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Minneapolis, MN 55459-0038

May 1, 2019

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

Mr. Joe Sullivan
Deputy Commissioner, Division of Energy Resources
Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-2198

RE: Natural Gas Conservation Improvement Program 2018 Status Report & Associated
Compliance Filings
Docket No. G008/CI-10-111
Docket No. G008/CIP-16-119
Docket No. G008/M-19-____

Dear Mr. Wolf and Deputy Commissioner Sullivan:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, ("CenterPoint Energy" or the "Company") respectfully submits to the Minnesota Public Utilities Commission ("Commission") and the Minnesota Department of Commerce, Division of Energy Resources ("Department"), its aggregated compliance filing, which includes its *2018 Conservation Improvement Program Status Report*, *2018 Demand-Side Management Financial Incentive Report*, *Conservation Improvement Program Tracker Report* for the period of January 1, 2018 through December 31, 2018; and its request to increase the Conservation Cost Recovery Adjustment ("CCRA") to 0.0576 per dekatherm ("Dth"), to become effective September 1, 2019. This filing complies with the Commission's Orders in *In the Matter of the Commission Review of Utility Performance Incentives for Energy Conservation*,¹ Conservation Improvement Program ("CIP") regulations requiring CenterPoint Energy to submit an annual CIP Status Report,² and

¹ Docket No. E,G999/CI-08-133.

² Minn. R. § 7690.0550.

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

For the tenth consecutive year, CenterPoint Energy has surpassed its energy savings goals. The Company achieved 1,980,534 Dth of first-year energy savings, representing 1.40 percent of its average retail sales and 113 percent of its approved goal for 2018. The Company achieved this level of energy savings while only slightly exceeding its approved budget. 2018 program expenditures were \$34,888,321 or 103 percent of the approved 2018 budget. Under the mechanism approved by the Commission,⁴ this level of performance qualifies the Company for a financial incentive of \$11,317,175.

CenterPoint Energy was assessed a total of \$548,226 under Minnesota Statute § 216B.241. These assessments are recoverable under Minnesota Statute § 216B.241 through the CIP Tracker mechanism. Total assessments and alternative CIP in 2018 combined with 2018 program expenditures result in total deferred expenses on the CIP Tracker account of \$35,776,772. The Company also requests approval of its 2018 CIP carrying charges. Because the Company's 2018 CIP Tracker account was over-recovered for the majority of the year, total annual carrying charges accrued in the favor of ratepayers and were credited to the CIP Tracker account, reducing the total year-end under-recovered balance. \$98,415 in total annual carrying charges were credited to the 2018 CIP Tracker account, resulting in a year-end over-recovered CIP Tracker balance of \$6,096,809.

The Commission has ordered CenterPoint Energy to file its CIP Adjustment with its annual CIP Tracker and DSM Financial Incentive filings.⁵ The Company requests approval to increase the CCRA to 0.0576 per Dth, to go into effect on September 1, 2019. The Company projects that this increased CCRA will achieve a near-zero CIP Tracker balance by the end of 2020. Section 4 of this filing describes the Company's CCRA proposal in more detail.

By copy of this transmittal letter, CenterPoint Energy is notifying persons on the service lists of this filing. This filing is also 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 Minnesota eDockets homepage.⁶ Please note that a copy of this filing is available for public inspection at CenterPoint Energy's business office at 505

³ *In the Matter of a Petition by CenterPoint Energy, A Division of CenterPoint Energy Resources Corp., for Approval of its 2009 CIP Tracker Account and DSM financial incentive*, Docket No. G008/M-10-416, G008/M-10-634, Ordering Point 4 (PUC, Oct. 11, 2010).

⁴ *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan (PUC, Aug. 5, 2016).

⁵ *In the Matter of a Petition by CenterPoint Energy, A Division of CenterPoint Energy Resources Corp., for Approval of its 2009 CIP Tracker Account and DSM financial incentive*, Docket No. G008/M-10-416, G008/M-10-634, Ordering Point 4 (PUC, Oct. 11, 2010).

⁶ <https://www.edockets.state.mn.us/EFiling/security/login.do?method=showLogin>.

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 Ethan Warner at ethan.warner@centerpointenergy.com or (612) 321-4324.

Sincerely,

/s/ Ethan S. Warner

Ethan S. Warner
Regulatory Analyst, Conservation Improvement Program

CC: Service List

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

Ethan S. Warner, being first duly sworn on oath, deposes and says that he is an employee in the office of CenterPoint Energy, Minneapolis, Minnesota 55402, and that on the 1st day of May 2019, he delivered the enclosed notice of filing to those individuals and agencies listed on the attached pages, by:

- 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,
- electronic filing.

 /s/ Ethan S. Warner
Ethan S. Warner

Subscribed and sworn to before me
this 1st day of May 2019.

 /s/ Melodee Sue Carlson Chang
Melodee Sue Carlson Chang
Notary Public (Commission Expires January 31, 2024)

CENTERPOINT ENERGY
SUMMARY OF FILING
Rule 7829.1300, Subp. 1

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (the “Company”) submits its *2018 Conservation Improvement Program Status Report* and associated filings. In addition to the Status Report, this filing includes a request for approval of the Company’s December 31, 2018 Conservation Improvement Program (“CIP”) Tracker over-recovered balance of \$6,096,809; a request for approval of a 2018 CIP Financial Incentive in the amount of \$11,317,175 (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 \$0.00576 per therm.

CENTERPOINT ENERGY
SUMMARY OF FILING
Rule 7829.1300, Subp. 3

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

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

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

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

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

Date Filed: May 1, 2019
Effective Dates: September 1, 2019 (Conservation Cost Recovery
Adjustment)
Upon receipt of Commission approval (Financial Incentive)

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

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

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

/s/
Ethan S. Warner
Regulatory Analyst, Conservation Improvement Program
(612) 321-4324

AGGREGATED COMPLIANCE REPORTS OVERVIEW

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) submits its *2018 Conservation Improvement Program Status Report* and associated compliance reports. The purpose of the filing is to report 2018 Conservation Improvement Program (“CIP”) project activity; to request approval to allocate the 2018 Financial Incentive to CenterPoint Energy’s CIP Tracker; to update CIP Tracker activity from January 1, 2018 through December 31, 2018 and request approval of the CIP Tracker balance; and to request approval of the Company’s proposed Conservation Cost Recovery Adjustment.

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

- Section 1. 2018 Conservation Improvement Program Status Report;
- Section 2. 2018 Demand-Side Management Financial Incentive Report;
- Section 3. Conservation Improvement Program Tracker Report;
- Section 4. Conservation Cost Recovery Adjustment Proposal; and
- Section 5. Attachments.

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SECTION 1: 2018 CONSERVATION IMPROVEMENT PROGRAM **STATUS REPORT**

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) submits this Status Report on its Conservation Improvement Program (“CIP”) in compliance with Minnesota Department of Commerce (“Department”) Rules and the Commissioner’s Decisions. This report covers the 2018 CIP year, January 1 through December 31. The report is divided into five sections:

- I. Summary of Accomplishments
- II. Minority and Women Business Enterprise Vendors
- III. Update of Program Modifications
- IV. Compliance Overview
- V. 2018 CIP Results

Summary of Accomplishments

CenterPoint Energy's strong CIP performance in 2018 demonstrates the Company's ongoing commitment to helping its customers achieve cost-effective energy conservation. For the tenth consecutive year, the Company has surpassed its energy savings goals by achieving 1,980,534 dekatherms ("Dth") of first-year energy savings which is 13 percent above goal. 2018 energy savings represent 1.40 percent of CenterPoint Energy's average retail sales. This level of energy savings was achieved with spending only slightly exceeding the approved budget. 2018 program expenditures were \$34,888,321 or only 103 percent of the approved budget. High energy savings coupled with these spending levels contributed to the average per Dth cost of first year energy savings was \$17.62 as compared to the planned \$19.43 (nearly 10 percent more cost effective). When lifetime savings is considered, the Company calculates that the average per Dth cost is only \$1.39.

CenterPoint Energy's exceeded energy savings goals in both the Residential and Commercial & Industrial ("C&I") Segments. The Company surpassed the Residential Segment's energy savings goal by 64,120 Dth or about 10 percent and the C&I segment's energy savings goal by 170,660 Dth or about 16 percent. The overall CIP portfolio, as well as the Residential and C&I Segments, was cost effective from the utility, societal, and participant perspectives.

In the Residential and C&I Segments, several projects performed particularly well. For residential, Home Efficiency Rebates exceeded its energy savings goal by 32,993 Dth and Home Insulation Rebates exceed its energy savings goal by 15,459 Dth. For C&I, Energy Design Assistance achieved a record setting energy savings of 295,386 Dth and exceeded its energy saving goal by 145,386 Dth. Recommissioning Study & Rebates achieved over four times the approved energy savings goal. Natural Gas Energy Analysis has a relatively small energy savings goal, but it exceeded the goal by 243 percent in 2018 largely through collaborations with school districts.

Minnesota statutes require gas utilities to spend at least 0.4 percent of gross operating revenue ("GOR") from residential customers on conservation programs that directly serve the needs of low-income customers. The Company spent \$3,792,484 on dedicated low-income CIP programs or 0.62 percent of its GOR from residential customers. Total portfolio spending for the benefit of CenterPoint Energy's low-income customers exceeded four and a half million dollars (or 13 percent of total CIP spending) and was equivalent to 0.75 percent of GOR from residential customers. The Company's Low-Income Segment also exceeded its 2018 participation goal by 13 percent.

CenterPoint Energy is proud of its 2018 CIP accomplishments for all its customers. The energy savings achieved in the Residential and C&I Segments in 2018 demonstrates the efficacy of the

Company's nationally recognized program design and implementation.⁷ The number of participants in low-income projects grew substantially (over 15 percent) compared to 2018.⁸ The Company continued to demonstrate its commitment to helping its customers achieve cost-effective energy savings and contributing to Minnesota's highly effective natural gas energy efficiency programs.⁹ The Company looks forward to further developing and implementing innovative approaches for delivering energy efficiency to its customers.

⁷ American Council for an Energy Efficient Economy. Fourth National Review of Exemplary Energy Efficiency Programs, available at <https://aceee.org/press/2019/01/aceee-honors-outstanding-utility> (last visited Apr. 19, 2019).

⁸ Across all projects, low-income participants increased by 25 percent.

⁹ American Council for an Energy Efficient Economy. The 2018 State Energy Efficiency Scorecard, available at <https://aceee.org/research-report/u1808> (last visited Apr. 19, 2019).

Minority and Women Business Enterprise Vendors

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

Total 2018 CIP Spend	\$34,888,321
Vendor Spend ¹¹	\$11,618,044
MWBE Vendor Spend	\$1,431,155
MWBE Spend as Percent of Vendor Spend¹²	12.3%

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

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

¹² The Company notes that \$5,442,686 or 47 percent of its vendor spend goes to non-profit entities; non-profit entities cannot qualify as MWBEs under the definition CenterPoint Energy uses. If non-profit entities are excluded from the calculation, 23 percent of the Company’s remaining vendor spend went to MWBEs.

Update of Program Modifications

CenterPoint Energy provides the following information regarding the formal and informal modifications to *CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan* that were made or approved in 2018, or went into effect in 2018.¹³

Formal Modifications

Non-Profit Affordable Housing Rebates - Performance Track, Eligibility Modification, and Passive House Rebates

On March 29, 2018, the Deputy Commissioner approved CenterPoint Energy's January 26, 2018 request to modify its Non-Profit Affordable Housing Rebates project.¹⁴ The Non-Profit Affordable Housing Rebates project has offered prescriptive rebates for the installation of energy efficiency measures in homes constructed or retrofitted by non-profit agencies for over a decade. In its January modification request, the Company proposed to modify the Non-Profit Affordable Housing Rebates project to (1) include a performance-based incentive for builders to achieve higher levels of energy savings; (2) modify eligibility requirements for the project to allow additional participation; and (3) introduce additional incentives for participants achieving Passive House certification. The Company also requested that the Non-Profit Affordable Housing Rebates project's budget and goals be updated to reflect the new incentives and new anticipated levels of participation and energy savings.

Non-Profit Affordable Housing Rebates – Adoption of Agency Low-Income Definitions

On December 20, 2018 the Deputy Commissioner approved CenterPoint Energy's October 19, 2018 request to modify its Non-Profit Affordable Housing Rebates project.¹⁵ In its October modification request, the Company proposed to modify the project's eligibility criteria to conform to reasonable definitions of "low-income" used by participating community organizations, to correct a budget error made in the earlier January modification request, and to provide rater incentives to RESNET® Home Energy Raters working with project participants.

On-Bill Loan Repayment Program

In 2016, the Deputy Commissioner approved CenterPoint Energy's On-Bill Loan Repayment project as part of the Company's 2017-2019 Conservation Improvement Plan "with the

¹³ The Deputy Commissioner requires that utilities include, in their annual status reports, a description of all program modifications and changes not requiring Deputy Commissioner approval in order to keep the Department and other interested parties informed of their activities. *In the Matter of CenterPoint Energy's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket No. G008/CIP-16-119, *et al.*, Deputy Commissioner Decision, pp. 49-50 (DOC, Nov. 3, 2016). In this section, CenterPoint Energy also describes modifications requiring Deputy Commissioner approval.

¹⁴ *In the Matter of CenterPoint Energy's 2017-2019 CIP Plan Program Modification Request*, G008/CIP-16-119, Deputy Commissioner Decision (DOC, Mar. 29, 2018).

¹⁵ *In the Matter of CenterPoint Energy's Program Modification Request Filed October 19, 2018*, G008/CIP-16-119, Deputy Commissioner Decision (DOC, Dec. 20, 2018).

understanding that [CenterPoint Energy] will file a formal modification so that the Department and interested parties can review how [CenterPoint Energy] addresses the outstanding program design questions and the program’s participation goals.” CenterPoint Energy complied with this requirement by filing a formal modification on July 3, 2018,¹⁶ which was approved by the Deputy Commissioner on October 10, 2018.¹⁷

The On-Bill Loan Repayment project will provide a simple and convenient way for customers to pay for energy efficiency improvements to their property via their CenterPoint Energy gas bill. While the Company does not provide capital for the loans, CenterPoint Energy works with an implementation partner to process loan payments from customers to participating lenders. In its modification request the Company established criteria for customers, measures, trade allies, and lenders and loans. The Company also established program participation goals and evaluation metrics and requested budget modifications.

Modifications Not Requiring Formal Approval

Updated Water Heater Energy Factors to Uniform Energy Factors

On January 1, 2018, the Department of Energy (“DOE”) finalized implementation of new industry standards for measuring residential water heater energy efficiency.¹⁸ Based on these DOE standards, the Company modified the minimum efficiency requirements for and the energy savings claimed from installing residential water heaters in the Company’s CIP projects.¹⁹ The new criteria are:

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

To calculate energy savings, the Company updated the water heater calculation from the Minnesota Technical Reference Manual²⁰ to reflect the changed minimum efficiencies established in the new standard and calculated average savings for each of the units rebated by the Company from January 1 to September 30, 2017. New deemed savings are summarized in the table below.

¹⁶ CenterPoint Energy Request to Modify On-Bill Loan Repayment, Docket No. G008/CIP-16-119 (July 3, 2018).

¹⁷ *In the Matter of CenterPoint Energy’s 2017-2019 CIP Plan Program Modification Request*, G008/CIP-16-119, Deputy Commissioner Decision (DOC, Oct. 10, 2018).

¹⁸ Energy Conservation Program for Consumer Products and Certain Commercial and Industrial Equipment: Test Procedures for Consumer and Commercial Water Heaters, 81 Fed. Reg. 96,204 (Dec. 29, 2016).

¹⁹ DOE has not proposed new standards for commercial capacity (> 75,000 Btu/hr) water heaters. The Company did not make changes to the minimum efficiency requirements or savings of those water heaters.

²⁰ State of Minnesota Technical Reference Manual for Energy Conservation Improvement Programs, Version 2.0, Docket No. E,G999/CIP-15-896 (Jan. 14, 2016).

Modifications to Deemed Energy Savings of Water Heaters

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

The Company does not expect this modification to result in any changes to project spending, participation, or energy savings realized. Changes in energy savings from residential water heaters do not change the approved figures for rebate amounts, incremental cost, or measure life included in *CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan*.

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

Passive House Incentives

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

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

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

Home Energy Squad Co-Pay Amount

On May 15, 2018, CenterPoint Energy notified the Department via courtesy notification of an increase to the co-pay amount for Home Energy Squad Basic Audits. CenterPoint Energy increased the co-pay charge for Basic Audits from \$25 to \$30 to match Xcel Energy's Basic Audit charge in order to reduce complications for Xcel Energy and CenterPoint Energy's joint vendor and customers. The Home Energy Squad provides energy audits and direct install measures to CenterPoint Energy's and Xcel Energy's residential customers. Three different home visit options are available that include different services and measures for different co-pay amounts. The most basic and least expensive option is the Basic Audit. The Basic Audit is also the least popular audit option; only 8 CenterPoint Energy customers selected the Basic Audit in 2018. Low-income customers are eligible for free Home Energy Squad visits and so should not be affected by this change.

High-Efficiency Home and Non-Profit Affording Housing Rebates - Home Energy Rating Software

The High Efficiency Homes project and Non-Profit Affordable Housing Rebates performance path provide incentives to builders to achieve increasing levels of energy efficiency above the Minnesota Residential Energy Code. Participating homes must work with a certified RESNET Home Energy Rater ("Rater") of their choosing. The Company previously required Raters to model each participating home using REM/Rate software, a residential energy analysis software approved by RESNET. On November 20, 2018 the Company notified the Department via courtesy modification that it would begin allowing participating Raters to use Ekotrope, a different RESNET approved software that is growing in popularity. The change took effect on January 1, 2019.

Compliance Overview

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

CenterPoint Energy's approved 2018 energy savings goal represents 1.24 percent of the Company's three-year average gross annual retail energy sales.²¹ The Company surpassed the approved 2018 energy savings goal by 232,569 Dth, achieving energy savings equivalent to 1.40 percent of CenterPoint Energy's approved three-year-averaged weather-normalized energy sales, excluding energy sales to CIP-exempt customers.

Table 1. Compliance with Annual Energy Savings Goal

Average Weather-Normalized Energy Sales (2013-2015)	141,120,375 Dth
2018 Energy Savings Goal	1,747,965 Dth
2018 CIP Energy Savings Goal - Percent of Average Weather-Normalized Energy Sales	1.24%
2018 Actual Energy Savings	1,980,534 Dth
2018 CIP Energy Savings - Percent of Average Weather-Normalized Energy Sales	1.40%

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

Minnesota Statutes § 216B.241, subd. 1a, requires gas utilities to spend 0.5 percent of their gross operating revenue ("GOR") on CIP; Minnesota Rules § 7690.1200, subp. 1(A)(2), establishes the *Gas Jurisdictional Annual Report* as the source of data to be used for calculating GOR. In 2018, CenterPoint Energy spent a total of \$34,888,321 on CIP, which represents 4.27 percent of the Company's approved GOR, excluding sales to CIP exempt customers.

Table 2. Compliance with Minimum Spending Requirement

2015 Total GOR*	\$831,903,100
Revenue from Exempt Customers**	\$14,635,716
2015 Net GOR***	\$817,267,385
Statutory Spending Factor	0.5%
Statutory Minimum CIP Spending	\$4,086,337
2018 Program Spending	\$34,888,321
2018 Program Spending as a Percent of Net GOR	4.27%

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

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

*** *In the Matter of CenterPoint Energy's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket No. G008/CIP-16-119, et al., Deputy Commissioner Decision, p. 5 (DOC, Nov. 3, 2016).

²¹ See Minn. Stat. § 216B.241, subd. 1c(d).

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

Minnesota Statutes § 216B.241, subd. 7, requires each gas utility to annually spend at least 0.4 percent of its most recent three-year-average residential GOR on conservation programs that directly serve the needs of low-income customers. In 2018, CenterPoint Energy spent a total of \$4,587,771 on low-income customers participating in CIP, representing 0.75 percent of the Company's three-year-average GOR from residential customers.²²

Table 3. Compliance with Low-Income Spending Requirement

2013 GOR from Residential Customers	\$584,498,400
2014 GOR from Residential Customers	\$734,583,700
2015 GOR from Residential Customers	\$523,138,400
2013-2015 Average GOR from Residential Customers*	\$614,073,500
Statutory Spending Factor	0.40%
Statutory Minimum Low-Income Spending	\$2,456,294
2018 Spending in the Dedicated Low-Income Segment	\$3,792,484
2018 Low-Income Spending in the Residential Market Segment	\$473,552
2018 Low-Income Spending in the Multi-Family Building Efficiency Project (C&I Market Segment)	\$91,132
2018 Low-Income Spending in the Energy Design Assistance Project (C&I Market Segment)	\$230,603
2018 Total Actual Low-Income Spending	\$4,587,771
Low-Income Spending as Percent of Residential GOR	0.75%

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

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

Minnesota Statutes § 216B.241, subd. 2(c), establishes a maximum that utilities may spend on research and development through CIP. This cap is set at ten percent of the minimum spending requirement. The table below demonstrates CenterPoint Energy's compliance with the research and development spending cap. For descriptions of the Company's 2018 research and development activities, refer to the description of the Analysis, Evaluation, & Project Development project included in the 2018 CIP Results section of this Status Report.

²² Consistent with how CIP energy savings goals are calculated for Triennial Plan filings, the Company calculated its three-year average GOR from residential customers using the three most recent years prior to filing *CenterPoint Energy's 2017-2019 Conservation Improvement Program Triennial Plan*. See CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan, Docket No. G008/CIP-16-119, p. 7 (revised version filed June 5, 2017). The Company calculated applicable minimum low-income spending amounts using the methodology approved by the Deputy Commissioner in 2015. See *In the Matter of CenterPoint Energy's Conservation Improvement Program 2013 Status Report*, Docket No. G008/CIP-12-564.02, Deputy Commissioner Decision, Ordering Point 3 (DOC, Jan. 9, 2015).

Table 4. Compliance with Research and Development Spending Cap

Statutory Minimum CIP Spending	\$4,086,337
R&D Spending Cap	\$408,634
2018 R&D Spending in Project Development Project	\$140,320
2018 Total R&D Spending	140,320

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

Minnesota Statutes § 216B.2411, subd. 1(a), allows utilities to spend up to five percent of their minimum annual spending requirements on distributed and renewable generation projects.

CenterPoint Energy did not expend funds on any such projects in 2018.

2018 CIP Results²³

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

2018 Program Summary

Summary	Budget	Participation	Energy Saved (Dth)	Demand Energy Saved (Dth)
Residential Market Segment				
2018 Goal	\$17,670,766	279,785	616,358	6,164
2018 Actual	\$19,318,054	286,947	680,478	6,805
Variance	\$1,647,288	7,162	64,120	641
Low-income Market Segment				
2018 Goal	\$3,467,377	2,795	31,130	311
2018 Actual	\$3,792,484	3,165	28,919	289
Variance	\$325,107	370	-2,211	-22
C&I Market Segment				
2018 Goal	\$9,479,003	9,225	1,100,477	11,005
2018 Actual	\$9,336,812	8,237	1,271,137	12,711
Variance	(\$142,191)	-988	170,660	1,707
Other Projects				
2018 Goal	\$3,345,000	0	0	0
2018 Actual	\$2,440,970	0	0	0
Variance	(\$904,030)	0	0	0
Total				
2018 Goal	\$33,962,146	291,805	1,747,965	17,480
2018 Actual	\$34,888,321	298,349	1,980,534	19,805
Variance	\$926,175	6,544	232,569	2,326

²³ Tables included in this section may not sum to the exact totals provided due to rounding.

2018 Budget Summary

Project	Budget	Actual Spending	Difference	Percent Difference
Residential Market Segment Projects				
Home Efficiency Rebates	\$8,635,625	\$9,232,560	\$596,935	6.9%
DIY Home Efficiency	\$636,500	\$700,272	\$63,772	10.0%
Home Insulation Rebates	\$915,000	\$969,995	\$54,995	6.0%
Home Energy Reports	\$1,608,600	\$1,588,659	(\$19,941)	-1.2%
Home Energy Squad	\$1,979,641	\$2,124,680	\$145,039	7.3%
High-Efficiency Home	\$3,191,500	\$4,249,184	\$1,057,684	33.1%
New Home Construction Rebates	\$703,900	\$452,705	(\$251,195)	-35.7%
Subtotal:	\$17,670,766	\$19,318,054	\$1,647,288	9.3%
Low-Income Market Segment Projects				
Low-Income Weatherization	\$2,429,000	\$2,801,152	\$372,152	15.3%
Low-Income Rental Efficiency	\$280,000	\$201,335	(\$78,665)	-28.1%
Low-Income Free Heating System Tune-Up	\$192,500	\$117,764	(\$74,736)	-38.8%
Non-Profit Affordable Housing Rebates	\$480,305	\$611,254	\$130,949	27.3%
Low-Income Multi-Family Housing Rebates	\$85,572	\$60,979	(\$24,593)	-28.7%
Subtotal:	\$3,467,377	\$3,792,484	\$325,107	9.4%
C&I Market Segment Projects				
Commercial Foodservice Equipment Rebates	\$707,405	\$635,168	(\$72,237)	-10.2%
C&I Heating and Water Heating Rebates	\$3,695,256	\$3,849,699	\$154,443	4.2%
C&I Custom Rebates	\$1,521,568	\$1,319,354	(\$202,214)	-13.3%
Natural Gas Energy Analysis	\$442,103	\$288,951	(\$153,152)	-34.6%
Energy Design Assistance	\$1,620,820	\$1,995,596	\$374,776	23.1%
Industrial Process Efficiency	\$229,500	\$228,858	(\$642)	-0.3%
C&I Training and Education	\$160,200	\$54,431	(\$105,769)	-66.0%
Engineering & Certification Assistance	\$148,000	\$102,119	(\$45,881)	-31.0%
Recommissioning Study & Rebates	\$110,061	\$144,956	\$34,895	31.7%
Multi-Family Building Efficiency	\$794,890	\$700,820	(\$94,070)	-11.8%
Industrial Process Steam Trap Audit	\$49,200	\$16,859	(\$32,341)	-65.7%
Subtotal:	\$9,479,003	\$9,336,812	(\$142,191)	-1.5%
Other Projects				
Analysis, Evaluation, & Project Development	\$1,400,000	\$1,122,660	(\$277,340)	-19.8%
Energy Efficiency Marketing & Awareness	\$715,000	\$688,311	(\$26,690)	-3.7%
Planning & Regulatory Affairs	\$150,000	\$145,558	(\$4,442)	-3.0%
On-Bill Loan Repayment	\$1,080,000	\$484,442	(\$595,558)	-55.1%
Subtotal:	\$3,345,000	\$2,440,970	(\$904,030)	-27.0%
Total	\$33,962,146	\$34,888,321	\$926,175	2.7%

2018 Energy Savings Summary

Project	Goal Energy Savings (Dth)	Actual Energy Savings (Dth)	Difference	Percent Difference
Residential Market Segment Projects				
Home Efficiency Rebates	346,162	379,155	32,993	9.5%
DIY Home Efficiency	52,849	50,399	(2,450)	-4.6%
Home Insulation Rebates	13,305	28,764	15,459	116.2%
Home Energy Reports	79,967	100,284	20,317	25.4%
Home Energy Squad	25,970	18,028	(7,942)	-30.6%
High-Efficiency Home	80,801	94,453	13,652	16.9%
New Home Construction Rebates	17,304	9,394	(7,910)	-45.7%
Subtotal:	616,358	680,478	64,120	10.4%
Low-Income Market Segment Projects				
Low-Income Weatherization	18,431	20,537	2,106	11.4%
Low-Income Rental Efficiency	1,828	671	(1,157)	-63.3%
Low-Income Free Heating System Tune-Up	2,653	2,713	60	2.2%
Non-Profit Affordable Housing Rebates	2,758	4,136	1,378	50.0%
Low-Income Multi-Family Housing Rebates	5,460	862	(4,598)	-84.2%
Subtotal:	31,130	28,919	(2,211)	-7.1%
C&I Market Segment Projects				
Commercial Foodservice Equipment Rebates	63,651	55,231	(8,419)	-13.2%
C&I Heating and Water Heating Rebates	694,661	729,420	34,759	5.0%
C&I Custom Rebates	141,590	146,627	5,037	3.6%
Natural Gas Energy Analysis	1,223	4,196	2,973	243.1%
Energy Design Assistance	150,000	295,386	145,386	96.9%
Industrial Process Efficiency	21,000	5,878	(15,122)	-72.0%
C&I Training and Education	0	0	0	N/A
Engineering & Certification Assistance	0	0	0	N/A
Recommissioning Study & Rebates	3,774	18,059	14,285	378.6%
Multi-Family Building Efficiency	16,202	6,985	(9,217)	-56.9%
Industrial Process Steam Trap Audit	8,376	9,354	978	11.7%
Subtotal:	1,100,477	1,271,137	170,660	15.5%
Other Projects				
Analysis, Evaluation, & Project Development	0	0	0	N/A
Energy Efficiency Marketing & Awareness	0	0	0	N/A
Planning & Regulatory Affairs	0	0	0	N/A
On-Bill Loan Repayment	0	0	0	N/A
Subtotal:	0	0	0	N/A
Total	1,747,965	1,980,534	232,569	13.3%

2018 Demand Savings Summary

Project	Goal Demand Savings (Dth)	Actual Demand Savings (Dth)	Difference	Percent Difference
Residential Market Segment Projects				
Home Efficiency Rebates	3,462	3,792	330	9.5%
DIY Home Efficiency	528	504	(24)	-4.6%
Home Insulation Rebates	133	288	155	116.2%
Home Energy Reports	800	1,003	203	25.4%
Home Energy Squad	260	180	(79)	-30.6%
High-Efficiency Home	808	945	137	16.9%
New Home Construction Rebates	173	94	(79)	-45.7%
Subtotal:	6,164	6,805	641	10.4%
Low-Income Market Segment Projects				
Low-Income Weatherization	184	205	21	11.4%
Low-Income Rental Efficiency	18	7	(12)	-63.3%
Low-Income Free Heating System Tune-Up	27	27	1	2.2%
Non-Profit Affordable Housing Rebates	28	41	14	50.0%
Low-Income Multi-Family Housing Rebates	55	9	(46)	-84.2%
Subtotal:	311	289	(22)	-7.1%
C&I Market Segment Projects				
Commercial Foodservice Equipment Rebates	637	552	(84)	-13.2%
C&I Heating and Water Heating Rebates	6,947	7,294	348	5.0%
C&I Custom Rebates	1,416	1,466	50	3.6%
Natural Gas Energy Analysis	12	42	30	243.1%
Energy Design Assistance	1,500	2,954	1,454	96.9%
Industrial Process Efficiency	210	59	(151)	-72.0%
C&I Training and Education	0	0	N/A	N/A
Engineering & Certification Assistance	0	0	N/A	N/A
Recommissioning Study & Rebates	38	181	143	378.6%
Multi-Family Building Efficiency	162	70	(92)	-56.9%
Industrial Process Steam Trap Audit	84	94	10	11.7%
Subtotal:	11,005	12,711	1,707	15.5%
Other Projects				
Analysis, Evaluation, & Project Development	0	0	N/A	N/A
Energy Efficiency Marketing & Awareness	0	0	N/A	N/A
Planning & Regulatory Affairs	0	0	N/A	N/A
On-Bill Loan Repayment	0	0	N/A	N/A
Subtotal:	0	0	N/A	N/A
Total				
	17,480	19,805	2,326	13.3%

2018 Low-Income Participation Summary

Project	Participation Goal	Actual Participation	Low-Income Participation Goal	Actual Low-Income Participation
Residential Market Segment Projects				
Home Efficiency Rebates	56,375	55,165	959	965
DIY Home Efficiency	10,000	18,484	450	1,117
Home Insulation Rebates	1,250	1,705	4	27
Home Energy Reports	200,000	202,055	6,200	6,140
Home Energy Squad	5,000	3,414	500	208
High-Efficiency Home	2,500	3,814	0	7
New Home Construction Rebates	4,660	2,310	0	10
Subtotal:	279,785	286,947	8,113	8,474
Low-Income Market Segment Projects				
Low-Income Weatherization	870	887	870	887
Low-Income Rental Efficiency	60	81	60	81
Low-Income Free Heating System Tune-Up	1,200	1,242	1,200	1,242
Non-Profit Affordable Housing Rebates	565	948	565	948
Low-Income Multi-Family Housing Rebates	100	7	100	7
Subtotal:	2,795	3,165	2,795	3,165
C&I Market Segment Projects				
Commercial Foodservice Equipment Rebates	544	433	0	0
C&I Heating and Water Heating Rebates	7,139	6,322	0	0
C&I Custom Rebates	52	38	0	0
Natural Gas Energy Analysis	225	141	0	0
Energy Design Assistance	60	66	0	12
Industrial Process Efficiency	7	8	0	0
C&I Training and Education	1,000	975	0	0
Engineering & Certification Assistance	30	48	0	0
Recommissioning Study & Rebates	13	28	0	0
Multi-Family Building Efficiency	150	177	53	24
Industrial Process Steam Trap Audit	5	1	0	0
Subtotal:	9,225	8,237	53	36
Other Projects				
Analysis, Evaluation, & Project Development	0	0	0	0
Energy Efficiency Marketing & Awareness	0	0	0	0
Planning & Regulatory Affairs	0	0	0	0
On-Bill Loan Repayment	0	0	0	0
Subtotal:	0	0	0	0
Total	291,805	298,349	10,961	11,675

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

2018 Low-Income Spending Summary

Project	Total Spending	Low-Income Spending	Percent of Total
Residential Market Segment Projects			
Home Efficiency Rebates	\$9,232,560	\$239,380	2.6%
DIY Home Efficiency	\$700,272	\$42,318	6.0%
Home Insulation Rebates	\$969,995	\$3,859	0.4%
Home Energy Reports	\$1,588,659	\$48,276	3.0%
Home Energy Squad	\$2,124,680	\$129,447	6.1%
High-Efficiency Home	\$4,249,184	\$7,974	0.2%
New Home Construction Rebates	\$452,705	\$2,297	0.5%
Subtotal:	\$19,318,054	\$473,552	2.5%
Low-Income Market Segment Projects			
Low-Income Weatherization	\$2,801,152	\$2,801,152	100.0%
Low-Income Rental Efficiency	\$201,335	\$201,335	100.0%
Low-Income Free Heating System Tune-Up	\$117,764	\$117,764	100.0%
Non-Profit Affordable Housing Rebates	\$611,254	\$611,254	100.0%
Low-Income Multi-Family Housing Rebates	\$60,979	\$60,979	100.0%
Subtotal:	\$3,792,484	\$3,792,484	100.0%
C&I Market Segment Projects			
Commercial Foodservice Equipment Rebates	\$635,168	\$0	0%
C&I Heating and Water Heating Rebates	\$3,849,699	\$0	0%
C&I Custom Rebates	\$1,319,354	\$0	0%
Natural Gas Energy Analysis	\$288,951	\$0	0%
Energy Design Assistance	\$1,995,596	\$230,603	11.6%
Industrial Process Efficiency	\$228,858	\$0	0%
C&I Training and Education	\$54,431	\$0	0%
Engineering & Certification Assistance	\$102,119	\$0	0%
Recommissioning Study & Rebates	\$144,956	\$0	0%
Multi-Family Building Efficiency	\$700,820	\$91,132	13.0%
Industrial Process Steam Trap Audit	\$16,859	\$0	0.0%
Subtotal:	\$9,336,812	\$321,735	3.4%
Other Projects			
Analysis, Evaluation, & Project Development	\$1,122,660	\$0	0%
Energy Efficiency Marketing & Awareness	\$688,311	\$0	0%
Planning & Regulatory Affairs	\$145,558	\$0	0%
On-Bill Loan Repayment	\$484,442	\$0	0%
Subtotal:	\$2,440,970	\$0	0%
Total	\$34,888,321	\$4,587,771	13.1%

2018 Renter Participation Summary

Project	Participation Goal	Actual Participation	Renter Participation Goal	Actual Renter Participation
Residential Market Segment Projects				
Home Efficiency Rebates	56,375	55,165	3,071	4,898
DIY Home Efficiency	10,000	18,484	1,384	3,129
Home Insulation Rebates	1,250	1,705	68	129
Home Energy Reports	200,000	202,055	6,017	8,339
Home Energy Squad	5,000	3,414	973	313
High-Efficiency Home	2,500	3,814	-	11
New Home Construction Rebates	4,660	2,310	-	97
Subtotal:	279,785	286,947	11,513	16,916
Low-Income Market Segment Projects				
Low-Income Weatherization	870	887	44	325
Low-Income Rental Efficiency	60	81	60	81
Low-Income Free Heating System Tune-Up	1,200	1,242	4	-
Non-Profit Affordable Housing Rebates	565	948	117	251
Low-Income Multi-Family Housing Rebates	100	7	100	7
Subtotal:	2,795	3,165	325	664
C&I Market Segment Projects				
Commercial Foodservice Equipment Rebates	544	433	-	10
C&I Heating and Water Heating Rebates	7,139	6,322	-	254
C&I Custom Rebates	52	38	-	2
Natural Gas Energy Analysis	225	141	-	1
Energy Design Assistance	60	66	-	37
Industrial Process Efficiency	7	8	-	-
C&I Training and Education	1,000	975	-	-
Engineering & Certification Assistance	30	48	-	1
Recommissioning Study & Rebates	13	28	-	-
Multi-Family Building Efficiency	150	177	150	177
Industrial Process Steam Trap Audit	5	1	-	-
Subtotal:	9,225	8,237	150	482
Other Projects				
Analysis, Evaluation, & Project Development	0	0	-	-
Energy Efficiency Marketing & Awareness	0	0	-	-
Planning & Regulatory Affairs	0	0	-	-
On-Bill Loan Repayment	0	0	-	-
Subtotal:	0	0	-	-
Total	291,805	298,349	11,988	18,062

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

2018 Cost-Benefit Analyses

Project	Ratepayer Impact Test	Utility Cost Test	Societal Test	Participant Test
Residential Market Segment Projects				
Home Efficiency Rebates	0.63	3.25	1.51	2.25
DIY Home Efficiency	0.65	3.80	4.77	N/A
Home Insulation Rebates	0.61	2.81	0.94	1.39
Home Energy Reports	0.46	1.11	1.18	N/A
Home Energy Squad	0.28	0.45	0.50	5.95
High-Efficiency Home	0.57	2.11	0.84	1.31
New Home Construction Rebates	0.54	1.73	1.20	2.12
Subtotal:	0.60	2.62	1.21	1.96
Low-Income Market Segment Projects				
Low-Income Weatherization	0.37	0.69	1.04	N/A
Low-Income Rental Efficiency	0.22	0.32	0.35	1.68
Low-Income Free Heating System Tune-Up	0.20	0.27	0.29	N/A
Non-Profit Affordable Housing Rebates	0.34	0.59	0.85	2.08
Low-Income Multi-Family Housing Rebates	0.44	0.94	0.52	0.85
Subtotal:	0.36	0.66	0.92	4.97
C&I Market Segment Projects				
Commercial Foodservice Equipment Rebates	0.74	5.78	3.24	3.78
C&I Heating and Water Heating Rebates	0.80	9.11	4.92	5.92
C&I Custom Rebates	0.90	8.34	3.03	2.78
Natural Gas Energy Analysis	0.44	0.83	0.96	7.96
Energy Design Assistance	0.80	14.02	2.37	2.04
Industrial Process Efficiency	0.51	0.98	0.76	1.73
C&I Training and Education	N/A	N/A	N/A	N/A
Engineering & Certification Assistance	N/A	N/A	N/A	N/A
Recommissioning Study & Rebates	0.75	4.77	1.18	1.34
Multi-Family Building Efficiency	0.36	0.62	0.75	6.33
Industrial Process Steam Trap Audit	1.07	18.40	15.82	34.82
Subtotal:	0.79	8.44	2.90	3.12
Other Projects				
Analysis, Evaluation, & Project Development	N/A	N/A	N/A	N/A
Energy Efficiency Marketing & Awareness	N/A	N/A	N/A	N/A
Planning & Regulatory Affairs	N/A	N/A	N/A	N/A
On-Bill Loan Repayment	N/A	N/A	N/A	N/A
Subtotal:	N/A	N/A	N/A	N/A
Total	0.65	3.88	1.84	2.47

2018 Cost per Dth Saved Comparison

Project	Approved Cost per Dth Saved	Actual Cost per Dth Saved	Percent Difference
Residential Market Segment Projects			
Home Efficiency Rebates	\$24.95	\$24.35	-2.4%
DIY Home Efficiency	\$12.04	\$13.89	15.4%
Home Insulation Rebates	\$68.77	\$33.72	-51.0%
Home Energy Reports	\$20.12	\$15.84	-21.2%
Home Energy Squad	\$76.23	\$117.86	54.6%
High-Efficiency Home	\$39.50	\$44.99	13.9%
New Home Construction Rebates	\$40.68	\$48.19	18.5%
Subtotal:	\$28.67	\$28.39	-1.0%
Low-Income Market Segment Projects			
Low-Income Weatherization	\$131.79	\$136.39	3.5%
Low-Income Rental Efficiency	\$153.16	\$299.93	95.8%
Low-Income Free Heating System Tune-Up	\$72.56	\$43.41	-40.2%
Non-Profit Affordable Housing Rebates	\$174.15	\$147.80	-15.1%
Low-Income Multi-Family Housing Rebates	\$15.67	\$70.73	351.3%
Subtotal:	\$111.38	\$131.14	17.7%
C&I Market Segment Projects			
Commercial Foodservice Equipment Rebates	\$11.11	\$11.50	3.5%
C&I Heating and Water Heating Rebates	\$5.32	\$5.28	-0.7%
C&I Custom Rebates	\$10.75	\$9.00	-16.3%
Natural Gas Energy Analysis	\$361.49	\$68.86	-81.0%
Energy Design Assistance	\$10.81	\$6.76	-37.4%
Industrial Process Efficiency	\$10.93	\$38.93	256.3%
C&I Training and Education	N/A	N/A	N/A
Engineering & Certification Assistance	N/A	N/A	N/A
Recommissioning Study & Rebates	\$29.17	\$8.03	-72.5%
Multi-Family Building Efficiency	\$49.06	\$100.34	104.5%
Industrial Process Steam Trap Audit	\$5.87	\$1.80	-69.3%
Subtotal:	\$8.61	\$7.35	-14.7%
Other Projects			
Analysis, Evaluation, & Project Development	N/A	N/A	N/A
Energy Efficiency Marketing & Awareness	N/A	N/A	N/A
Planning & Regulatory Affairs	N/A	N/A	N/A
On-Bill Loan Repayment	N/A	N/A	N/A
Subtotal:	N/A	N/A	N/A
Total	\$19.43	\$17.62	-9.3%

Residential Market Segment Projects

CenterPoint Energy's Residential Market Segment achieved 103 percent of the Segment's participation goal and 110 percent of the energy savings goal, while spending was 109 percent of budget.

CenterPoint Energy submits 2018 year-end information on the following residential projects:

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

Residential Market Segment	Project Spending	Project Participation	Energy Savings (Dth)	\$/Dth	BenCost Results (Societal Test)
Home Efficiency Rebates	\$9,232,560	55,165	379,155	24.35	1.51
DIY Home Efficiency	\$700,272	18,484	50,399	13.89	4.77
Home Insulation Rebates	\$969,995	1,705	28,764	33.72	0.94
Home Energy Reports	\$1,588,659	202,055	100,284	15.84	1.18
Home Energy Squad	\$2,124,680	3,414	18,028	117.86	0.50
High-Efficiency Home	\$4,249,184	3,814	94,453	44.99	0.84
New Home Construction Rebates	\$452,705	2,310	9,394	48.19	1.20
Residential Total	\$19,318,054	286,947	680,478	28.39	1.21

Detailed descriptions of Residential Market Segment projects can be found in the CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan.²⁴

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

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

²⁴ CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan. Docket No. G008/CIP-16-119, (revised version filed June 5, 2017).

Home Efficiency Rebates

The project achieved 98 percent of its participation goal and 110 percent of its energy savings goal, while project spending was 107 percent of budget. The following table shows the quantities of each type of measure rebated through the project:

Home Efficiency Rebates: Quantity of Measures Rebated

Measure Type	Quantity Rebated
Heating Equipment	13,793
Water Heaters	3,082
Heating/Water Heating Combo Units	0
Thermostats	11,040
Laundry Equipment	1,992
Furnace or Boiler Tune-Ups	24,446
Electronic Ignition Hearths	812
Total	55,165

DIY Home Efficiency

The project achieved 185 percent of its participation goal and 95 percent of its energy savings goal, while project spending was 110 percent of budget.

Home Insulation Rebates

The project achieved 136 percent of its participation goal and 216 percent of its energy savings goal,²⁵ while project spending was 106 percent of budget. The following table shows the quantities of each type of measure rebated through the project:

²⁵ In *CenterPoint Energy's 2017-2019 Conservation Improvement Program Triennial Plan*, the Company stated that it would calculate energy savings for conservation measures consistent with the Minnesota Technical Reference Manual for Energy Conservation Improvement Programs ("TRM") version 2.0. See CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan, Docket No. G008/CIP-16-119, p. A-5 (revised version filed June 5, 2017). However, in 2018 the Company deviated slightly from the TRM method when determining the 2018 energy savings for attic sealing measures. For attic sealing, the TRM includes a factor for converting leakage at 50 pascals to leakage at natural conditions. State of Minnesota Technical Reference Manual for Energy Conservation Improvement Programs, Version 2.0, Docket No. E,G999/CIP-15-896, pp. 427-429, (Jan. 14, 2016). The information for determining this factor was not submitted for some rebates in 2018. As discussed with the Department in 2017, the Company assumed an average conversion factor for these rebates based on 2018 rebates for which the Company had complete information on the rebated home.

Home Insulation Rebates: Quantity of Measures Rebated

Measure Type	Quantity Rebated
Wall Insulation	200
Attic Sealing (alone)	20
Attic Insulation + Air Sealing	1,485
Total	1,705

Home Energy Reports

The project achieved 101 percent of its participation goal and 125 percent of its energy savings goal, while project spending was 99 percent of budget.

Home Energy Squad

The project achieved 68 percent of its participation goal and 69 percent of its energy savings goal, while project spending was 107 percent of budget. There were 3,423 squad visits, 390 of which were provided to self-identified low-income customers for no fee. In 2018, some municipalities chose to encourage participation in the Home Energy Squad project by paying a portion of project fees for their citizens. In total, local units of government and neighborhood associations provided \$87,900 in funding.

High-Efficiency Home

The project achieved 153 percent of its participation goal and 117 percent of its energy savings goal, while project spending was 133 percent of budget. The following table shows how many participating homes achieved the energy savings required for each rebate tier:

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

Percent Gas Savings Above Code	Quantity of Homes Achieving
10-14%	595
15-19%	1,228
20-24%	1,379
25-29%	533
30-34%	71
35-39%	4
40-44%	3
45-49%	1
50% or above	0
Total	3,814

In 2018, no Passive House certification incentives were paid through the High-Efficiency Home project.

New Home Construction Rebates

The project achieved 50 percent of its participation goal and 54 percent of its energy savings goal, while project spending was 64 percent of budget. The following table shows the quantities of each type of measure rebated through the project:

New Home Construction Rebates: Quantity of Measures Rebated

Measure Type	Quantity Rebated
Heating Equipment	691
Water Heaters	109
Heating/Water Heating Combo Units	0
Thermostats	125
Laundry Equipment	188
Electronic Ignition Hearths	1,197
Total	2,310

Low-Income Market Segment Projects

CenterPoint Energy's Low-Income Market Segment achieved 113 percent of the Segment's participation goal and 93 percent of the energy savings goal, while spending was 109 percent of budget.

CenterPoint Energy's spending on the Low-Income Market Segment projects represents 0.62 percent of the Company's three-year average GOR from residential customers.²⁶ As summarized in Table 3 of the Compliance Overview section of this Status Report, when low-income CIP spending in the Residential and C&I Segments are included, the Company spent 0.75 percent of its three-year average GOR from residential customers to directly serve low-income customers.

CenterPoint Energy submits 2018 year-end information on the following dedicated low-income projects:

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

Low-Income Market Segment	Project Spending	Project Participation	Energy Savings (Dth)	\$/Dth	BenCost Results (Societal Test)
Low-Income Weatherization	\$2,801,152	887	20,537	\$136.39	1.04
Low-Income Rental Efficiency	\$201,335	81	671	\$299.93	0.35
Low-Income Free Heating System Tune-Up	\$117,764	1,242	2,713	\$43.41	0.29
Non-Profit Affordable Housing Rebates	\$611,254	948	4,136	\$147.80	0.85
Low-Income Multi-Family Housing Rebates	\$60,979	7	862	\$70.73	0.52
Low-Income Total	\$3,792,484	3,165	28,919	\$131.14	0.92

²⁶ Consistent with how CIP energy savings goals are calculated for Triennial Plan filings, the Company calculated its three-year average GOR from residential customers using the three most recent years prior to filing *CenterPoint Energy's 2017-2019 Conservation Improvement Program Triennial Plan*. See CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan, Docket No. G008/CIP-16-119, p. 7 (revised version filed June 5, 2017). The Company calculated applicable minimum low-income spending amounts using the methodology approved by the Deputy Commissioner in 2015. See *In the Matter of CenterPoint Energy's Conservation Improvement Program 2013 Status Report*, Docket No. G008/CIP-12-564.02, Deputy Commissioner Decision, Ordering Point 3 (DOC, Jan. 9, 2015).

Detailed descriptions of Low-income Market Segment projects can be found in the CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan.²⁷

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

Low-income status of residential customer participants in the Low-Income Market Segment was verified by third party agencies such as Community Action Agencies and non-profit affordable housing agencies. Low-income multi-family housing customers provided documentation to CenterPoint Energy showing pre-qualification in the Department of Energy Weatherization Assistance Program ("WAP"), certification for Minnesota Low Income Rental Classification ("LIRC"), or other documentation including (but not limited to) participation in the project-based Section 8 voucher program. Renter participation was established either through a cross-check of rental data in CenterPoint Energy's customer information system or, when available, through third party agency verification systems.

Low-Income Weatherization

The project achieved 102 percent of its participation goal and 111 percent of its energy savings goal, while project spending was 115 percent of budget. The following table shows the quantity and average cost of measures installed through the project:

Low-Income Weatherization: Quantity and Average Cost of Measures

Measure Type	Quantity	Average Cost of Measure
Weatherization Jobs	545	\$3,515
Furnaces	142	\$3,334
Boilers	3	\$8,854
Thermostats	73	N/A*
Water Heaters	96	\$2,661
Furnace or Boiler Tune-Ups/Repairs	28	\$697
Total	887	\$3,033

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

Low-Income Rental Efficiency

The project achieved 135 percent of its participation goal and 37 percent of its energy savings goal, while project spending was 72 percent of budget. Of the 55 audits conducted through the project in 2018, 26 were for buildings that went on to install energy efficiency measures in 2018, and 31 were for buildings expected to install efficiency measures in future years. The following

²⁷ CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan. Docket No. G008/CIP-16-119, (revised version filed June 5, 2017).

tables show certain key project statistics, the quantity and total cost of measures installed, and the number of units in participating buildings:

Low-Income Rental Efficiency: Key Project Statistics

Number of Properties	Total Dth Savings	Total Landlord Contribution	Total Cost*	Landlord Contribution %
81	671	\$68,815	\$160,611	43%

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

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

Type of Measure	Quantity	Total Cost
Weatherization Jobs	19	\$26,416
Furnaces	20	\$61,030
Boilers	6	\$28,225
Thermostats*	21	\$32,340
Water Heaters	19	\$9,350
Health & Safety	16	\$12,600
Furnace or Boiler Tune-Ups/Repairs	0	\$0
Total	101	\$160,611

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

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

Building Type	Quantity Participating
Single-Family	52
Duplex	27
Three-Unit	1
Four-Unit	1
Total	81

Low-Income Free Heating System Tune-Up Project

The project achieved 104 percent of its participation goal and 102 percent of its energy savings goal, while project spending was 61 percent of budget.

Non-Profit Affordable Housing Rebates

The project achieved 168 percent of its participation goal and 150 percent of its energy savings goal, while project spending was 127 percent of budget. In 2018, 143 buildings or 164 residences participated in the project. The following table shows the quantities of each type of measure installed through the project:

Non-Profit Affordable Housing Rebates: Quantity of Measures Installed

Type of Measure	Quantity
Heating Equipment	140
Thermostats	63
Water Heaters	106
Heat Recovery Ventilators	56
Weatherization	217
Low-flow Showerheads and Aerators	296
Laundry Equipment	70
Total	948

In 2018, no homes participated in the Non-Profit Affordable Housing Rebates project performance path, and no passive house certification rebates were paid through the Non-Profit Affordable Housing Rebates project.

Low-Income Multi-Family Housing Rebates

The project achieved 7.0 percent of its participation goal and 16 percent of its energy savings goal, while project spending was 71 percent of budget. The following table shows the quantities of each type of measure rebated through the project:

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

Type of Measure	Quantity
Furnaces	8
Boilers	6
Boiler Controls	6
Single Package Vertical Units	56
Boiler Tune-Ups	0
Water Heaters	7
Total	83

The 7 participating buildings had a total of 281 units, all of which were low-income occupied units.

Commercial and Industrial Market Segment Projects

CenterPoint Energy's C&I Market Segment achieved 89 percent of the segment's participation goal and 116 percent of its energy savings goal, while spending 98 percent of budget.

CenterPoint Energy submits 2018 year-end information on the following C&I projects:

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

C&I Market Segment	Project Spending	Project Participation	Energy Savings (Dth)	\$/Dth	BenCost Results (Societal Test)
Commercial Foodservice Equipment Rebates	\$635,168	433	55,231	\$11.50	3.24
C&I Heating and Water Heating Rebates	\$3,849,699	6,322	729,420	\$5.28	4.92
C&I Custom Rebates	\$1,319,354	38	146,627	\$9.00	3.03
Natural Gas Energy Analysis	\$288,951	141	4,196	\$68.86	0.96
Energy Design Assistance	\$1,995,596	66	295,386	\$6.76	2.37
Industrial Process Efficiency	\$228,858	8	5,878	\$38.93	0.76
C&I Training and Education	\$54,431	975	0	N/A	N/A
Engineering & Certification Assistance	\$102,119	48	0	N/A	N/A
Recommissioning Study & Rebates	\$144,956	28	18,059	\$8.03	1.18
Multi-Family Building Efficiency	\$700,820	177	6,985	\$100.34	0.75
Industrial Process Steam Trap Audit	\$16,859	1	9,354	\$1.80	15.82
C&I Total	\$9,336,812	8,237	1,271,137	\$7.35	2.90

Detailed descriptions of C&I Market Segment projects can be found in the CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan.²⁸

²⁸ CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan. Docket No. G008/CIP-16-119, (revised version filed June 5, 2017).

Measurement and Verification Expenses

The Company provides the following information regarding expenses related to energy savings measurement and verification (“M&V”) spending included in the C&I Market Segment spending total:²⁹

2018 M&V Expenses	
Labor	\$24,000
Equipment	\$0
Contracting Expenses	\$0
Total	\$24,000

Six customer projects requiring M&V were completed in 2018 in the C&I Custom Rebates project (3) and Energy Design Assistance project (3).

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

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

Commercial Foodservice Equipment Rebates

The project achieved 80 percent of its participation goal and 87 percent of its energy savings goal, while project spending was 90 percent of budget. The 189 participating customers installed 433 energy conservation measures through the project.

C&I Heating and Water Heating Rebates

The project achieved 89 percent of its participation goal and 105 percent of its energy savings goal, while project spending was 104 percent of budget. The 1,336 participating customers installed 6,322 energy conservation measures through the project.

²⁹ In *CenterPoint Energy’s Request for Modification to its Commercial/Industrial Project for its 2008 CIP Program Year*, Docket No. G008/CIP-06-789, Commissioner Ordering Point 2 (DOC, Aug. 25, 2008), the Company was ordered to “track all labor, equipment, and third-party contracting expenses associated with its Measurement and Verification activities and to report these expenses as separate line items in its annual CIP status reports.”

C&I Custom Rebates

The project achieved 73 percent of its participation goal and 104 percent of its energy savings goal, while project spending was 87 percent of budget. The 38 custom projects were completed with 37 rebated in 2018. One custom project only had influenced savings (465 Dth). One of the rebated projects was a custom scoping project.

Natural Gas Energy Analysis

The project achieved 63 percent of its participation goal and 343 percent of its energy savings goal, while project spending was 65 percent of budget. Participating customers completed 141 audits and installed 1,548 energy conservation measures through the project. Collaborations with school districts in 2018 helped Natural Gas Energy Analysis achieve high energy savings.

Energy Design Assistance

The project achieved 110 percent of its participation goal and 197 percent of its energy savings goal, while project spending was 123 percent of budget. There were 223 enrolled participants in the project; however, only 66 participants completed energy efficiency projects in 2018. Of the 66 projects that were completed in 2018, 12 qualified as low-income multi-family housing participants and were accordingly provided a higher rebate than they would have otherwise received. Four of the completed projects did not qualify for a rebate; however, the Company claims 433 Dth of influenced savings for these projects. In 2018, no Passive House certification incentives were paid through the Energy Design Assistance project.

Industrial Process Efficiency Project

The project achieved 114 percent of its participation goal and 28 percent of its energy savings goal, while project spending was 100 percent of budget. There were 8 enrolled participants in the project and the project paid rebates for 8 pieces of equipment in 2018.³⁰ Each of the customers enrolled in the Process Efficiency project received either an analysis to identify potential energy savings or a rebate through the project in 2018.

C&I Training and Education

The project achieved 98 percent of its participation goal, while project spending was 34 percent of budget. Of the 975 participants, 757 participated in high-efficiency foodservice equipment training, 71 in the Seasonal Energy Management Seminar, 81 in the Energy Efficiency and

³⁰ *CenterPoint Energy's Approved 2017-2019 Conservation Improvement Program Triennial Plan* states regarding the Industrial Process Efficiency project that "[p]articipants in this project are defined as 'rebates processed.'" However, the numerical participation goal stated in the Triennial Plan represented the Company's expectation about how many customers would be enrolled, and it was the Company's intention to use enrolled customers as the participation count for this project. *CenterPoint Energy's Approved 2017-2019 Conservation Improvement Triennial Plan*, Docket No. G008/CIP-16-119, p. 101 (revised version filed June 5, 2017). In this filing, the enrolled customers (8) were the same as the rebates processed (8).

Technology Conference, 45 in the Trade Ally Kick Off, and 21 in the High-Efficiency Boiler Training Seminar.

Engineering & Certification Assistance

The project achieved 160 percent of its participation goal, while project spending was 69 percent of budget. Of the 48 rebates paid through this project, 16 rebates were for up-front engineering assistance, 12 rebates were awarded after the installation of qualifying energy efficiency improvements, and 20 were for ENERGY STAR certification. Zero rebates were paid for LEED certification in 2018.

Recommissioning Study & Rebates

The project achieved 215 percent of its participation goal and 479 percent of its energy savings goal, while project spending was 132 percent of budget. Ten of the 26 rebates awarded in 2018 were for completed energy efficiency projects, and the remainder were for study funding. Two recommissioning projects that implemented energy efficiency measures had influenced saving (1,544 Dth).

Multi-Family Building Efficiency

The project achieved 118 percent of its participation goal and 43 percent of its energy savings goal, while project spending was 88 percent of budget. In 2018, 177 buildings with 6,676 total dwelling units participating. Of the participating buildings, 24 qualified as low-income. The participating low-income buildings contained 3,408 units. Seven performance-based rebates were awarded in 2018.

Industrial Steam Trap Audit Project

The project achieved 20 percent of its participation goal and 112 percent of its energy savings goal, while project spending was 34 percent of budget.

The energy savings goal was met, but participation in this project remained low in 2018. In 2018, CenterPoint Energy assessed the project through discussions with eligible industrial customers that previously participated in the project as well as customers that could potentially benefit from participating in the project. Participants and non-participants were supportive of retaining this service. The Company expects to include changes to this project in its Triennial Extension filing for July 1, 2019.

Other Projects

CenterPoint Energy's Other Project spending was 73 percent of budget.

CenterPoint Energy submits 2018 year-end information on the following CIP projects:

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

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

Other Projects Total	Project Spending	Project Participation	Energy Savings (Dth)	\$/Dth	BenCost Results (Societal Test)
Analysis, Evaluation, & Project Development	\$1,122,660	0	0	N/A	N/A
Energy Efficiency Marketing & Awareness	\$688,311	0	0	N/A	N/A
Planning & Regulatory Affairs	\$145,558	0	0	N/A	N/A
On-Bill Loan Repayment	\$484,442	0	0	N/A	N/A
Other Projects Total	\$2,440,970	0	0	N/A	N/A

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

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

Analysis, Evaluation, & Project Development

Project spending was 80 percent of budget.

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

CenterPoint Energy began development of a new online portal for energy data aggregation. The portal helps customers comply with benchmarking ordinances, apply for green certification, and

better understand their energy use. The Energy Data Aggregation Tool was made publicly available in early 2019 and information about it can be found on the Company's website.³¹

In the 2017-2019 CIP Triennial Plan, CenterPoint Energy requested an increase in the budget for this project, including increases in both evaluation and research and development ("R&D") spending. The Company requested that only its true R&D spending be counted against the statutory cap on R&D, rather than the full project budget as had been the case in previous Triennial Plans. The Deputy Commissioner approved the request, and directed the Company to include a narrative summary of its R&D activities, and the corresponding dollar amounts for each R&D activity, as part of the Company's annual status reports.³²

Accordingly, the Company provides the following information regarding its 2018 R&D spending and activities. 2018 R&D spending totaled \$140,320 and included:

- \$30,000 in support of research by the American Council for an Energy-Efficiency Economy ("ACEEE"). Funds were used to support two research projects (\$15,000 each) titled *Analysis of Strategic Energy Management & Smart Manufacturing Energy Efficiency Programs* and *Exemplary Programs Review & Recognition*. These reports are complete and available on the ACEEE website.³³
- \$3,610 in support of research comparing air source heat pump technology and natural gas furnaces, to evaluate the differences in energy usage and carbon emissions resulting from installation in different climates and with different electric generation mixes. The research was conducted by MEEA.³⁴
- \$104,530 in support of field testing conducted by GTI on residential natural gas heat pumps. This work was also supported by the US Department of Energy, among others.
- \$2,180 in expenses to plan and begin implementation of a field pilot of a technology to capture carbon from natural gas appliance flue gases. The pilot is intended to evaluate performance of the technology and assess energy savings benefits to establish whether it is appropriate to include the technology in future CIP programming. Activity in 2018 included a site visit to the manufacturer's facility and a field installation as well as pilot planning, including M&V planning. The Company expects to begin installation of the technology at test sites in Minnesota in 2019.

In addition to the activities enumerated above, the Company participated in initial meetings of a Midwest Utility R&D Collaborative coordinated by MEEA. This effort began in 2018 with several

³¹ <https://www.centerpointenergy.com/en-us/business/save-energy-money/analyze-your-energy-use/energy-use-data?sa=mn>

³² *In the Matter of CenterPoint Energy's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket No. G008/CIP-16-119, et. al, Deputy Commissioner Order, p. 7 (Nov. 3, 2016).

³³ <http://aceee.org/> (The reports can be found by searching for Report Numbers IE1901 and U1901, respectively. Note that final report titles may differ from the project titles listed here).

³⁴ Work on this research project was initiated in 2017; the costs reported here are for 2018 work only and the 2017 costs were reported in the Company's 2017 Status Report. The final study is complete and available on MEEA's website at <http://www.mwalliance.org/sites/default/files/Furnaces-vs-ASHPS-Sept18.pdf>.

midwestern utilities (including CenterPoint Energy, ComEd, Nicor Gas, Xcel Energy, DTE, and others) to share energy-efficiency related R&D results and progress in order to identify opportunities to collaborate, avoid duplication of effort, and learn from each other's work. There were no incremental costs associated with participation in the Collaborative.

Energy Efficiency Marketing & Awareness

Project spending was 96 percent of budget.

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

Planning and Regulatory Affairs

Project spending was 97 percent of budget.

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

On-Bill Loan Repayment

Project spending was 45 percent of budget.

In 2018, CenterPoint Energy and the implementation partner continued designing the project and planning technical integration of billing and project implementation systems. Once the design details were finalized, the Company filed a formal modification on July 3, 2018,³⁵ which was approved by the Deputy Commissioner on October 10, 2018.³⁶ The Company and the implementation partner began development of On-Bill Loan Repayment in the latter half of 2018.

EnerChange

Project spending was 96 percent of budget.

³⁵ CenterPoint Energy Request to Modify On-Bill Loan Repayment, Docket No. G008/CIP-16-119 (July 3, 2018).

³⁶ *In the Matter of CenterPoint Energy's 2017-2019 CIP Plan Program Modification Request*, G008/CIP-16-119, Deputy Commissioner Decision (DOC, Oct. 10, 2018).

The EnerChange project was proposed for inclusion in the Company's CIP by the National Initiative by Consumers of Energy d/b/a EnerChange ("EnerChange"). The Deputy Commissioner approved the EnerChange project with a total budget of \$285,000 for each year of the 2017-2019 Triennial.³⁷ The project is an indirect-impact conservation project for which no energy savings are claimed. EnerChange filed its Annual Program Status Report for 2018 on February 28, 2019 in Docket No. G008/CIP-16-119.02. Because this project is an Alternative CIP proposed and managed by EnerChange, CenterPoint Energy asks that any requests for additional information regarding project activity be directed to EnerChange.

EnergySmart

Project spending was 99 percent of budget.

The EnergySmart project was proposed for inclusion in the Company's CIP by the Minnesota Waste Wise Foundation ("MWWF"). The Deputy Commissioner approved the EnergySmart project with a total budget of \$67,913 for the 2018 program year and a larger amount in 2019.³⁸ EnergySmart filed its Annual Program Status Report for 2018 on April 25, 2019 in Docket No. G008/CIP-16-119.01. Because EnergySmart is an Alternative CIP proposed and managed by MWWF, CenterPoint Energy asks that any requests for additional information regarding project activity be directed to MWWF.

³⁷ *In the Matter of CenterPoint Energy's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket No. G008/CIP-16-119, *et al.*, Deputy Commissioner Decision, p. 40 (DOC, Nov. 3, 2016).

³⁸ *Id.* at 37.

Total Program Cost-Benefit Analysis

The BenCosts provided below include the cost-benefit analyses for the Company's total 2018 CIP goals and actual results.³⁹

Conservation Improvement Program (CIP)

BENEFIT COST FOR GAS CIPS-- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**
 Project: **Total CenterPoint Energy CIP 2018**
Goal (Full Behavioral Savings)

Input Data			First Year	Second Year	Third	Year
1) Retail Rate (\$/MCF) =	\$6.93	16 Utility Project Costs				
Escalation Rate =	4.00%	16 a) Administrative & Operating Costs =	\$ -	\$ 19,120,903	\$ -	-
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000	16 b) Incentive Costs =	\$ -	\$ 14,841,242	\$ -	-
Escalation Rate =	3.22%	16 c) Total Utility Project Costs =	\$ -	\$ 33,962,145	\$ -	-
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh	17) Direct Participant Costs (\$/Part) =	-	188.97	-	-
3) Commodity Cost (\$/MCF) =	\$4.27	18) Participant Non-Energy Costs (Annual \$/Part) =	-	-	-	-
Escalation Rate =	4.00%	Escalation Rate =	2.16%	2.16%	2.16%	2.16%
4) Demand Cost (\$/Unit/Yr) =	\$109.11	19) Participant Non-Energy Savings (Annual \$/Part) =	-	-	-	-
Escalation Rate =	4.00%	Escalation Rate =	2.16%	2.16%	2.16%	2.16%
5) Peak Reduction Factor =	1.00%	20) Project Life (Years) =	-	10.949	-	-
6) Variable O&M (\$/MCF) =	\$0.0500	21) Avg. MCF/Part. Saved =	-	6.54	-	-
Escalation Rate =	4.00%	22) Avg Non-Gas Fuel Units/Part. Saved =	0 kWh	0 kWh	0 kWh	0 kWh
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.022	22a) Avg Additional Non-Gas Fuel Units/ Part. Used :	0 kWh	0 kWh	0 kWh	0 kWh
Escalation Rate =	3.22%	23) Number of Participants =	-	291,805	-	-
8) Non-Gas Fuel Loss Factor	5.28%	24) Total Annual MCF Saved =	-	1,907,886	-	-
9) Gas Environmental Damage Factor =	\$0.3800	25) Incentive/Participant =	-	\$50.86	-	-
Escalation Rate =	2.16%					
10) Non Gas Fuel Enviro. Damage Factor (\$/Uni	\$0.0213					
Escalation Rate =	2.16%					
11) Participant Discount Rate =	6.44%					
12) Utility Discount Rate =	6.44%					
13) Societal Discount Rate =	2.55%					
14) General Input Data Year =	2016					
15a) Project Analysis Year 1 =	2017					
15b) Project Analysis Year 2 =	2018					
15c) Project Analysis Year 3 =	2019					

Cost Summary	1st Yr	2nd Yr	3rd Yr	Test Results	Triennial NPV	Triennial B/C
Utility Cost per Participant =		116.3864405		Ratepayer Impact Measure Test	(\$60,853,293)	0.63
Cost per Participant per MCF =		46.7029029		Utility Cost Test	\$71,131,802	3.23
Lifetime Energy Reduction (MCF)		20,986,751		Societal Test	\$64,158,677	1.89
Societal Cost per MCF		3.450557242		Participant Test	\$94,122,970	2.82

³⁹ Behavioral energy savings are reported consistent with *In the Matter of Inclusion of Behavioral Project Savings in Energy Conservation Improvement Programs and Shared Savings Demand-Side Management Financial Incentive Calculations*, Docket No. E, G999/CI-08-133, et al., Deputy Commissioner Decision (DOC, Apr. 26, 2012). In accordance with the Average Savings Method, the full savings for behavioral programs are used for BenCost analyses; reduced savings are used elsewhere in the report. Alternative CIP project and CIP assessments are excluded from spending used in all BENCOST modeling.

Conservation Improvement Program (CIP)

BENEFIT COST FOR GAS CIPS- Cost-Effectiveness Analysis

Company: **CenterPoint Energy**
 Project: **CenterPoint Energy CIP 2018 Total Actual (Full Behavioral Savings)**

Input Data		First Year	Second Year	Third Year
1) Retail Rate (\$/MCF) =	\$6.92			
Escalation Rate =	4.00%			
2) Non-Gas Fuel Retail Rate (\$/Fuel Unit) =	\$0.000			
Escalation Rate =	3.22%			
Non-Gas Fuel Units (ie. kWh,Gallons, etc) =	kWh			
3) Commodity Cost (\$/MCF) =	\$4.27			
Escalation Rate =	4.00%			
4) Demand Cost (\$/Unit/Yr) =	\$109.11			
Escalation Rate =	4.00%			
5) Peak Reduction Factor =	1.00%			
6) Variable O&M (\$/MCF) =	\$0.0500			
Escalation Rate =	4.00%			
7) Non-Gas Fuel Cost (\$/Fuel Unit) =	\$0.022			
Escalation Rate =	3.22%			
8) Non-Gas Fuel Loss Factor	5.28%			
9) Gas Environmental Damage Factor =	\$0.3800			
Escalation Rate =	2.16%			
10) Non Gas Fuel Enviro. Damage Factor (\$/Unit)	\$0.0232			
Escalation Rate =	2.16%			
11) Participant Discount Rate =	6.44%			
12) Utility Discount Rate =	6.44%			
13) Societal Discount Rate =	2.55%			
14) General Input Data Year =	2016			
15a) Project Analysis Year 1 =	2017			
15b) Project Analysis Year 2 =	2018			
15c) Project Analysis Year 3 =	2019			
16) Utility Project Costs				
16 a) Administrative & Operating Costs =		\$	18,631,627	
16 b) Incentive Costs =		\$	16,256,694	
16 c) Total Utility Project Costs =		\$	-	\$
17) Direct Participant Costs (\$/Part) =			257.20	
18) Participant Non-Energy Costs (Annual \$/Part) =		-	-	-
Escalation Rate =		2.16%	2.16%	2.16%
19) Participant Non-Energy Savings (Annual \$/Part) =		-	-	-
Escalation Rate =		2.16%	2.16%	2.16%
20) Project Life (Years) =			11.485	
21) Avg. MCF/Part. Saved =		-	7.31	
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 =			298,349	
24) Total Annual MCF Saved =			2,181,102	
25) Incentive/Participant =		-	\$54.49	

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	(\$68,233,475)	0.65
Cost per Participant per MCF =	#DIV/0!			Utility Cost Test	\$94,309,789	3.88
Lifetime Energy Reduction (MCF)	26,173,224			Societal Test	\$78,473,835	1.84
Societal Cost per MCF	3.553033626			Participant Test	\$105,724,980	2.47

SECTION 2: 2018 DEMAND-SIDE MANAGEMENT FINANCIAL INCENTIVE REPORT

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

CenterPoint Energy used the financial incentive mechanism approved by the Commission⁴² 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 2018 Conservation Improvement Program (“CIP”), which are included in Section 1 of this filing.

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

The following table summarizes these adjustments to the Company’s 2018 CIP spending:

Adjustments to Post-Year Spending

Total Spending (from CIP Tracker Report)	\$35,776,772
Exclude NGEA Assessments	(\$548,226)
Exclude EnerChange and EnergySmart	(\$340,225)
Total Post-Year Spending	\$34,888,321

As detailed in the *2018 Conservation Improvement Program Status Report* section of this filing, the Company’s total energy savings in 2018 were 1,980,534 dekatherms (“Dth”), or 1.40 percent of retail sales.⁴⁵ As shown in the worksheets in Attachment A, this level of performance qualifies the Company for a financial incentive award of up to 12 percent of the benefits achieved with a

⁴⁰ *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan (PUC, Aug. 5, 2016).

⁴¹ Minn. R. Ch. 7829.

⁴² *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan (Aug. 5, 2016).

⁴³ See *id.* at Ordering Point 2(B)-(C).

⁴⁴ See *id.* at Ordering Point 2(E).

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

cap limiting the incentive to no more than 35 percent of 2018 CIP expenditures. Twelve percent of 2018 net benefits is \$11,317,175 and 35 percent of 2018 spending is \$12,210,912. The tables below illustrate the calculation of Company's CIP financial incentive of \$11,317,175 based on the net benefits.

CenterPoint Energy's 2018 Financial Incentive as a Percent of Net Benefits without Regard to Expenditure Cap	
2018 Energy Savings	1,980,534 Dth
Energy Savings as Percent of Retail Sales	1.40%
2018 Net Benefits Achieved	\$94,309,789
Percent of Net Benefits Awarded at Percent of Retail Sales Avoided	12%
2018 Financial Incentive Eligibility Calculated as a Percent of Net Benefits	\$11,317,175

CenterPoint Energy's 2018 Financial Incentive Cap on CIP Program Expenditures	
2018 CIP Spending	\$34,888,321
Commission-approved Cap on Incentive as a Percent of Expenditures	35%
2018 Financial Incentive Eligibility Calculated as a Percent of CIP Expenditures	\$12,210,912

The Table below illustrates the calculation showing that CenterPoint Energy's 2018 CIP efforts will result in approximately \$82,992,614 in net benefits after the incentive.

Summary of CenterPoint Energy's 2018 Requested Financial Incentive	
Requested 2018 Financial Incentive	\$11,317,175
Requested Incentive as a Percent of Net Benefits Achieved	12%
2018 Total Net Benefits Achieved	\$94,309,789
2018 CIP Net Benefits After Requested Incentive	\$82,992,614

The Company therefore respectfully requests that the Commission approve CenterPoint Energy's 2018 CIP financial incentive in the amount of \$11,317,175, to be entered in the Company's CIP Tracker as of the issue date of the Commission's Order.

SECTION 3: CONSERVATION IMPROVEMENT PROGRAM

TRACKER REPORT

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) presents its Conservation Improvement Program (“CIP”) Tracker activity in the table at the end of this discussion.

The 2018 CIP Tracker beginning balance was an under-recovery of \$3,899,087.⁴⁶ The ending balance on December 31, 2018 is an over-recovery of \$6,096,809. The 2018 CIP Tracker Report reflects recovery in January through October using the approved interim rate Conservation Cost Recovery Charge (“CCRC”) of \$0.1928 per dekatherm (“Dth”) from the Company’s 2017 rate case filing.⁴⁷ The 2018 CIP Tracker Report reflects recovery of \$0.2362 per Dth in November through December using the approved CCRC from the 2017 rate case settlement.⁴⁸ In November, 2018 an adjustment for CCRC implementation was made to account for true-up of the interim CCRC and to account for the misalignment of the Company’s billing cycle with the implementation of the new CCRC on November 1.⁴⁹ The table at the end of this section shows the additional recovery from interim base rates (line 11) separately from the amount recovered under the approved CCRC (line 9).

On September 21, 2016, the Minnesota Public Utilities Commission (“Commission”) approved a Conservation Cost Recovery Adjustment (“CCRA”) of 0.1553 per Dth.⁵⁰ This rate went into effect January 1, 2017.⁵¹ On August 16, 2017 the Commission approved the continued

⁴⁶ The 2017 CIP Tracker ending balance was approved in *In the Matter of CenterPoint Energy’s 2017 Conservation Improvement Program (CIP) Cost Recovery*, Docket No. G008/M-18-120, Ordering Point 2 (PUC, Sept. 5, 2018).

⁴⁷ In *In the Matter of the Application of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, Docket No. G008/GR-17-285, Ordering Points 1 and 2 (PUC, Sept. 29, 2017), the Commission approved the Company’s proposed interim rates as modified to be calculated using the capital structure approved in the Company’s previous rate case and ordered the Company to file interim-rate tariff sheets reflecting the Commission’s modifications to the Company’s interim rate proposal. On September 29, 2017, the Company filed revised tariff sheets in Docket No. G008/GR-17-285 including an interim CCRC of \$0.2421 per Dth.

⁴⁸ *In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CPE) for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G008/GR-17-285, Ordering Point 1 (PUC, Oct. 16, 2018).

⁴⁹ The process for interim CCRA true-up is described in *In the Matter of the Application of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, Docket No. G008/GR-15-424, Compliance Filing (CNP, Sept. 8, 2016).

⁵⁰ *In the Matter of CenterPoint Energy’s (CenterPoint) 2015 Demand Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservation Cost Recovery Adjustment, Ordering Point 4 (PUC, Sept. 21, 2016).

⁵¹ *Id.*

implementation of this rate and it remained in effect through August 2018.⁵² On August 16, 2018 the Commission approved a CCRA of 0.0441 per Dth and issued an order on September 5, 2018 approving the rate.⁵³ The new CCRA rate went into effect September 1, 2018 and remains in effect. The amount recovered via the CCRA is reflected in line 13 of the table at the end of this section. See Section 4 of this filing for more discussion of the CCRA.

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 Statutes § 216B.241 and the Next Generation Energy Act of 2007 (“NGEA”). These assessments have not been included in the total CIP spending reported in Section 1 of this filing, but are included in the CIP Tracker because the NGEA provides for utilities to recover the assessments through the CIP Tracker mechanism.⁵⁴ Spending on alternative third-party CIPs is also excluded from total spend reported in Section 1 of this filing but included in the CIP Tracker. As described in Section 1, total CIP spending in 2018 was \$34,888,321; the assessments totaled \$548,226 and spending on alternative third-party CIPs totaled \$340,225, resulting in total recoverable CIP expenses of \$35,776,772 in 2018. Assessments and alternative third-party CIP spending were also excluded from the calculation of the financial incentive requested in Section 2 of this filing.

Miscellaneous Expenses

Included in the 2018 CIP expenses are various meals, travel, and miscellaneous CIP-related expenses.⁵⁵

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

These expenses (\$132,767) are 0.38 percent of the total non-assessment, non-third-party-alternative CIP, expenses included for recovery in this docket (\$34,888,321). The total amount of 2018 spending in each miscellaneous expense category is as follows:

⁵² *In the Matter of CenterPoint Energy’s 2016 Conservation Improvement Program Status Report, 2016 Demand Side Management Financial Incentive, Conservation Improvement Program Tracker Report, and 2016 Conservation Cost Recovery Adjustment Aggregated Compliance Filing*, Docket No. G008/M-17-339, Ordering Point 3 (PUC, Aug. 16, 2017)

⁵³ *In the Matter of CenterPoint Energy’s 2017 Conservation Improvement Program (CIP) Cost Recovery*, Docket No. G008/M-18-120, Ordering Point 4 (PUC, Sept. 5, 2018).

⁵⁴ Minn. Stat. § 216B.241, subd. 2b.

⁵⁵ See Minn. Stat. § 216B.16, Subd. 17.

Category	Expense
Meals	\$17,448
Entertainment	\$0
Miscellaneous (Subtotal)	\$79,894
<i>In Town Parking and Mileage</i>	\$3,566
<i>Employee Training</i>	\$8,066
<i>Conference Registration Fees</i>	\$4,096
<i>Membership Dues</i>	\$57,499
<i>Employee Professional Dues/Licenses</i>	\$751
<i>Awards and Gifts</i>	\$5,780
<i>Other Miscellaneous Expenses</i>	\$137
Employee Travel	\$35,426
Total	\$132,767

The various categories listed above are generally defined as follows:

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

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

“Miscellaneous Total” includes other business-related expenses not specifically covered under another expense category. CenterPoint Energy has further divided this expense category into the following subcategories: in-town parking and mileage expenses, employee training expenses, conference registration fees, fees for membership in various organizations,⁵⁶ employee professional dues and license fees, awards and gifts,⁵⁷ and other miscellaneous expenses.

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

CenterPoint Energy tracks CIP-related spending separately from other utility spending, using Federal Energy Regulatory Commission account numbers to ensure that conservation-related expenses are not recorded in non-conservation accounts and vice-versa. This in turn ensures

⁵⁶ In 2018, the majority of expenses included in this subcategory represent fees for Company membership in the Energy Solutions Center, the Gas Technology Institute Emerging Technologies Program, and the Midwest Energy Efficiency Alliance.

⁵⁷ CenterPoint Energy incents its customer service representatives to promote CIP by providing gift cards to call center employees who refer commercial and industrial customers to CIP offerings. The majority of expenses included in the 2018 awards and gifts subcategory are gift cards provided through this incentive program.

that ratepayers are not charged twice for a single expense; conservation expenses are approved through the annual CIP Tracker filings while non-conservation expenses are addressed in other proceedings (e.g., utility rate cases). The CIP-related expenses are incorporated into the Company's CIP BenCost analysis through their inclusion in the Company's total CIP spending for 2018.

**CenterPoint Energy Minnesota Gas
CIP Tracker and Balance**

2018 Actuals

Interim CCRC rate (Jan-Oct) approved (Docket No. G-008/GR-17-285)

CCRC rate (Nov-Dec) approved in the 2017 rate case (Docket No. G-008/GR-17-285)

Approved CCRA rate (Jan-Aug) of \$0.1553/Dth

Approved CCRA rate (Sept-Dec) of \$0.0441/Dth

	Jan 18 Actual	Feb 18 Actual	Mar 18 Actual	Apr 18 Actual	May 18 Actual	June 18 Actual	July 18 Actual	Aug 18 Actual	Sept 18 Actual	Oct 18 Actual	Nov 18 Actual	Dec 18 Actual	Annual Summary
Expenses													
1 Beginning Tracker Balance (\$) - Under / (Over) Recovered	3,899,087	(8,265,944)	(15,614,158)	(21,528,812)	(25,332,903)	(27,121,947)	(26,893,857)	(26,127,776)	(25,729,021)	(11,836,712)	(10,505,410)	(10,642,470)	3,899,087
2 CIP Program Expenditures	(345,258)	2,043,428	2,625,112	3,380,760	2,698,224	2,136,386	2,359,787	2,089,137	2,821,938	3,261,784	2,655,770	10,049,704	35,776,772
3 Performance Incentive									12,456,038				12,456,038
4 Total Expenses & Incentive (Line 1 + Line 2 + Line 3)	3,553,829	(6,222,516)	(12,989,046)	(18,148,052)	(22,634,679)	(24,985,561)	(24,534,070)	(24,038,639)	(10,451,046)	(8,574,928)	(7,849,640)	(592,766)	52,131,897
Recovery													
5 Total Volumes (Dt)	32,369,550	26,516,744	24,710,280	21,970,702	14,859,478	7,555,379	7,742,878	8,622,116	8,110,070	10,545,715	15,898,352	22,598,074	201,499,338
6 Exemptions (Dt)	2,635,568	2,899,890	3,242,851	3,916,272	3,594,836	2,780,101	3,758,454	4,394,011	4,164,530	3,815,363	2,625,617	2,987,294	40,814,786
7 Volumes less Exemptions (Dt) (Line 5 - Line 6)	29,733,983	23,616,854	21,467,430	18,054,430	11,264,642	4,775,278	3,984,424	4,228,105	3,945,540	6,730,352	13,272,735	19,610,780	160,684,552
8 Base Rate Recovery (CCRC) (per Dt)	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.1928	0.2362	0.2362	
9 Base Rate Cost Recovery (\$) (Line 7 x Line 8)	(5,732,712)	(4,553,330)	(4,138,920)	(3,480,894)	(2,171,823)	(920,674)	(768,197)	(815,179)	(760,700)	(1,297,612)	(3,135,020)	(4,632,066)	(32,407,126)
10 Interim CCRC	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0.0493	0.0000	0.0000	
11 Interim Rate Recovery (Line 7 x Line 10)	(1,465,885)	(1,164,311)	(1,058,344)	(890,083)	(555,347)	(235,421)	(196,432)	(208,446)	(194,515)	(331,806)	-	-	(6,300,591)
12 CCRA (per Dt)	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.1553	0.0441	0.0441	0.0441	0.0441	
13 CCRA Recovery (\$) (Line 7 x Line 12)	(4,617,688)	(3,667,697)	(3,333,892)	(2,803,853)	(1,749,399)	(741,601)	(618,781)	(656,625)	(173,998)	(296,809)	(585,328)	(864,835)	(20,110,505)
14 Adjustment for final CCRC rate implementation											939,606		939,606
15 Adjustment for CCRA rate implementation									(251,675)				(251,675)
16 Total Recovery (Line 9 + Lines 11 + Lines 13 through 15)	(11,816,285)	(9,385,338)	(8,531,157)	(7,174,830)	(4,476,569)	(1,897,695)	(1,583,410)	(1,680,249)	(1,380,889)	(1,926,227)	(2,780,742)	(5,496,902)	(58,130,291)
Carrying Charges													
17 Sub-Balance (\$) (Line 4 + Line 16)	(8,262,456)	(15,607,854)	(21,520,203)	(25,322,882)	(27,111,248)	(26,883,256)	(26,117,480)	(25,718,888)	(11,831,934)	(10,501,155)	(10,630,381)	(6,089,667)	(5,998,394)
18 Deferred Income Tax (Line 17 x 28.742% x -1)	3,495,471	2,110,212	1,697,515	1,090,492	511,132	(68,605)	(223,146)	(117,523)	(3,994,301)	(383,866)	35,919	(1,308,567)	
19 ADIT (Line 18 + Line 19 prior month)	2,305,112	4,415,323	6,112,839	7,203,331	7,714,462	7,645,858	7,422,712	7,305,189	3,310,888	2,927,022	2,962,942	1,654,375	
20 EDIT (Starts 1/2018 and Ends 12/2019)	(501,201)	(479,410)	(457,619)	(435,827)	(414,036)	(392,245)	(370,453)	(348,662)	(326,870)	(305,079)	(283,288)	(261,496)	
21 Net Investment (Line 17 + Line 19 + Line 20)	(6,458,546)	(11,671,941)	(15,864,983)	(18,555,379)	(19,810,821)	(19,629,643)	(19,065,222)	(18,762,361)	(8,847,916)	(7,879,212)	(7,950,727)	(4,696,789)	
22 Carrying Charge Rate	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.15%	0.15%	
23 Carrying Charge (Line 21 x Line 22)	(3,488)	(6,304)	(8,609)	(10,021)	(10,699)	(10,601)	(10,296)	(10,133)	(4,778)	(4,255)	(12,089)	(7,142)	(98,415)
24 Ending Tracker Balance - Under / (Over) Recovered (Line 17 + Line 23)	(8,265,944)	(15,614,158)	(21,528,812)	(25,332,903)	(27,121,947)	(26,893,857)	(26,127,776)	(25,729,021)	(11,836,712)	(10,505,410)	(10,642,470)	(6,096,809)	(6,096,809)

Notes on the CIP Tracker Report:

1. **Line 1:** January beginning balance is equal to the December 31, 2017 ending balance of \$3,899,087, approved in *In the Matter of CenterPoint Energy's 2017 Conservation Improvement Program (CIP) Cost Recovery*, Docket No. G008/M-18-120, Ordering Point 2 (PUC, Sept. 5, 2018).
2. **Line 2:** CIP expenditures include all program expenses as well as all assessments made by the Department of Commerce under Minnesota Statute § 216B.241 and the NGEA.
3. **Line 3:** The Company's 2017 CIP Financial Incentive, approved in *In the Matter of CenterPoint Energy's 2017 Conservation Improvement Program (CIP) Cost Recovery*, Docket No. G008/M-18-120, Ordering Point 1 (PUC, Sept. 5, 2018).
4. **Line 8:** The CCRC in the amount of \$0.1928 per Dth was approved in *In the Matter of the Application of CenterPoint Energy Resources Corporation*, Docket No. G008/GR-15-424, Ordering Point 2 (PUC, Nov. 9, 2016) and went into effect December 1, 2016. The CCRC in the amount of \$0.2362 per Dth was approved in *In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CPE) for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G008/GR-17-285, Ordering Point 1 (PUC, Oct. 16, 2018) and went into effect November 1, 2018.
5. **Line 10:** In *In the Matter of the Application of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, Docket No. G008/GR-17-285, Ordering Points 1 and 2 (PUC, Sept. 29, 2017), the Commission approved the Company's proposed interim rates as modified to be calculated using the capital structure approved in the Company's previous rate case and ordered the Company to file interim-rate tariff sheets reflecting the Commission's modifications to the Company's interim rate proposal. On September 29, 2017, the Company filed revised tariff sheets in Docket No. G008/GR-17-285 including an interim CCRC of \$0.2421 per Dth, or \$0.0493 more per Dth than the previously approved CCRC (see 4 explaining line 8). The interim CCRC ended at the end of October 2019.
6. **Line 12:** The CCRA in the amount of \$0.1553 per Dth was implemented January 1, 2017 pursuant to *In the Matter of CenterPoint Energy's (CenterPoint) 2015 Demand-Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservation Cost Recovery Adjustment, Ordering Point 4 (PUC, Sept. 21, 2016). The CCRA in the amount of \$0.0441 per Dth was implemented September 1, 2018 pursuant to *In the Matter of CenterPoint Energy's 2017 Conservation Improvement Program (CIP) Cost Recovery*, Docket No. G008/M-18-120, Ordering Point 4 (PUC, Sept. 5, 2018). During the August 16, 2018 hearing the Commission approved a CCRA of 0.0441 per Dth and the Order was issued on Sept. 5, 2018.
7. **Line 14:** Upon implementation of final rates from the Company's 2017 rate case, the Company's CIP Tracker is restated by making an accounting entry of \$930,606.01 at the effective date of final rates (November 2018). *In the Matter of the Application of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CPE) for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G008/GR-17-285, Compliance Filing (CNP, Nov. 13, 2018).

8. **Line 15:** Upon implementation of the current CCRA, the Company's CIP Tracker account was adjusted to account for the misalignment of the Company's billing cycle with the September 1, 2018 effective date of the new CCRA. See further description of the billing cycle misalignment in note 7 above.
9. **Line 19:** Accumulated deferred income tax ("ADIT") in 2018 was affected by the Federal Tax Cuts and Jobs Act of 2017 ("TCJA"). Pub. L. No. 115-97, 131 Stat. 2054. ADIT in each month is calculated based on monthly deferred income tax and the previous months ADIT. The ending balance of ADIT in 2017 was -\$1,190,359 after the new tax law.
10. **Line 21:** At the beginning of 2018 the recently-enacted federal TCJA created excess accumulated deferred income tax ("EDIT"). Pub. L. No. 115-97, 131 Stat. 2054. EDIT at the beginning 2018 was -\$522,993. EDIT will be spread over two years and set to be equal to zero at the end of December 2019.
11. **Line 23:** From January through October the interest factor used to calculate carrying charges is a monthly factor calculated from the annual rates specified *In the Matter of CenterPoint Energy's 2015 Demand-Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservative Cost Recovery Adjustment (PUC, Sept. 21, 2016). The September 21, 2016 *Order* specified a carrying charge rate of 0.65 percent beginning with the implementation of final rates from the Company's 2015 rate case. From November through December the interest factor used to calculate carrying charges is a monthly factor calculated from the annual rates specified in *In the Matter of the Application of CenterPoint Energy Resource Corp. d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, PUC Docket No. G008/GR-17-285, Findings of Fact, Conclusions of Law, and Recommendation to Approve the Settlement (OAH, Mar. 23, 2018). The approved short-term debt interest factor of 1.84 percent from the 2017 rate case is used to calculate CIP tracker carrying charges.

Carrying Charges

The calculation of carrying charges in the 2018 CIP Tracker for January through October is based on *In the Matter of CenterPoint Energy's 2015 Demand-Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservative Cost Recovery Adjustment, Ordering Point 3 (PUC, Sept. 21, 2016), which states: "CenterPoint shall use ... a carrying-charge rate of 0.65 percent beginning with the effective date of final rates in the Company's 2015 rate case." The calculation of carrying charges in the 2018 CIP Tracker for November through December is based on the short-term debt interest factor used in the 2017 rate case settlement.^{58 59}

The 2018 year-end CIP Tracker balance of -\$6,096,809 includes \$98,415 in 2018 carrying charges in the customers' favor. The calculation of the monthly interest factors is shown below.

From January Through October:

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

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

From November Through December:

$$\begin{aligned}\text{Annual Interest Factor} &= \text{Cost of Short Term Debt} \\ &= 1.84\%\end{aligned}$$

$$\begin{aligned}\text{Monthly Interest Factor} &= ((1 + \text{Annual Interest Factor})^{(1/12)}) - 1 \\ &= ((1 + 0.0184)^{(1/12)}) - 1 \\ &= 0.0015 \\ &= 0.15\%\end{aligned}$$

⁵⁸ *In the Matter of the Application of CenterPoint Energy Resource Corp. d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, PUC Docket No. G008/GR-17-285, Findings of Fact, Conclusions of Law, and Recommendation to Approve the Settlement (OAH, Mar. 23, 2018).

⁵⁹ Rates from the 2017 rate case went into effect on November 1, 2018. The Commission concurred with the Department's recommendation that the new short-term-debt rate be implemented when approved and in effect at the time the carrying charges are incurred. *In the Matter of CenterPoint Energy's (CenterPoint) 2015 Demand Side Management Financial Incentive and Annual Filing to Update the CIP Rider*, Docket No. G008/M-16-366, Order Approving Tracker Account, Approving Financial Incentive, Setting Carrying-Charge Rate, and Setting Conservation Cost Recovery Adjustment, Ordering Point 4 (PUC, Sept. 21, 2016).

SECTION 4: CONSERVATION COST RECOVERY ADJUSTMENT PROPOSAL

Overview

On September 5, 2018,⁶⁰ the Minnesota Public Utilities Commission (“Commission”) approved the request of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) to implement the Conservation Cost Recovery Adjustment (“CCRA”) in the amount of \$0.0441 per Dth, which went into effect on September 1, 2018.⁶¹ The purpose of the CCRA is to allow the Company to recover approved Conservation Improvement Program (“CIP”) expenses not recovered through the Conservation Cost Recovery Charge (“CCRC”), which is included in base rates. The Commission has required CenterPoint Energy to file its requests to modify the CCRA along with its CIP Tracker and Financial Incentive filings on May 1 of each year.⁶²

With this filing, CenterPoint Energy proposes to increase the CCRA to \$0.0576 per Dth beginning September 1, 2019. This rate is designed to reduce the CIP Tracker balance as close to zero as possible by the end of 2020. In the event that Commission approval of the proposed adjustment is delayed beyond August 19, 2019 (in order to implement the rate change by September 1), the Company will continue to apply the current CIP Adjustment of \$0.00441 per Dth up to the first of the month following Commission approval of a revised factor. In this case, the Company will also plan to recalculate the CCRA.

Projection Assumptions

To evaluate options for the CCRA, the Company projected CIP spending and recovery for 2019 and 2020. For 2019, CIP spending was based on the currently-approved CIP budget for 2019, except for January, February, and March of 2019, which reflect actual spending. On April 11, 2019 the Department approved an extension of the 2017-2019 Triennial Plan for 2020.⁶³ Therefore for 2020, CIP spending was based on the currently approved CIP budget for 2019. Sales volumes for 2019 and 2020 are taken from the comprehensive settlement reached in the Company’s 2017 rate case,⁶⁴ again, except for January through March of 2019, which reflect

⁶⁰ During the August 16, 2018 hearing the Commission approved a CCRA of 0.0441 per dekatherm. The order was not issued until Sept. 5, 2018.

⁶¹ *In the Matter of CenterPoint Energy’s 2017 Conservation Improvement Program (CIP) Cost Recovery*, Docket No. G008/M-18-120, Ordering Point 4 (PUC, Sept. 5, 2018).

⁶² *In the Matter of a Petition by CenterPoint Energy for Approval of its 2009 CIP Tracker Account and DSM Financial Incentive*, Docket No. G008/M-10-416, G008/M-10-634, Ordering Point 4 (PUC, Oct. 11, 2010).

⁶³ *In the Matter of Extending the 2017-2019 CIP Triennial Plans Through 2020*, Docket No. G008/GR-16-119 et al., Department Decision (DER, Apr. 11, 2019).

⁶⁴ *In the Matter of the Application of CenterPoint Energy Resource Corp. d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, PUC Docket No. G008/GR-17-285, Findings of Fact, Conclusions of Law, and Recommendation to Approve the Settlement (OAH, Mar. 23, 2018). As approved by the Commission *In the Matter of the Application by*

actual volumes. The projections use the CCRC, which is currently in effect, from the Company's 2017 rate case.⁶⁵ Similarly, the Company calculated carrying charges using the settlement short-term debt interest factor for 2019 and 2020.⁶⁶

In the Company's projections for 2019, it is assumed that the Company will receive the Financial Incentive requested in this filing, which is determined by CenterPoint Energy's 2018 performance and the 2019 mechanism approved by the Commission for the *2017-2019 Triennial Conservation Improvement Program Plan*.⁶⁷ Projections for 2020 estimate the Financial Incentive by applying the mechanism approved by the Commission for the *2017-2019 Conservation Improvement Program Triennial Plan* to the Company's approved budget for 2019. The mechanism for the 2017-2019 triennium caps the Financial Incentive that a utility is eligible for to a specified percent of the utility's CIP spending: 30 percent for the 2019 incentive. Accordingly, the Company's 2020 projections reflect an incentive of 30 percent of its 2019 CIP budget (in each year, the incentive amount booked to the CIP Tracker is based on the prior year's CIP performance). The incentives that the Company realizes may differ from these estimates depending on the performance of the Company's CIP in 2019 but applying the mechanism's spending cap to the approved 2019 CIP budget seemed the best approach to developing the necessary projections.⁶⁸ All the projections referenced here are included in the Attachments Section of this filing.

Projection Results and Proposal

Projections for 2019 and 2020 (Attachments B-1 and B-2) show that an increase in the CCRA to 0.0576 per Dth taking effect on September 1, 2019 and remaining in effect through 2020 would achieve a near-zero CIP Tracker balance by the end of 2020.

CenterPoint Energy has historically proposes to make modifications to the CCRA on January 1 of the year following the proposal. However, in recent years the Commission's review of the Company's status reports has been early enough to potentially allow for an earlier CCRA modification, and last year the Commission approved a CCRA modification for September 1, 2018.⁶⁹ The Company proposes to increase the CCRA to 0.0576 per Dth effective September 1,

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CPE) for Authority to Increase Natural Gas Rates in Minnesota, Docket No. G008/GR-17-285, Order (PUC, Oct. 16, 2018).

⁶⁵ *In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CPE) for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G008/GR-17-285, Ordering Point 1 (PUC, Oct. 16, 2018) and went into effect November 1, 2018.

⁶⁶ *Id.* 64

⁶⁷ *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan (PUC, Aug. 5, 2016).

⁶⁸ The projections show the financial incentives for each year in December. On an actual basis, the CIP Tracker will incorporate the incentive when it is approved by Commission Order.

⁶⁹ *In the Matter of CenterPoint Energy's 2017 Conservation Improvement Program (CIP) Cost Recovery*, Docket No. G008/M-18-120, Ordering Point 4 (PUC, Sept. 5, 2018).

2019 because an earlier increase to the CCRA will result in a smaller change in the CCRA for customers.

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

The PUC has approved a Conservation Cost Recovery Adjustment (CCRA) factor of \$0.00567 per therm. This charge will be used to fund energy conservation activities and has been added to your delivery charge. For more information, please call or visit our website.

Relative to last year, the phone number and website address were removed from the bill message. The phone number and website address previously included in the message already appear on the bill for the customer to contact with questions. Therefore, the Company determined that this duplicative information should be removed to reserve space for other bill messages.