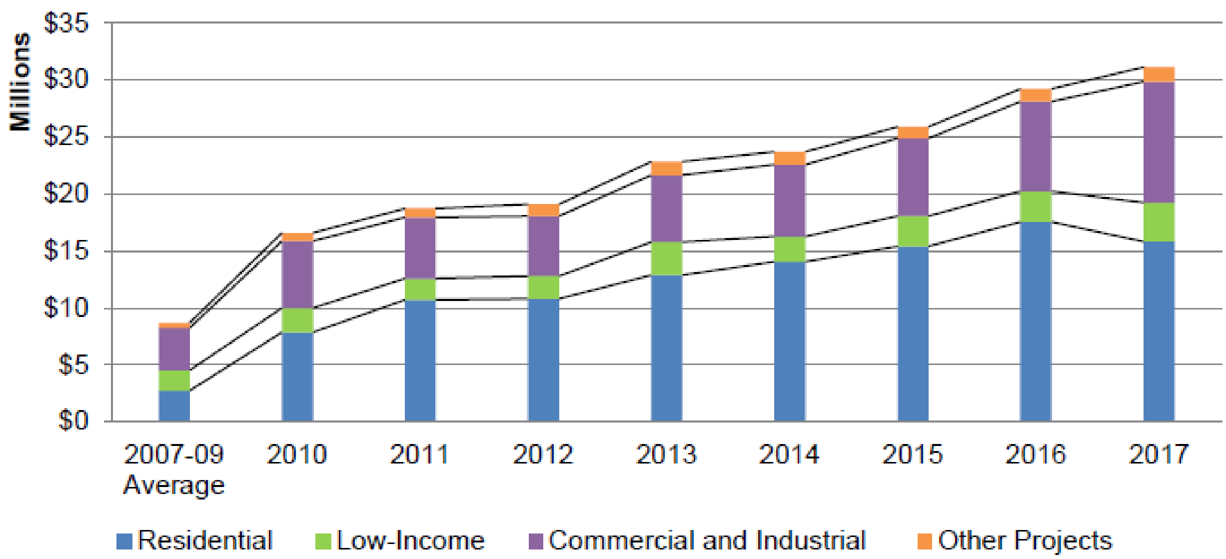


Table 4 below (CenterPoint's Table C-1c) shows the data underlying Figure 3, which makes it easier to view changes in expenditures for individual customer classes.

Table 4: Comparing 2017 CIP Expenditures with Average of Pre-Decoupling (2007-2009) CIP Expenditures

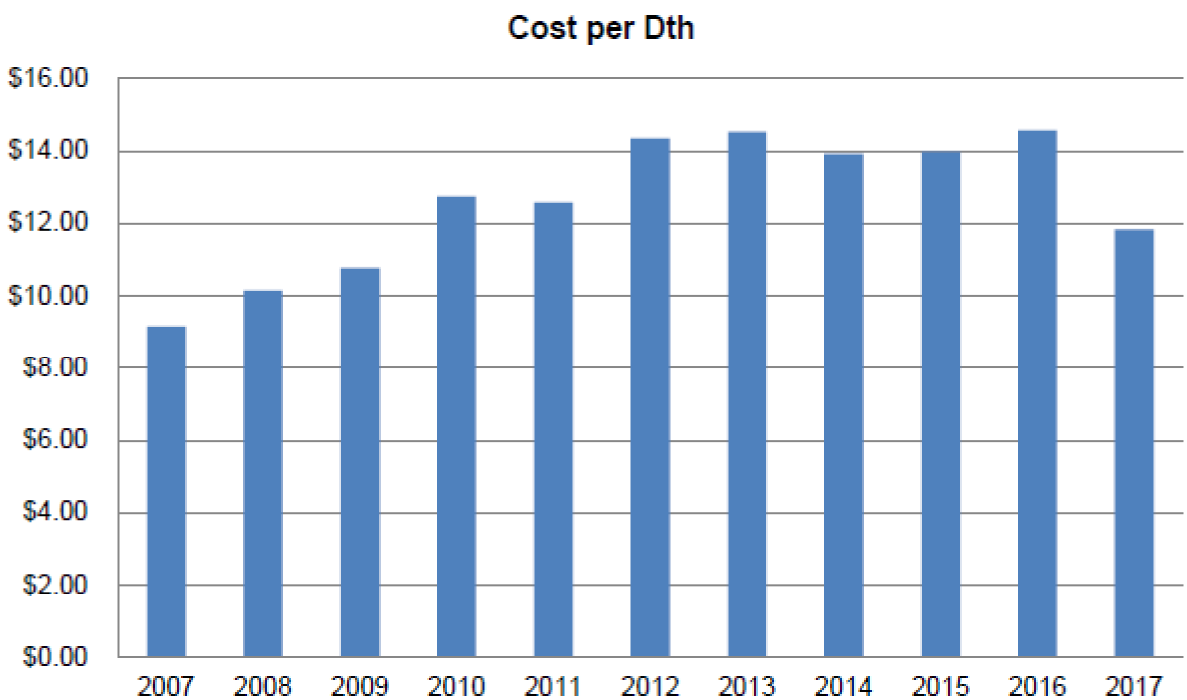
Year/Period	Residential	Low-Income Residential	Commercial and Industrial	Other Projects	Overall Program
2007-09 Average	$2,731,997	$1,787,613	$3,722,836	$444,749	**$8,687,195**
2010	$7,861,852	$2,121,325	$5,886,263	$705,297	**$16,574,737**
2011	$10,715,062	$1,867,663	$5,360,144	$771,054	**$18,713,923**
2012	$10,801,865	$1,977,250	$5,278,953	$1,033,732	**$19,091,800**
2013	$12,868,507	$2,915,754	$5,875,196	$1,170,253	**$22,829,710**
2014	$14,054,870	$2,207,285	$6,314,013	$1,125,353	**$23,701,520**
2015	$15,397,531	$2,665,523	$6,833,760	$996,804	**$25,893,618**
2016	$17,546,421	$2,701,799	$7,873,273	$1,107,040	**$29,228,533**
2017	$15,811,617	$3,429,092	$10,619,783	$1,279,602	**$31,140,094**
2017 Percent Change From 2007-09	479%	92%	185%	188%	**258%**

As shown in Table 4 above, CenterPoint's 2017 CIP expenditures were more than triple double its pre-decoupling annual CIP expenditures.

3. Changes in Cost per Dth Saved

Figure 4 below shows the first-year cost per Dth for the Company's CIP achievements over the period 2007-2017.

Figure 4: CenterPoint's Cost per Dth for First-Year Energy Savings



As shown in Figure 4 above, the cost per first-year energy savings for 2017 was the lowest since the pre-decoupling period ended. CenterPoint's 2017 $/first year Dth ($11.83 per Dth) was 17.9 percent higher than the average of the Company's pre-decoupling $/first year Dth ($10.03 per Dth).

Figure 5 below shows the cost per lifetime Dth saved for each year.

**Figure 5: Cost of Lifetime Energy Savings
Created Through Annual CIP Achievements
($/Dth)**

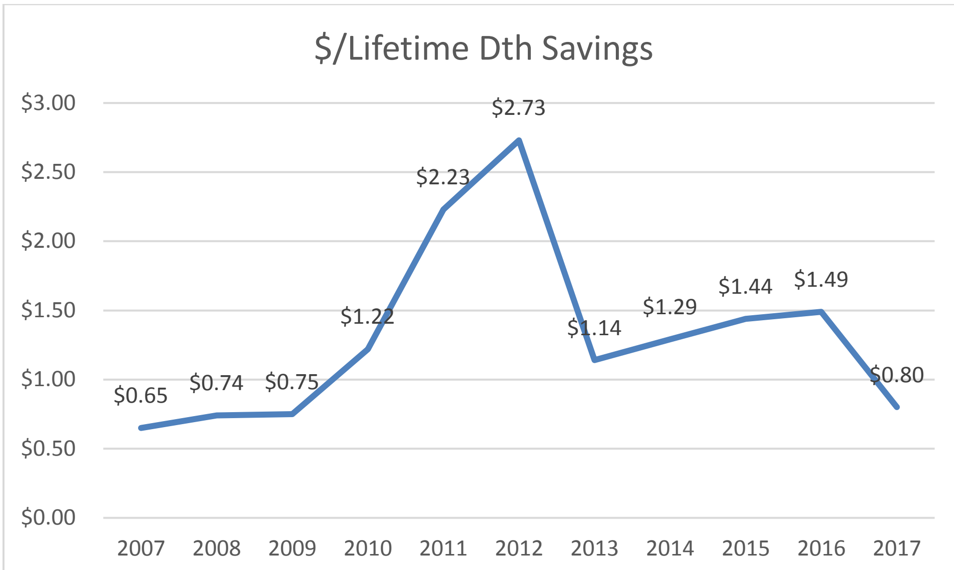


Figure 5 shows that the Company's cost per lifetime energy savings peaked in 2012, declined significantly in 2013 and then began to rise again, before dropping again in 2017. The shape of Figure 5 (cost per lifetime Dth savings) varies significantly from the shape of Figure 4 (cost per first-year Dth savings) because of differences in the lifetimes of the types of projects implemented and changes to how energy savings from behavioral change projects are counted.

Lifetime energy savings cost an average of $1.24 per Dth in 2015-2017 as compared to $0.71 per Dth in the three years prior to decoupling (2007-2009). Similar to the first-year energy savings change, the lifetime energy savings cost was 12.2 percent higher in 2017 than the average for the three years prior to the decoupling program (2007-2009).

C. HISTORY OF REVENUE COLLECTION AND USE PER CUSTOMER

1. Under/Over Recovery of Revenues

In Attachment D-1 of the 2018 Decoupling Report, CenterPoint included spreadsheets detailing its calculations of the RD Rider adjustments. The adjustments are calculated by comparing the calendar year actual use per customer (UPC), by rate class, with the UPC authorized in CenterPoint's 2017 rate case (Docket No. G008/GR-17-285).

Weather conditions during the evaluation period (July 2017 through June 2018) were colder than normal, which resulted in an over-recovery of revenue for all of the Company's rate classes. Table 5 below illustrates these over-recoveries.

Table 5: Calculation of Over (Under Recovery) for Evaluation Period of July 1, 2017, to June 30, 2018

Customer Class	UPC - Actual	UPC Authorized	Actual Rev/Customer	Authorized Rev/Customer	Non-Gas Margin Cap	YTD Net Under(Over)		10% Cap	Decoupling Revenue
Residential	94.9	89.4	$291.26	$281.02	$224,695,255	($7,696,177)	-3.4%	$22,469,525	($7,696,177)
Com- A	90.2	80.4	$350.43	$331.58	$9,803,374	($525,740)	-5.4%	$980,337	($525,740)
Com-Ind B	320.6	297.1	$726.04	$689.72	$13,565,290	($611,581)	-4.5%	$1,356,529	($611,581)
Com-Ind C	1,860.6	1,709.9	$2,980.61	$2,785.15	$56,984,406	($3,584,070)	-6.3%	$5,698,441	($3,584,070)
SVDF-A	5,019.2	4,389.3	$5,554.76	$4,389.30	$6,192,921	($457,050)	-7.4%	$619,292	($457,050)
SVDF-B	17,925.8	17,211.3	$17,367.59	$17,211.34	$4,907,340	($54,001)	-1.1%	$490,734	($54,001)
LVDF - STD	86,328	80,155	$51,978.13	$49,110.76	$9,340,681	($416,452)	-4.5%	$934,068	($416,452)
LV- FIRM	58,539	55,526	$39,205.81	$37,131.64	$1,359,746	($54,931)	-4.0%	$135,975	($54,931)

For the 2017-2018 evaluation period, no customer class encountered the 10 percent cap on surcharges.

Table 6 below shows how the decoupling revenues shown in Table 5 above were combined with the under-recovered balance remaining from the second evaluation period (July 2016 through June 2017) to determine the under- and over-recoveries used to calculate the RD factors implemented September 1, 2018.

Table 6: CenterPoint's Calculation of RD Factors For RD Rider Pilot Period July 1, 2017-June 30, 2018

Customer Class	Prior Period Balance	Decoupling Revenue	Total	2017 Sales (Dth)	RD Factor ($/Dth)	RD Factor ($/Therm)
Residential	($777,177)	($7,696,177)	($8,473,354)	70,127,630	($0.1208)	($0.01208)
Com- A	($63,764)	($525,740)	($589,504)	2,460,505	($0.2396)	($0.02396)
Com-Ind B	($53,033)	($611,851)	($664,614)	5,584,961	($0.1190)	($0.01190)
Com-Ind C	($247,752)	($3,584,070)	($3,831,822)	33,249,697	($0.1152)	($0.01152)
SVDF-A	$421,470	($457,050)	($35,581)	5,202,972	($0.0068)	($0.00068)
SVDF-B	$73,211	($54,001)	$19,210	4,937,873	$0.0039	$0.00039
LVDF - STD	($15,863)	($416,452)	($432,315)	14,595,027	($0.0296)	($0.00296)
LV- FIRM	$258,402	($54,931)	$203,471	1,999,821	$0.1017	$0.01017
Total	($404,507)	($13,400,002)	($13,804,509)	138,158,486		

The Department reviewed CenterPoint's decoupling adjustment calculations and confirms that the Company determined its current adjustment using the Commission-approved method. Thus, the Department recommends that the Commission allow CenterPoint to continue to implement the RD factors shown in Table 7 below.

Table 7: Per-Therm Surcharges/(Refunds) Implemented September 1, 2018

Customer Class	RD Factor ($/Therm)
Residential	($0.01208)
Com- A	($0.02396)
Com-Ind B	($0.01190)
Com-Ind C	($0.01152)
SVDF-A	($0.00068)
SVDF-B	$0.00039
LVDF - STD	($0.00296)
LV- FIRM	$0.01017

Table 8 below shows the average annual surcharge/(refund) expected for each customer class.

Revised Table 8: Annual Surcharge/(Refund) Expected for Average Customer of Each Customer Class

Customer Class	Decoupling Adjustment	Annual Use Per Customer (Therms)	Annual Cost/(Refund)
Residential	($0.01208)	891	($10.76)
Com- A	($0.02396)	811	($19.43)
Com-Ind B	($0.01190)	2,940	($34.99)
Com-Ind C	($0.01152)	17,240	($198.60)
SVDF-A	($0.00068)	44,070	($29.97)
SVDF-B	$0.00039	177,410	$69.19
LVDF - STD	($0.00296)	816,000	($2,415.36)
LV- FIRM	$0.01017	556,000	$5,654.52

2. Under/Over Recovery of Revenues

Table 9 below shows the revenue decoupling calculations for each of CenterPoint's customer classes for this evaluation period and the previous evaluation period.

Table 9: CenterPoint's Revenue Decoupling Calculations

	2016-2017 Evaluation Plan			2017-2018 Evaluation Plan		
Customer Class	**Calculated Surcharge/(Refund)**	**Surcharge/(Refund) After 10% Surcharge Cap**	**Reduction due to 10% Cap**	**Calculated Surcharge/(Refund)**	**Surcharge/(Refund) After 10% Surcharge Cap**	**Reduction due to 10% Cap**
Residential	$16,783,444	$16,783,444		($7,696,177)	($7,696,177)	
Com- A	$360,457	$360,457		($525,740)	($525,740)	
Com-Ind B	$1,315,518	$1,315,518		($611,851)	($611,851)	
Com-Ind C	$752,573	$752,573		($3,584,070)	($3,584,070)	
SVDF-A	$1,565,063	$1,046,560	$518,503	($457,050)	($457,050)	
SVDF-B	$509,930	$509,930		($54,001)	($54,001)	
LVDF - STD	($110,130)	($110,130)		($416,452)	($416,452)	
LV- FIRM	($263,908)	($263,908)		($54,931)	($54,931)	
Total	$20,912,947	$20,394,444	$518,503	($13,400,002)	($13,400,002)	

A review of Table 9 indicates that over the last two full revenue decoupling periods spanning from July 1, 2016 to June 30, 2018, CenterPoint's RD Rider has resulted in:

- Calculated before-cap net surcharges of $7,512,945;
- Reductions due to 10% cap of $518,503.
- Total after-cap net surcharges of $6,994,442,

However when analyzing the impact of all three decoupling periods, so far CenterPoint's RD Rider has resulted in:

- Calculated before-cap net surcharges of $33,968,557;
- Reductions due to 10% cap of $782,672.
- Total after-cap net surcharges of $33,185,885,

III. RECOMMENDATIONS

The Department recommends that the Commission accept CenterPoint's 2018 Decoupling Evaluation Report and approve the revenue decoupling factors shown in Table 10 below (and already implemented by CenterPoint on September 1, 2018).

Table 10: Revenue Decoupling Factors for CenterPoint's Decoupled Customer Classes - Surcharge/(Refund) per Therm

Customer Class	RD Factor ($/Therm)
Residential	($0.01208)
Com- A	($0.02396)
Com-Ind B	($0.01190)
Com-Ind C	($0.01152)
SVDF-A	($0.00068)
SVDF-B	$0.00039
LVDF - STD	($0.00296)
LV- FIRM	$0.01017

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