BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
600 North Robert Street
St. Paul, MN 55101

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 Seventh Place East, Suite 350
St Paul, MN 55101-2147

IN THE MATTER OF AN APPLICATION BY CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT MINNESOTA GAS TO INCREASE NATURAL GAS RATES IN MINNESOTA	MPUC Docket No. G008/GR-08-1075 OAH Docket No. 12-2500-20147-2

DIRECT ATTACHMENTS OF BRYAN J. MINDER

ON BEHALF

OF THE MINNESOTA OFFICE OF ENERGY SECURITY
WITH THE MINNESOTA DEPARTMENT OF COMMERCE

JUNE 26, 2009

PUBLIC COPY

SUMMARY OF ATTACHMENTS TO THE
DIRECT TESTIMONY OF BRYAN J. MINDER
MPUC Docket No. G008/GR-08-1075
OAH Docket No. 12-2500-20147-2

BRYAN J. MINDER
Rates Analyst
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

CURRENT RESPONSIBILITIES (1996 – Present)
As a Public Utilities Rates Analyst for the Gas Planning and Advocacy Unit, my general duties include the following:

- provide expert testimony in rate case and certificate of need proceedings (see below);
- coordinate the analysis of Minnesota natural gas utilities Conservation Improvement Programs;
- provide analysis on a variety of gas utility proposals contained in miscellaneous filings;
- analyze gas utility Purchase Gas Adjustment filings and Annual Automatic Adjustment Reports; and
- investigate complaints against gas utilities.

PREVIOUS EMPLOYMENT (Minnesota Department of Public Service, 1994-1996)
As a Public Utilities Rates Analyst for the Telecommunications Unit, my general duties included the following:

- analyzed major projects such as an Alternative Form of Regulation Filing (see below);
- analyzed applications for authority to provide pay telephone, long distance and local telephone service;
- provided analysis on a variety of telephone utility proposals contained in miscellaneous filings; and
- investigated complaints against telephone utilities.

EDUCATION
Hamline University (St. Paul) – 1992, Master of Arts, Public Administration
University of Minnesota – 1984, Bachelor of Arts, Political Science

PREVIOUS RATE CASE EXPERIENCE
Northern States Power Company, A Minnesota Corporation and Wholly Owned Subsidiary of Xcel Energy, Inc. – Docket No. G002/GR-06-1429
CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas – Docket No. G008/GR-05-1380
Great Plains Natural Gas Co., A Division of MDU Resources, Inc. – Docket No. G004/GR-04-1487
Northern States Power Company d/b/a Xcel Energy – Docket No. G002/GR-04-1511
CenterPoint Energy Minnegasco – Docket No. G008/GR-04-901
Great Plains Natural Gas Co., A Division of MDU Resources, Inc. – Docket No. G004/GR-02-1682
Northern States Power Company, Gas Utility – Docket No. G002/GR-97-1606

OTHER CONTESTED CASE EXPERIENCE
Hutchinson Utilities Commission – Certificate of Need Proceeding – Docket No. G252/CN-01-1826
United Telephone Company of Minnesota – Alternative Form of Regulation Filing – Docket No. P430/AR-95-1049

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075   Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas   Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:	[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
	[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
	[ ]......Cost of Service	[X]...CIP	[ ]......Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
657	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnegasco Gas' (CenterPoint Energy or the Company) 2008 Conservation Improvement Program (CIP) Tracker Account Please provide CenterPoint Energy's CIP tracker account for 2008, with actuals for the entire year. **Response:** The actual December 31, 2008 CIP Tracker balance is not yet available. The attached schedule is the preliminary 2008 CIP tracker balance through December 31, 2008. CenterPoint Energy's CIP tracker activity for December 2008 will be provided when it is available 5/27/09 Tracker updated for OES.

Response by: Kirk Nesvig   List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

Attachment C: 2008 CIP Tracker Report

CenterPoint Energy Resources Corp., d/b/a
CenterPoint Energy Minnesota Gas
CIP Tracker

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-2)
Page 2 of 4

December 2007 Balance /1/		$5,732,978
January 2008		
Throughput (DT)	27,121,958	
Rate /2/	$0.04494	
Recovery		$(1,218,861)
Deferred Expense		$335,660
January 2008 Balance		$4,849,777
February 2008		
Throughput (DT)	26,901,369	
less Exemptions /3/	(471,240)	
Net Throughput (DT)	26,430,129	
Rate	$0.04494	
Recovery		$(1,187,770)
Deferred Expense		$256,719
February 2008 Balance		$3,918,726
March 2008		
Throughput (DT)	24,583,766	
less Exemptions	(483,379)	
Net Throughput (DT)	24,100,387	
Rate	$0.04494	
Recovery		$(1,083,071)
Deferred Expense		$494,794
March 2008 Balance		$3,330,448
April 2008		
Throughput (DT)	18,538,744	
less Exemptions	(1,006,281)	
Net Throughput (DT)	17,532,463	
Rate	$0.04494	
Recovery		$(787,909)
Deferred Expense		$419,431
April 2008 Balance		$2,961,970
May 2008		
Throughput (DT)	11,415,570	
less Exemptions	(381,664)	
Net Throughput (DT)	11,033,906	
Rate	$0.04494	
Recovery		$(495,864)
Deferred Expense		$418,767
May 2008 Balance		$2,884,873
June 2008		
Throughput (DT)	6,785,030	
less Exemptions	(179,824)	
Net Throughput (DT)	6,605,206	
Rate	$0.04494	
Recovery		$(296,838)
Deferred Expense		$831,541
June 2008 Balance		$3,419,576

CenterPoint Energy Minnesota Gas
CIP Tracker

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-2)
Page 3 of 4

July 2008		
Throughput (DT)	5,639,626	
less Exemptions	(401,840)	
Net Throughput (DT)	5,237,786	
Rate	$0.04494	
Recovery		$(235,386)
Deferred Expense		$370,749
July 2008 Balance		$3,554,939
August 2008		
Throughput (DT)	5,557,219	
less Exemptions	(674,773)	
Net Throughput (DT)	4,882,446	
Rate	$0.04494	
Recovery		$(219,417)
Deferred Expense		$458,560
August 2008 Balance		$3,794,083
September 2008		
Throughput (DT)	5,677,661	
less Exemptions	(624,489)	
Net Throughput (DT)	5,053,172	
Rate	$0.04494	
Recovery		$(227,090)
Deferred Expense		$649,863
September 2008 Balance		$4,216,856
October 2008		
Throughput (DT)	6,233,470	
less Exemptions	(344,594)	
Net Throughput (DT)	5,888,876	
Rate	$0.04494	
Recovery		$(264,646)
Deferred Expense		$835,969
October 2008 Balance		$4,788,180
November 2008		
Throughput (DT)	9,126,842	
less Exemptions	(190,950)	
Net Throughput (DT)	8,935,892	
Rate	$0.04494	
Recovery		$(401,579)
Deferred Expense		$559,954
November 2008 Balance		$4,946,554
December 2008		
Throughput (DT)	19,806,269	
less Exemptions	(377,550)	
Net Throughput (DT)	19,428,719	
Rate	$0.04494	
Recovery		$(873,127)
2007 Financial Incentive /4/		$530,405
Deferred Expense		$3,575,110
December 2008 Balance		$8,178,943

CenterPoint Energy Minnesota Gas
CIP Tracker

/1/ The Company's2007 CIP Tracker Ending Balance of $5,732,978 was approved in the Commission's Order of December 16, 2008 in Docket No. G008/M-05-508.
/2/ The Company's Conservation Cost Recovery Charge of $0.04494 per dekatherm was approved for all customer classes in the Commission's Order of April 18, 2007 in Docket No. G008/GR-05-1380, page 5,
/3/ Exemptions per CenterPoint Energy's Large Energy Facility Exemption Rider, Section V, Second Revised Page 13, Effective January 1, 2008. Docket No. G008/M-07-1218.
/4/ The Company's 2007 CIP Financial Incentive of $530,405 was approved in the Commission's Order of December 16, 2008 in Docket No. G008/M-08-508, Ordering Point 2. Permission was granted to record the Financial Incentive amount in the Company's CIP Tracker in the same Order in Ordering Point 3.

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-2)
Page 4 of 4

State of Minnesota
OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
[ ]......Cost of Service	[X]....CIP	[ ]......Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
656	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Conservation Improvement Program (CIP) Tracker Account a) Does CenterPoint Energy propose to "zero out" its CIP tracker account in the present docket? b) If the response to Part a) above is affirmative, please provide a complete discussion concerning precisely how the Company proposes to zero out its CIP tracker account, together with the rationale for the proposal. c) If the response to Part a) above is negative, please fully discuss the Company's rationale for not proposing to zero out its CIP tracker account. d) Does CenterPoint Energy propose to implement carrying charges for its CIP tracker account in the present docket? e) If the response to Part d) above is affirmative, please provide a complete discussion concerning precisely how the Company proposes to calculate carrying charges, including the timing of the implementation. Please also provide a complete discussion of CenterPoint Energy's rationale for proposing to implement carrying charges for its CIP tracker account.

Response by: Kirk Nesvig List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

Response:

a) Yes, to the extent there is an interim rate refund.

b) The CIP tracker balance could be trued up and reset at the beginning of the test year and CenterPoint Energy requests that the true up amount be applied to the interim rate refund. This methodology (offset against any interim rate refund) has been implemented in prior rate cases (for example, see Dockets G008/GR-04-901 and G008/GR-05-1380) and would result in the CIP tracker balance effectively starting at $0 for the test year

c) N/A.

d) No.

e) N/A.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

State of Minnesota
OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
[ ]......Cost of Service	[X]....CIP	[ ]......Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
655	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Proposed Test Year Conservation Improvement Program (CIP) Expenses Reference: Company Witness Mr. Kirk R. Nesvig's Exhibit ___ (KRN-WP), Volume 4, Schedule 40, page 27 of 35, Workpaper 2 On page 29, lines 11 through 13, Mr. Nesvig states that "[r]ate base includes a thirteen-month average of test year balances." a) Please provide a complete discussion concerning what "thirteen-month average of test year balances" is being referenced in the statement quoted above. Please also provide a complete discussion of the Company's rationale for including this average in rate base. b) Please identify each (and all) location(s) in the Company's general rate case filing where the "thirteen-month average of test year balances" identified in response to Part a) above is referenced by any Company witness in testimony, schedules, or exhibits (including any workpapers). **RESPONSE**

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

a) The "thirteen-month average of test year balances" in the referenced quote from Schedule 40 WP 2 page 27 refers to the average of the projected December 2008 – December 2009 monthly CIP tracker balances which is included in rate base, as shown below. In this case it shows that at the start of the test year, the company is over $8 million under-recovered in the CIP tracker and, on average, over $6 million under-recovered during the test year. An average balance is included in rate base because it is a working capital item and it represents the average amount of the CIP tracker balance during the test year, as shown on KRN-WP vol. 4 Sch 54 WP 1 pages 2-6 which details the projected monthly balances of the CIP tracker during the test year.

Dec 2008	$8,085,253
Jan 2009	$7,748,367
Feb	$7,411,481
Mar	$7,074,595
Apr	$6,737,709
May	$6,400,823
Jun	$6,063,937
Jul	$5,727,051
Aug	$5,390,165
Sep	$5,053,279
Oct	$4,716,393
Nov	$4,379,507
Dec 2009	$4,042,626
average of 13 months	$6,063,937

b) KRN-WP vol 4 sch 40 WP2 pg 29
KRN-WP vol 4 sch 54 wp 1 pg 1

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

State of Minnesota
OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number:	G008/GR-08-1075	Date of Request:	February 13, 2009
Requested From:	CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas	Response Due:	February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:			
	[ ].....Financial	[ ].....Rate of Return	[ ].....Rate Design
	[ ].....Engineering	[ ].....Forecasting	[ ].....Conservation
	[ ].....Cost of Service	[X]....CIP	[ ].....Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
654	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Conservation Cost Recovery Charge (CCRC) a) Please identify the CCRC approved by the Minnesota Public Utilities Commission (Commission) for the Company in Docket No. G008/GR-05-1380. b) Is CenterPoint Energy proposing to implement a new CCRC when the Commission approves final rates in the present docket? c) If the response to Part b) above is affirmative, please identify the CCRC, together with a complete discussion concerning precisely how CenterPoint Energy calculated the proposed new CCRC. Please also identify and fully discuss each (and all) assumption(s) and underlying calculation(s), together with the Company's rationale for its calculation of the proposed CCRC. d) If the response to Part b) above is affirmative, please identify each (and all) locations in the Company's general rate case filing where the proposed new CCRC is referenced in any Company witness' testimony or exhibits (including any workpapers). (*Cont'd. on next page*)

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

e) Does CenterPoint Energy propose to institute an annual adjustment to recover Conservation Improvement Program costs between general rate cases, pursuant to Minn. Stat. §216B.16, subd. 6b(c)?

f) If the response to Part e) above is affirmative, please fully explain CenterPoint Energy's proposal, including the identification of each location in the Company's general rate case filing where this proposal is referenced in any Company witness' testimony or exhibits (including any workpapers).

RESPONSE

a) The CCRC approved by the Minnesota Public Utilities Commission in Docket No. G-008/GR-05-1380 was $.04494 per dekatherm.

b) Yes, CenterPoint Energy is proposing a new CCRC in this current rate case.

c) CenterPoint Energy is proposing a new CCRC of $.0921 per dekatherm. The calculation of the new CCRC and assumptions have been provided in KRN workpapers. Please see KRN-WP Vol 4, Sch 54 WP 1 page 19 for the calculation of the proposed CCRC. Test year CIP expenses include $9,704,380 of current expense and $4,042,627 of amortization expense related to the unrecovered balance at the beginning of the test year. Total expenses are divided by total test year sales to calculate the new CCRC. It is the Company's contention that, per Minn. Stat. §216B.241, subd. 2b, DOC Commissioner-approved expenses are recoverable in rates. The current expense of $9,704,380 is based on DOC Commissioner-approved CIP programs and the $4,042,627 of unrecovered CIP expenses was incurred as part of DOC Commissioner-approved CIP programs. The unrecovered balance at the beginning of the test year was amortized over two years because this reflects the maximum amount of time CenterPoint Energy anticipates will pass before it files its next rate case. Total test year sales are used because CIP programs are directly related to energy usage.

d) The new CCRC is referenced in the current rate case filing as follows:
Exhibit___(KRN-WP), volume 4, schedule 40, workpaper 2, page 28
Exhibit___(KRN-WP), volume 4, schedule 54, workpaper 1, page 19

e) Yes, CenterPoint Energy is proposing a Conservation Improvement Program Adjustment Rider ("CIP Rider") which will allow us to true-up on an annual basis the amount of Conservation Improvement Program costs collected through base rates with the actual amount of Conservation Improvement Program costs incurred during that annual period.

f) As described in Mr. David Baker's testimony (see pages 21-22), for many years there has been a tracker account that accumulates the recoverable CIP costs and revenues which is 'trued-up" in a general rate case. In recent years, the program costs have grown such that

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

they have outpaced the recovery that has been set in rates. In addition to the current under-recovery situation, this Rider is necessary to allow the Company to recover its CIP costs on a timely basis due to the additional spending that is likely to occur in order to further promote conservation. The mechanics of the CIP Rider are discussed by Mr. Paul Gastineau (see pages 10-11 and schedule 3) and is repeated here:

> The CIP Rider adjustment will be calculated on a calendar year basis. For the calendar year ending December 31, the Conservation Improvement Program costs recovered through base rates will be subtracted from the actual incurred Conservation Improvement Program costs. This difference, the Recoverable Conservation Improvement Expense, will be divided by the projected sales volume for the twelve month collection period to determine the per therm Conservation Improvement Program Reconciliation ("CIPR") factor. The CIPR factor will be applied to customers' billings as part of the delivery charge for the twelve month period beginning with the bills rendered on May 1st and ending with the bills rendered on April 30th. Any under or over-recovered amount due to the CIPR factor will be used in the calculation of the following period's CIPR factor in order to collect from or return to customers any under or over-recovered amount.

The proposed tariff is included as Mr. Gastineau's Schedule 3 and attached to this response also.

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT RIDER

Applicability:

Applicable to bills for gas and/or transportation service provided under the Company's retail rate schedules. "Large Energy Facilities", as defined in Minn. Stat. 216B.2421. shall be exempt.

Rate:

BASE CHARGE PER THERM	ADJUSTMENT
$0.00921	$0.00000

Rider:

A Conservation Improvement Program Adjustment which shall included on each non-exempt customer's monthly bill. The applicable factor shall be multiplied by the customer's monthly billing in Therms for gas service before any adjustments, surcharges or sales tax.

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

Determination of Conservation Improvement Program Adjustment Factor:

The Conservation Improvement Program factor shall be calculated for each customer class by dividing the Recoverable Conservation Improvement Expense by the Projected Sales Volumes for a designated recovery period. The factor may be adjusted annually with the approval of the Minnesota Public Utilities Commission.

Recoverable Conservation Improvement Expense shall be the incremental Conservation Improvement Program not recovered through base rates as estimated for a designated period. The Program costs shall be recovered from customer class using the current sales forecast.

Projected Sales Volumes shall be the total sales volume forecasted to be delivered to that class of customer over a budgeted 12-month period.

For each designated twelve (12) month period, an annual reconciliation will be determined based upon actual annual conservation costs incurred by CenterPoint Energy compared with annual conservation costs recovered from volumes of gas sold. The annual cost recovered is the product of the total unit rate used in calculating the CIP during the twelve (12) month period and the applicable gas sales volumes during the period when each of the total unit rates were in effect. The difference between actual cost and recovered cost will be used in calculating a Conservation Improvement Program Reconciliation (CIPR) factor for each rate schedule. The CIPR factor will be applied to customers' billings for the designated period and will be in effect for a twelve (12) month period. Any under or over-recovery due to the CIPR factor will be included in the calculation of the CIPR factor for the following period in order to collect from or return to customers the under or over-recovered amount.

State of Minnesota
OFFICE OF ENERGY SECURITY

Utility Information Request

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-6)

Docket Number:	G008/GR-08-1075	Date of Request:	May 26, 2009
Requested From:	CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas	Response Due:	June 5, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:			
	[ ].....Financial	[ ].....Rate of Return	[ ].....Rate Design
	[ ].....Engineering	[ ].....Forecasting	[ ].....Conservation
	[ ].....Cost of Service	[X]...CIP	[ ].....Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
673	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Proposed Conversation Cost Recovery Charge (CCRC) Reference: CenterPoint Energy's Response to Minnesota Office of Energy Security (OES) Information Request (IR) No. 654 In its response to OES IR No. 654, CenterPoint Energy states that the Company is proposing to implement a CCRC of $0.09210 per dekatherm in the present docket. This proposed CCRC represents an approximately 105 percent increase from the CCRC of $0.04494 per dekatherm approved by the Minnesota Public Utilities Commission in Docket No. G008/GR-05-1380. a) Please identify and provide a complete discussion concerning each (and all) reason(s) for the increase in the Company's proposed CCRC, as discussed above. b) If the Company provides any quantitative analysis in its response to Part a) above, please identify and fully describe each (and all) calculation(s) and underlying assumption(s) used in the quantitative analysis. Please also provide a complete discussion concerning the Company's rationale for using each calculation and underlying assumption in the quantitative analysis.
(Continued)	

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

c) Please identify and provide a copy of any (and all) document(s) that substantiate(s) each of CenterPoint Energy's responses to Part a) and Part b) above. Please also provide a complete discussion concerning precisely how each document substantiates the response.

RESPONSE

a) The increase in the CCRC is due to three reasons: increased program expenses, amortization of one-half of the beginning unrecovered tracker balance is included in the calculation, and test year volumes have decreased (due in part to the exclusion of large energy facility sales volumes but also due to a decrease in overall sales volumes).

b) Please see below:

		05-1380		08-1075	
A	Current expense	$7,098,724		$9,704,380	
B	Deferred Expense			$4,042,627	
C+A+B	Total expenses	$7,098,724		$13,747,007	
D	test year throughput	157,958,526		149,263,000	
E=C/D	Recovery Rate	$0.04494	/1/	$0.09210	/2/
F	Difference			$0.04716	

change in recovery rate due to:

increase in current expense /3/:	37%	$0.01746
increase in expense due to under-recovery /4/:	57%	$0.02708
decrease in throughput due to exclusion of lg energy facilities /5/:	5%	$0.00258
decrease in throughput due to decrease in sales /6/:	0%	$0.00004
		$0.04716

/1/ see page 8 of 16 in the CIP tracker section of the January 24, 2007 compliance filing in docket G008-GR-05-1380

/2/ see (KRN-WP) Vol 4, Sch 54 page 19 of 30, workpaper 1

/3/(change in current expense / test year volumes)

/4/(increase in deferred expense due to 1/2 of the under-recovered balance / test year volumes)

/5/(prior expenses / prior volumes excluding decrease in volumes compared to prior CCRC)

/6/(prior expenses / prior volumes excluding lg energy volumes compared to prior CCRC)

c) Please see part b) above

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

Public document-
trade secret data has been excised.

State of Minnesota
OFFICE OF ENERGY SECURITY

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-7)

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ].....Financial	[ ].....Rate of Return	[ ].....Rate Design
[ ].....Engineering	[ ].....Forecasting	[ ].....Conservation
[ ].....Cost of Service	[ ].....CIP	[X]....Marketing Programs

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
620	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Residential Water Heater Program a) Please provide CenterPoint Energy's estimate of the annual market share for natural gas water heaters (versus other fuel-type water heaters) in new residential construction in the Company's service area for the period 2005 through 2008. b) Please identify and fully describe each (and all) calculation(s) and underlying assumption(s) used by CenterPoint Energy in arriving at its estimate of annual water heater market share, as provided in response to Part a) above. Please also fully discuss the Company's rationale for including each such calculation and assumption in arriving at its market share information. c) Please identify and provide a copy of each (and all) workpaper(s) or other document(s) that substantiate(s) CenterPoint Energy's water heater market share information provide in response to Part a) above. Please also provide a complete discussion concerning precisely how each such workpaper or document substantiates its claimed water heater

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

market share.

RESPONSE:

Contains Trade Secret Information:

CenterPoint Energy has designated information in this document as trade secret. The information meets the definition of trade secret in Minn. Stat. 13.37 subd.1(b) as follows: (1) the information was supplied by CenterPoint Energy, the affected organization; (2) CenterPoint Energy has taken all reasonable efforts to maintain the secrecy of the information, and (3) the protected information contains operating information which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

a) Following is CenterPoint Energy's estimate of the annual market share for natural gas water heaters in new construction in the Company's service area for the period of 2005 to 2008:

[TRADE SECRET DATA BEGINS

TRADE SECRET DATA ENDS]

b) Prior to 2006, CenterPoint Energy conducted an annual mail survey with customers who recently moved into a new construction home. The survey was conducted through a market research firm, Consumer Research Corporation. Beginning in 2006, CenterPoint Energy calculates the annual market share information based directly on new construction requests made to the Company by new construction builders. The data is collected directly from the new construction builders, who are responsible for installing the appliances in the homes (as opposed to residential customers who may or may not know which type of appliances they have). CenterPoint Energy includes all new construction builders that constructed at least three homes in a given year in its market share calculation. Builders smaller than three homes per year are not directly impacted by the Company's Residential Water Heater Program and represent a very small portion of the new construction market. Therefore, these very small builders were not included in the market share calculation.

c) Attachment 1A includes the pertinent page of the survey that shows the market share of

---

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

residential water heaters for 2005. Attachments 1B, 1C, and 1D include the new construction builder information that shows the market share of residential water heaters from 2006 to 2008, respectively. All of these attachments contain **TRADE SECRET DATA.**

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number:	G008/GR-08-1075	Date of Request:	February 13, 2009
Requested From:	CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas	Response Due:	February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:			
	[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
	[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
	[ ]......Cost of Service	[ ]......CIP	[X]....Marketing Programs

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
624	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Residential Water Heater Program Reference: Company Witness Mr. Kirk R. Nesvig's Exhibit No. ___ (KRN-D), Schedule 34 a) Please identify and provide a copy of each (and all) workpaper(s) or other document(s) that substantiate(s) the following inputs to CenterPoint Energy's benefit/cost analysis for the Residential Water Heater Program: i) Test Year Water Heaters of 2,910 Units ii) Use Per Unit of 24.68 Dth/Year iii) Distribution Charge of $1.3679/Dth iv) Discount Rate of 8.29% v) Inflation Rate of 1.29% b) Please fully discuss the Company's rationale for using a distribution charge of $1.3679/Dth, a discount rate of 8.29%, and an inflation rate of 1.29% in the benefit/cost analysis for the Residential Water Heater Program. *Contd. on next page*

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

c) Please fully discuss the Company's rationale for using a 10-year lifetime in the benefit/cost analysis for the Residential Water Heater Program.

d) Did CenterPoint Energy make any adjustments for free ridership in the assumed 2,910 test year water heaters used in its benefit/cost analysis? The term "free ridership" in this question refers to the possibility that some customers would likely install natural gas-fired water heaters irrespective of any financial incentives provided by the Residential Water Heater Program.

e) If the response to Part d) above is affirmative, please identify and fully discuss each free ridership adjustment, including an identification and complete description of each (and all) calculation(s) and underlying assumption(s). Please also identify and provide a copy of each (and all) workpaper(s) or other document(s) that substantiate(s) its response, together with a complete discussion of precisely how each such workpaper or document supports its response.

(f) If the response to Part d) above is negative, please identify and fully discuss CenterPoint Energy's rationale for not making any free ridership adjustment to the assumed 2,910 test year water heaters used in the Company's benefit/cost analysis.

g) Please provide a complete definition of the term "Ratepayer Perspective" as used by the Company. Please also provide a complete discussion concerning the Company's rationale for using the ratepayer perspective in CenterPoint Energy's benefit/cost analysis for the Residential Water Heater Program.

h) Please provide on a CD-ROM an electronic copy (in Excel 2003 format) of CenterPoint Energy's benefit/cost analysis for the Residential Water Heater Program. Please also provide on a CD-ROM an electronic copy of any spreadsheets used in support of the benefit/cost analysis, together with a complete description of each supporting spreadsheet.

RESPONSE:

Contains Trade Secret Information:

CenterPoint Energy has designated information in this document as trade secret. The information meets the definition of trade secret in Minn. Stat. 13.37 subd.1(b) as follows: (1) the information was supplied by CenterPoint Energy, the affected organization; (2) CenterPoint Energy has taken all reasonable efforts to maintain the secrecy of the information, and (3) the protected information contains operating information which derives independent economic value, actual or potential, from not being generally known

---

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

a) The inputs to CenterPoint Energy's cost/benefit analysis for the Residential Water Heater Program are supported by the following:

i) In the 2007 base year, builders were provided financial incentives for 2,910 water heaters, as shown on the attached list which includes the name of the builder and the number of water heaters for each builder. Attachment 1 contains **TRADE SECRET DATA**.

ii) The 24.68 Dekatherm (Dth) of usage per water heater is based on a weighted average of water heaters with a first hour rating from 48 to 74 and a corresponding annual average consumption from 23.4 Dth to 25.8 Dth as published by GAMA, an Association of Appliance & Equipment Manufacturers in it Consumers' Directory of Certified Efficiency Ratings For Heating and Water Heating Equipment, dated May 2004. Please see Attachment 2 for the calculation of 24.68 Dth and the attached sheet from the publication referenced above.

iii) This is the current tariffed rate for residential sales service. Please see CenterPoint Energy's Gas Rate Book, Section V, page 1.

iv) Discount rate of 8.29% is the test year Weighted Average Cost of Capital of CenterPoint Energy as filed in the rate case. Please see Required Schedule D-1 in General Rate Petition Volume 1 of 2.

v) Inflation rate of 1.29% is the Annual Escalation Rates as used in OES's cost-effectiveness model per letter dated March 17, 2006 (attached as Attachment 3).

b) The rationale for the distribution charge, discount rate, and inflation inputs is as follows:

i) The Company's residential distribution charge was used because this is the applicable rate for residential water heater usage.

ii) The discount rate of 8.29% was used because it is the discount rate proposed in this rate case. It is based on the capital structure proposed in this rate case and the rationale for the cost of debt and equity are explained in Mr. Hevert's testimony.

iii) The Annual Escalated Rate of1.29% was used because it is consistent with the OES's escalation input used to run the BENCOST model for natural gas utilities for the CIP 2007-2008 Biennium. As the OES's March 17, 2006 letter stated, the number is provided by Global Insight via the MN Department of Finance. It is widely accepted as primary source of economic, industrial, and financial information, and is frequently used by financial and industrial experts to analyze tends and cycles in the market.

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

c) The 10-year period of time was used in the Program's net-present-value analysis to reflect a reasonable, yet conservative, period of time to evaluate the benefits of the Program to CenterPoint Energy and its ratepayers. The 10-year period is reasonable because water heaters are expected to have an operating life of at least 10 years. The 10-year period is actually conservative in nature, suggesting that an even longer time period could be used, because once a customer installs a natural gas water heater, it is almost certain that a gas water heater will be used in that home for the life of the home.

d) CenterPoint Energy did consider the issue of free ridership in conducting its cost/benefit analysis. In particular, the Company excluded all gas water heaters that were not directly influenced by the Program. For example, the Program provides extensive education and outreach to builders with the purpose of influencing them to install gas water heaters. In addition, the Builders Club part of the Program provides a small incentive to builders if they install gas water heaters. None of the 2,910 gas water heaters included in the cost/benefit analysis were included on the basis of these activities.

CenterPoint Energy only included gas water heaters (2,910) in the analysis where the Company had entered into an agreement with a specific builder regarding the number of homes that would include gas water heaters and had conducted an economic analysis regarding the feasibility of the financial incentive. In addition, the Company carefully considered the various risks of each individual builder installing a non-gas water heater in this analysis. Please see our response to OES Information Request Number 607 where we describe the relevant criteria for this evaluation. Based on all of these considerations, the Company believes that it is appropriate that the cost/benefit analysis include all of the water heaters contained in projects where the Company entered into a specific agreement with the builder.

e) Please see our response to part d), above.

f) Not applicable.

g) The term "Ratepayer Perspective," as used by the Company to describe the cost-benefit analysis of its Marketing Programs, including the Residential Water Heating Program, is defined as a cost-benefit analysis that considers the financial impact of the Program on ratepayers. In other words, it considers the costs to be borne by ratepayers, such as the Program Costs and O&M costs, as well as the benefits of the Program, such as the additional margin the Program produces. The analysis uses the 10-year stream of costs and benefits to produce a Program Net Present Value (or "NPV"). A positive NPV indicates the Program provides net benefits to ratepayers.

The Company's rationale for using the ratepayer perspective in the cost/benefit analysis for the Marketing Programs, such as the Residential Water Heater Program, is that such programs should be evaluated based on their impact on ratepayers since the Company is requesting to include the costs of the program in rates paid by ratepayers. In other words,

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

the program should provide positive benefits from the ratepayer perspective to justify inclusion in their rates.

h) Spreadsheet attachments are included in the requested electronic format.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

Calculations of Average Gas Water Heater Usage Per GAMA publications "Consumers' Directory of Certified Efficiency Ratings For Heating and Water Heating Equipment

First Hour Rating		Average	Range of Estimated Annual Energy (DTs)		Average
(a)	(b)	(c)	(d)	(e)	(f)
48	55	51.50	25.4	23.4	24.40
56	64	60.00	25.4	24.6	25.00
65	74	69.50	25.8	23.4	24.60

Weighted Average Calculations:

	Col. (c) above (g)	Col. (f) above (h)	(i) = (g) x (h)
	51.50	24.40	1,256.60
	60.00	25.00	1,500.00
	69.50	24.60	1,709.70
Sum:	181.00		4,466.30

(i) divided by (g) = $\boxed{24.68}$ average (h)

MAY 2004

SECTION 1 - GAS WATER HEATERS

RANGES OF COMPARABILITY FOR GAS WATER HEATERS

As described on pages 144 and 145 the first criteria for selecting a water heater is First Hour Rating. Only after you know what First Hour Rating is needed to meet your hot water needs should consideration be given to the efficiency of the water heater. To assist in this selection process, the following chart shows the range of efficiency (lowest and highest Energy Factor) and corresponding range of estimated energy consumption for all the gas water heaters listed in this chapter within a range of First Hour Rating as specified by the Federal Trade Commission for use on water heater EnergyGuide labels.

The Federal Trade Commission also specifies the following national average energy costs for use on water heater EnergyGuide labels:

Electricity	8.60¢ per kWh
Natural Gas	91.0¢ per therm
Propane Gas	123.0¢ per gallon (135.0¢ per therm)
No. 2 Heating Oil	128.0¢ per gallon (92.3¢ per therm)

GAS WATER HEATERS

First Hour Rating	Range (EF) Natural Gas		Range (EF) Propane		Range (of Estimated Annual Energy Consumption) Natural Gas		Range (of Estimated Annual Energy Consumption) Propane	
Less than 21	*	*	*	*	*	*	*	*
21 to 24	*	*	*	*	*	*	*	*
25 to 29	*	*	*	*	*	*	*	*
30 to 34	*	*	*	*	*	*	*	*
35 to 40	*	*	*	*	*	*	*	*
41 to 47	*	*	*	*	*	*	*	*
48 to 55	.59	.64	.59	.64	254	234	278	256
56 to 64	.59	.61	.59	.61	254	246	278	269
65 to 74	.58	.64	.58	.64	258	234	283	256
75 to 86	.55	.65	.57	.64	272	230	288	256
87 to 99	.55	.62	.57	.62	272	242	288	265
100 to 114	.53	.65	.55	.65	283	230	298	252
115 to 131	.48	.62	.53	.62	312	242	309	265
Over 131	.48	.59	.48	.59	312	254	342	278

* No models in this range listed in this edition

By referring to the sample calculation on page 149 and using the national average energy costs above, you can estimate the annual energy cost of a water heater at a given Energy Factor. Tables 1 through 6 on pages 150 through 154 show the estimated annual ... calculated for various fuel costs and various Energy Factors.

MINNESOTA
DEPARTMENT OF
COMMERCE

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
651.296.4026 FAX 651.297.1959 TTY 651.297.3067

March 17, 2006

Matthew E. Daunis
Manager, Energy Efficiency Programs
Aquila Networks-NMU & Aquila Networks-PNG
10700 East 350 Hwy
PO Box 11739
Kansas City, MO 64138

Angela M. Kline
Manager, Energy Programs
CenterPoint Energy Resources Corp.,
d/b/a CenterPoint Energy Minnesota Gas
800 LaSalle Avenue
PO Box 59038
Minneapolis, MN 55459-0038

Donald R. Ball
Assistant Vice President, Regulatory Affairs
Great Plains Natural Gas Co.
A Division of MDU Resources Group, Inc.
400 North 4th Street
Bismarck, ND 58501

Ann Tessier
Vice President, Regulatory Affairs & CFO
Greater Minnesota Gas, Inc.
315½ South Minnesota Ave, Ste 201
St. Peter, MN 56082

Bridget Nielsen McLaughlin
Regulatory Analyst
Northern States Power Company d/b/a Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401-1993

Dear Mr. Daunis, Ms. Kline, Mr. Ball, Ms. Tessier, and Ms. Nielsen McLaughlin:

Below you will find listed certain general inputs, which are located on the left-hand side of the current Minnesota gas utility consensus *BENCOST FOR GAS CIPs* (*BENCOST*) model (as approved on January 24, 2006 in Docket No. E,G001/CIP-03-860.02), that are applicable to all Minnesota natural gas utilities. Department Staff of the Minnesota Department of Commerce (Department Staff) plan to use these general inputs to analyze all of the Minnesota natural gas utilities' 2007-2008 Conservation Improvement Program (CIP) filings, which are to be submitted no later than June 1, 2006. (In Docket No. E,G002/CIP-06-80, Northern States Power Company d/b/a Xcel Energy (Xcel Energy) proposes to use a three-year *BENCOST* model in conjunction with Xcel Energy's proposed 2007-2009 CIP. Department Staff continue to review this proposed model, and a determination concerning Xcel Energy's proposal will be made at a later date in that docket.) In Department Staff Attachment A, we have also provided a description of each general input listed below. The general inputs are as follows:

- *Annual Escalation Rate* – 1.29% (except for the *Gas Environmental Damage Factor* and the *Non-Gas Fuel Environmental Damage Factor*, where the *Annual Escalation Rate* is 2.35%; the *Non-Gas Fuel Retail Rate*, where the *Annual Escalation Rate* is 2.49%; and the *Non-Gas Fuel Cost*, where the *Annual Escalation Rate* is 4%)
- *Commodity Cost* – $8.98/Mcf
- *Peak Reduction* – 1%
- *Non-Gas Fuel Loss Factor* – 8%
- *Gas Environmental Damage Factor* – $0.31/Mcf

Attachment 3_OES 624
Page 2 of 4

- *Non-Gas Fuel Environmental Damage Factor* – $5.26/MWh
- *Social Discount Rate* – 4.75%
- *Participant Discount Rate* (Residential) – 4.75%

All other inputs located on the left-hand side of BENCOST require utility-specific data. In Department Staff Attachment A, Department Staff provide a description of how these utility-specific inputs should be calculated. Each utility should provide complete details in its 2007-2008 CIP filing concerning the specific calculations and underlying assumptions (including references to any supporting documents) used to calculate each of these utility-specific inputs, which are as follows:

- *Retail Rate*
- *Non-Gas Fuel Retail Rate*
- *Demand Cost*
- *Variable O&M*
- *Non-Gas Fuel Cost*
- *Participant Discount Rate* (Commercial/Industrial)
- *Utility Discount Rate*

In addition, the *General Input Data Year* for BENCOST is 2005, and the *Project Analysis Year* for *BENCOST* are the appropriate years (2007 and 2008) in the biennium that the projects are being analyzed.

Please contact me at 651-282-5088 if you have any questions or require additional information.

Sincerely,

Christina K. Brusven

CHRISTINA K. BRUSVEN
Special Assistant to the Deputy Commissioner

CKB/jl
Enclosure

INPUTS TO *BENCOST FOR NATURAL GAS CIPs* FOR THE 2007-2008 CONSERVATION IMPROVEMENT PROGRAM BIENNIUM

The inputs necessary to run the *BENCOST FOR GAS CIPs* (*BENCOST*) model for the upcoming 2006-2007 Conservation Improvement Program (CIP) biennium are listed below. Following this list, Department Staff of the Energy Division of the Minnesota Department of Commerce (Department Staff) provide a description and the source(s) for each of the inputs.

General Inputs	Specific Project Inputs
Retail Rate ($/Mcf)	Utility Project Costs ($)
Non-Gas Fuel Retail Rate ($/Fuel Unit)	Administrative Costs ($)
Commodity Cost ($/Mcf)	Incentive Costs ($)
Demand Cost ($/Mcf/Yr)	Total Utility Project Costs ($)
Peak Reduction Factor (%)	Direct Participant Project Costs ($/Participant)
Variable O&M ($/Mcf)	Participant Non-Energy Costs (Annual $/Participant)
Non-Gas Fuel Cost ($/Fuel Unit)	Participant Non-Energy Savings (Annual $/Participant)
Non-Gas Fuel Loss Factor (%)	Project Life (Years)
Gas Environmental Damage Factor ($/Mcf)	Average Mcf/Participant Saved
Non-Gas Fuel Environmental Damage Factor	Average Non-Gas Fuel Units/Participant Saved
Participant Discount Rate (%)	Average Additional Non-Gas Fuel Units/Participant Used
Utility Discount Rate (%)	Number of Participants
Societal Discount Rate (%)	Total Annual Mcf Saved
General Input Data Year	Incentive/Participant
Project Analysis Year	
Growth and Escalation Factors (%)	

Most general data inputs are utility specific, and are used in analyzing each CIP project, while the specific project data inputs may vary from project to project. A description of the data for each BENCOST input is as follows:

Input No. 1 The *Retail Rate* ($/Mcf) is the natural gas rate for the specific customer class or classes (i.e., commercial, industrial, or residential) that are expected to participate in a project. The *Retail Rate* is calculated by adding the following:

- the utility's currently approved tariffed non-natural gas margin of the customer class that is expected to participate in a project (or a weighted average non-natural gas margin if more than one customer class is expected to participate in a project), which is on file with the Minnesota Department of Commerce (Department);
- the *Commodity Cost* of $8.98/Mcf, which is described below in Input No. 3; and
- the per Mcf *Demand Cost* from the utility's March 2005 Purchased Gas Adjustment (PGA) filing, as described below in Input No. 4.

The *Retail Rate* does not include the annual true-up adjustment for natural gas costs or the annual Conservation Cost Recovery Adjustment, if applicable.

Each utility must identify and fully explain in its CIP filing all calculations and underlying assumptions (including references to any supporting documents) used in determining the non-gas margin and demand cost components of this input. The *Retail Rate* is multiplied by the *Annual Escalation Rate* of 1.29 percent.

Department Staff calculated the *Annual Escalation Rate* of 1.29 percent using a projected natural gas price index entitled "Chained price index--household natural gas" for the period 2005 to 2026. This natural gas price index was provided to the Department by Global Insight via the Minnesota Department of Finance. For the *Gas Environmental Damage Factor* (see Input No. 9 below) and the *Non-Gas Fuel Environmental Damage Factor* (see Input No. 10 below), Department Staff calculated an *Annual Escalation Rate* of 2.76 percent, which was developed using a projected price index entitled "Chained price index--gross domestic product" for the period 2005 to 2026. This price index was also provided by Global Insight. Global Insight is widely accepted as a primary source of economic, industrial, and financial information, and is frequently used by financial and industrial experts to analyze trends and cycles in the markets.

Input No. 2 — The *Non-Gas Fuel Retail Rate* ($/Fuel Unit) is the estimated non-natural gas (e.g., electricity) retail rate for the specific customer class or classes (i.e., commercial, industrial, or residential) that are expected to participate in a project, if applicable. If this input is an electric retail rate, it should be based on a tariffed rate for the customer class that is expected to participate in a project (or a weighted average retail rate if more than one customer class is expected to participate in a project). Each utility that chooses to use this input must identify and fully explain in its CIP filing all calculations and underlying assumptions (including references to any supporting documents) used to calculate the *Non-Gas Fuel Retail Rate*. In addition, the *Non-Gas Fuel Retail Rate* is multiplied by an *Annual Escalation Rate* of 2.49 percent. This rate was developed using a projected price index entitled "Chained price index--household electricity" for the period 2005 to 2026, which was provided by Global Insight.

Input No. 3 — The *Commodity Cost* ($/Mcf) is $8.98/Mcf, which is the average Henry Hub natural gas price for 2005, as reported in the United States Energy Information Administration's March 7, 2006 *Short-Term Energy Outlook*. The *Commodity Cost* input is also multiplied by the *Annual Escalation Rate* of 1.29 percent, which is described above in Input No. 1.

Input No. 4 — The *Demand Cost* ($/Mcf/Year) is the estimated annual fixed demand costs that the utility would save from buying one fewer Mcf of demand services. The source for this figure is the utility's March 2005 PGA, which reflects the demand costs from that peaking season. Each utility must identify and fully explain in its CIP filing all calculations and underlying assumptions (including references to any supporting documents) used in determining this input. The

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
[ ]......Cost of Service	[ ]......CIP	[X]....Marketing Programs

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
607	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Residential Water Heater Program Reference: Company Witness Mr. Kirk R. Nesvig's Direct Testimony Mr. Nesvig states the following with respect to financial incentives provided under the Residential Water Heater Program: We also offer financial incentives to builders to install gas water heaters in the new homes that they build. See Mr. Nesvig's Direct Testimony, page 41, line 23 through page 42, line 1. a) Please identify and fully describe each criterion used by CenterPoint Energy in determining whether to provide a financial incentive to a builder, developer, or other participant under the Residential Water Heater Program. b) Please fully explain the Company's rationale for each criterion provided in response to Part a) above. (*Cont'd. on next page*)

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

c) Does CenterPoint Energy conduct a cost-effectiveness analysis prior to providing an incentive to a builder, or developer, or other participant under the Residential Water Heater Program?

d) If the response to Part c) above is affirmative, please identify and provide an example of such a cost-effectiveness analysis, together with identifying and fully explaining each (and all) calculation(s) and underlying assumption(s) used in the cost-effectiveness analysis. Please also identify and provide an electronic copy (in Excel 2003 format) of this cost-effective analysis on a CD-ROM, together with all supporting spreadsheets used by the Company.

e) If the response to Part c) above is negative, please fully explain the Company's rationale for not conducting a cost-effectiveness analysis prior to providing an incentive to a builder or developer under the Residential Water Heater Program.

RESPONSE:

Contains Trade Secret Information:

CenterPoint Energy has designated information in this document as trade secret. The information meets the definition of trade secret in Minn. Stat. 13.37 subd.1(b) as follows: (1) the information was supplied by CenterPoint Energy, the affected organization; (2) CenterPoint Energy has taken all reasonable efforts to maintain the secrecy of the information, and (3) the protected information contains operating information which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

a) The Residential Water Heater Program was initiated several years ago to address an increasing threat to the installation of gas water heaters in the new construction residential market. Three developments occurred that put in jeopardy the significant benefits produced by gas water heaters for CenterPoint Energy and its customers. First, gas water heaters have historically had higher initial costs that cause builders to consider electric alternatives. Second, changes in the Minnesota Energy Code requiring the use of power-vented gas water heaters increased the cost of installing gas water heaters and further exacerbated the initial cost differential issue. Third, most of the Company's new residential growth is occurring in the Twin Cities metropolitan suburbs, where unregulated electric cooperatives are increasingly competing for water heating load. The electric cooperative incentives are very large, and have ranged up to giving the builder/developer a free electric water heater.

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

To address this situation, an approach was developed, called Build Wiser, to provide specific incentives to larger builders in exchange for their agreement to install gas water heaters in the homes they build. The criteria used to determine whether an incentive would be provided to a builder under this approach is as follows:

1) Risk of electric water heater competition is evaluated (e.g., past history for the builder, availability and size of electric cooperative offers, etc.).

2) Builder size is considered (e.g., larger builders are given more consideration).

3) Project location is evaluated (e.g., who is the electric provider; what are the competing incentives).

4) Gas versus electric water heater status (e.g., what options does the builder make available to the homebuyer; which models are standard versus an upgrade).

5) The incentive proposal must pass a financial cost-effectiveness test.

In addition to the Build Wiser program, the Company searched for a cost-effective method of communicating the advantages of gas water heaters to small builders. The Company contracted with the Builders Club, a regional builders organization that provides sponsor incentives to its builder members. As a sponsor of Builders Club, CenterPoint Energy is able to cost-effectively provide modest incentives to builders in its service area that install gas water heaters.

b) The Company's rationale for the criteria provided in a) above is as follows:

The rationale for the Build Wiser approach is that it applies to larger builders where a cost-effectiveness analysis can be practically conducted. The criteria for this approach, as described in a) above, is to assist in determining whether an incentive is necessary. For example, if the builder has a past history of installing electric water heaters, or has received large electric cooperative incentive offers, then it is more likely that an incentive is needed.

The Builders Club approach is a low-cost method of providing incentives to the builders that are most likely to face electric provider competition, especially small builders. It provides the Company with access to these builders so that the benefits of gas water heating can be communicated and promoted. It is a long-standing, well-understood program in the local building community. For the number and size of participating builders, a case-by-case cost-effectiveness analysis is simply not practical. This approach is the best, most effective way to reach builders and deliver the benefits that gas water heaters provide.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

c) Yes. CenterPoint Energy does conduct a financial cost-effectiveness analysis prior to providing an incentive to a builder under the Build Wiser portion of the Residential Water Heater Program.

d) Attachment 1 is an example of a cost-effectiveness analysis that shows the number of units for the project, the associated annual incremental margin, the incentive that was provided, and the net present value of the project. The calculations and underlying assumptions are included in the attachment. In this example, the $1000 financial incentive provided to the builder in exchange for the builder's commitment to install gas water heaters in 125 homes produces a 10-year net present value of over $16,000. The attachment contains **TRADE SECRET DATA**.

In addition, as shown in the cost/benefit analysis at Exhibit____ (KRN-D), Schedule 34, the Program as a whole is also cost-effective, producing total benefits to CenterPoint Energy and its customers of $382,737. Additional environmental benefits have been described and quantified in response to OES Information Request Number 606.

e) Not applicable.

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number:	G008/GR-08-1075	Date of Request:	May 26, 2009
Requested From:	CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas	Response Due:	June 5, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:			
	[ ].....Financial	[ ].....Rate of Return	[ ].....Rate Design
	[ ].....Engineering	[ ].....Forecasting	[ ].....Conservation
	[ ].....Cost of Service	[ ].....CIP	[X]....Marketing

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
674	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Residential Water Heater Program Reference: The Company's Response to Minnesota Office of Energy Security (OES) Information Request (IR) No. 607 In its response to OES IR No. 607, CenterPoint Energy identifies certain criteria used by the Company in determining whether to provide financial incentive to a builder or developer under the Residential Water Heater Program. a) Please identify and fully discuss five historical examples since CenterPoint Energy's 2005 rate case in Docket No. G008/GR-05-1380 that illustrate the Company's use of the criteria in selecting a builder or developer to participate in the Residential Water Heater Program. b) For each example provided in response to Part a) above, please identify and provide a copy of any (and all) document(s) or workpaper(s) that substantiates its response, together with a

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

complete discussion of precisely how each such document or workpaper substantiates the response.

RESPONSE:

Contains Trade Secret Information:

CenterPoint Energy has designated information in this document as trade secret. The information meets the definition of trade secret in Minn. Stat. 13.37 subd.1(b) as follows: (1) the information was supplied by CenterPoint Energy, the affected organization; (2) CenterPoint Energy has taken all reasonable efforts to maintain the secrecy of the information, and (3) the protected information contains operating information which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

a) Following are five historical examples that illustrate the Company's use of the criteria in selecting a builder or developer to participate in the Residential Water Heater Program as outlined in CenterPoint Energy's response to the OES Information Request No. 607. These examples are from 2005, 2007, and 2008 (all occurring since the 2004 Base Year used in the 2005 rate case) and the builders are included on the list provided in response to the OES Information Request No. 621, Attachment 1.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

[TRADE SECRET DATA BEGINS

TRADE SECRET DATA ENDS]

b) Please see Attachment 1 for the cost-effectiveness analyses of the samples described in part a), above. Attachment 2 shows samples of the financial incentives offered by the four major electric co-ops operating in CenterPoint Energy's service area: Dakota Electric, Minnesota Valley, Wright Hennepin, and Connexus Energy. In these samples, the co-ops are promoting residential electric water heaters. In addition to the standard financial incentives shown in Attachment 2, these co-ops negotiate separate financial packages with individual builders that provide additional incentives.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

OES 674 – Attachment 2
Page 1 of 13

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-10)
Page 4 of 16

Dakota Electric Services For Builders & Contractors

Rebates

Dakota Electric offers rebates for both business and residential members. Builders and contractors can use rebates to increase the value of their products and services when discussing projects and upgrades with Dakota Electric members.

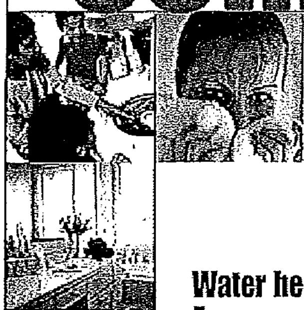
Add Value
Use Dakota Electric's rebates to install energy-efficient appliances, air conditioners and heat pumps that will increase the value of the homes you offer to homeowners.

Financial Incentive
Dakota Electric's rebates help cover the cost of new, energy-efficient equipment, reducing the payback period and making the project or upgrade more affordable for both residential and commercial clients.

Residential Rebates
A variety of rebates are available for appliances, lighting, air conditioners and heat pumps for residential members who are building a new home, remodeling or simply looking to replace an existing appliance or HVAC system. View residential rebates

Business Rebates
Dakota Electric also offers several rebate options for business and commercial members, including a custom EnergyGrant® that can be used for energy-efficiency programs not covered by other rebate programs. View business rebates

the comfort OF ELECTRIC WATER HEATING



Electric water heating is safe, clean, affordable, efficient and guaranteed.

Dakota Electric's water heating program offers rates that are competitive with other water heating systems. You'll get an energy-efficient water heater and hot water every time you want it.

Water heating options:

Interruptible heating allows Dakota Electric to temporarily interrupt electricity to your water heater during times of peak electrical usage – usually on just the hottest or coldest days of the month – and still provide hot water for all your needs. You're rewarded with a low off-peak rate of just 4.26 cents per kilowatt hour.

Storage heating is the most efficient and least expensive electric water heating plan available, saving you hundreds of dollars each year over standard electric systems. For 3.75 cents per kilowatt-hour, we heat your water at night, storing all you need for your daily use.

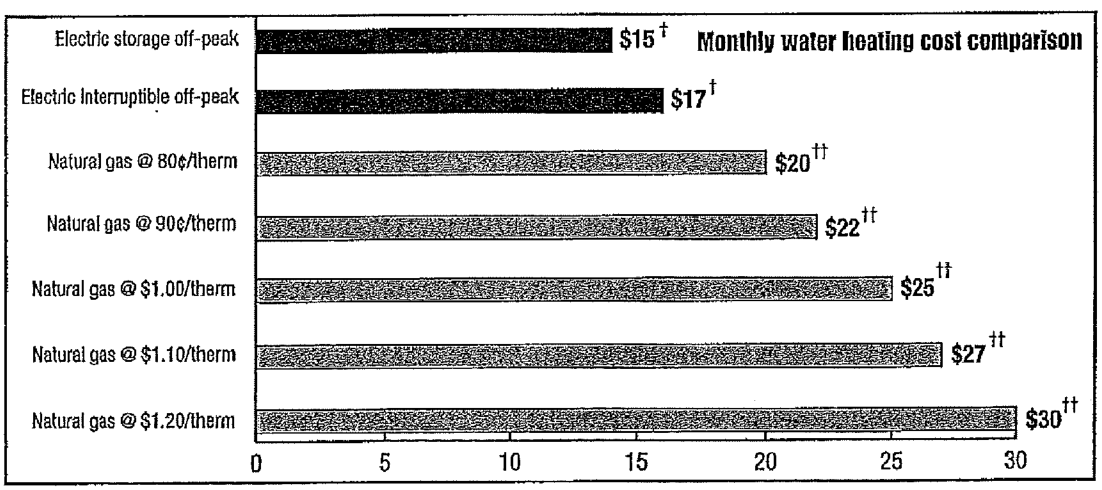
What are the benefits?

- A super efficient water heater
- Competitive cost of operation
- Lifetime tank warranty*
- Hot water – always
- No venting required
- Meets mechanical code requirements

The package deal

For $590 + tax (not including installation), we will deliver to your home –

- 85 or 105 gallon Marathon® water heater
- Rate-saving metering equipment
- Delivery within 48 hours



To save energy & money, call Dakota Electric at:
651-463-6243 or 1-800-874-3409

*Limited lifetime warranty on tank. Five-year warranty on parts and one year on labor.
†Based on a family of four. Prices reflect electric storage rate of 3.75 cents per kWh, electric interruptible at 4.26 cents per kWh.
††Price includes natural gas commodity & distribution costs.
Prices are subject to change.

4300 220th Street West
Farmington, MN 55024
www.dakotaelectric.com

DAKOTA ELECTRIC ASSOCIATION
Your Touchstone Energy® Partner

08/08 LLL

Dakota Electric Energy Efficiency

Electric Water Heaters

According to the Minnesota Department of Commerce, water heating is often the second largest energy expense in Minnesota homes, accounting for up to 20 percent of annual household energy costs. Dakota Electric encourages members considering electric water heating to contact our Energy Experts® for help determining what the most efficient option is for their specific situation.

Efficient Marathon® Water Heaters

Dakota Electric offers one of the most reliable and efficient electric water heaters available. Marathon® water heaters provide the durability and functionality you need while providing an energy-efficient way to heat your home or businesses water.

Marathon Features

- Lifetime limited tank warranty and five-year part warranty
- Seamless, polybutylene tank to eliminate rust and corrosion
- Envirofoam® insulation saves energy
- Pipe Wrap Energy Kit reduces pipeline heat loss
- Molded plastic outer shell resists dents and scratches
- Bowl-shaped bottom aid sediment draining

Learn more about Marathon water heaters

Tankless Water Heaters

Tankless water heaters, also known as instantaneous or demand water heaters, heat water as you use it. Members considering an tankless water heater are encouraged to contact Dakota Electric before making a final decision. Dakota Electric's Energy Experts can help you determine if your home will need electrical upgrades to accomodate the water heater and if a tankless water heater is the most economical choice for your needs.

Learn more about tankless water heaters

Related Info

Contact the Energy Experts®
If you are considering installing an electric heater, we encourage you to contact the Energy Experts® before making a decision.
Phone:
651-463-6243 or
1-800-874-3409 ext. 243
E-mail:
energyservices@dakotaelectric.com

Programs
Water heating rebates
EnergyWise® off-peak programs for water heaters

Dakota Electric Residential Services

Residential Appliance Rebates

Some of the largest users of energy are appliances you use everyday. Upgrade to a more efficient model with the help of rebates from Dakota Electric, and you will save energy and money every month.

Electric Water Heater
- $75 for converting your existing electric water heater to an off-peak program
- Call the Energy Experts® at 651-463-6243 for more information.

Clothes Washer
- $50 for each ENERGY STAR® rated clothes washer
- Limit one rebate per member account

Clothes washer rebate application

Dehumidifier
- $25 for each ENERGY STAR rated dehumidifier
- Limit one rebate per member account

Dehumidifier rebate application

Refrigerator
- $50 for each ENERGY STAR rated refrigerator ($25 extra if you also recycle your old refrigerator)
- Limit one rebate per member account

Refrigerator rebate application

Freezer
- $50 for each ENERGY STAR rated freezer
- Limit one rebate per member account

Freezer rebate application

Dishwasher
- $25 for each ENERGY STAR rated dishwasher
- Limit one rebate per member account

Dishwasher rebate application

To learn more about Dakota Electric's rebate programs, contact our Energy Experts® at 651-463-6243 or energyservices@dakotaelectric.com.

Limited funds are available, and rebates are awarded on a first-come, first-serve basis.
Rebates subject to change without notice.

Related Info

Programs
EnergyWise® off-peak water heating
Tax credits

Related Resources
Marathon® water heaters
ENERGY STAR®

OES 674 – Attachment 2
Page 5 of 13

Wednesday, May 27th

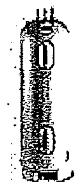
Contractors

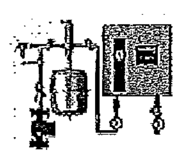
Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-10)
Page 8 of 16

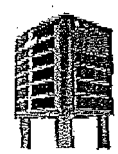
Builders & Developers

Better Builder Package - $249.00
Your home buyers want affordable energy and home builders want lower costs! That's why MVEC created the Better Builder Package. Builders now have the option to purchase and install electric products to MVEC's Energy Wise programs for a fraction of the cost.


Garage Heaters


Water Heaters


In-Floor Heat Cable & Boilers


Heat Pumps

Package deal:

- The approved builder will need to purchase a 13 SEER or higher air source heat pump that's properly sized and installed by a Quality Installation certified contractor of your choice.
- MVEC will offer the $249 Better Builder Package for the following electric products:
  - One Marathon 105 gallon electric water heater
  - One electric garage heater
  - One 12 kW 12,000 watt electric boiler (boiler only)
- Products must be installed to an Energy Wise program to qualify for this special pricing.

How to Qualify
Terms and agreements apply. Call MVEC for more details or we would be happy to provide more details with a personal visit to your office or job site.

For more information contact
Diane Schoenbauer, Builders Energy Representative
P (952) 492.8292 or (800) 282.6832
dianes@mvec.net

Builder Resources

> Better Builder Program
> MVEC's Model Home Incentives Program
> Model Homes
> Rebates
> Electric Products & Benefits
> Double Meter Socket Program
> QuickLink Access

OES 674 – Attachment 2
Page 6 of 13

MVEC

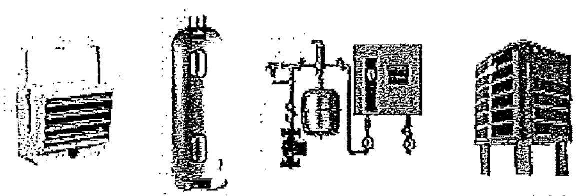
Wednesday, May 27th

Contractors

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-10)
Page 9 of 16

Builders & Developers

Model Home Incentive Program
MVEC offers special low pricing for builders who are building residential homes within MVEC's service area. Builders pricing is available for the following electric products*. Check out the builders who have participated in our model home program.



Garage Heaters | Water Heaters | In-Floor Heat Cable & Boilers | Heat Pumps

*Product(s) must be installed to an Energy Wise program to qualify for special pricing.

Model Home Rebate Options
Rebate* options are available for the following Energy Star products:

- Heat Pumps (air source and ground source)
- Central air conditioners
- Appliances
  - Clothes washer
  - Dehumidifier
  - Dish washer
  - Freezer
  - Refrigerator

CHANGE FOR THE BETTER WITH ENERGY STAR

*Rebates are subject to available funds and can change without notice.

How to Qualify
Call MVEC for more details or we would be happy to provide more details with a personal visit to your office or job site.

For more information contact
Diane Schoenbauer, Builders Energy Representative
P (952) 492.8292 or (800) 282.6832
dianes@mvec.net

Builder Resources

- Better Builder Program
- MVEC's Model Home Incentives Program
- Model Homes
- Rebates
- Electric Products & Benefits
- Double Meter Socket Program
- QuickLink Access

Program Requirements

> Model home must be built in MVEC's service area.

> Allow MVEC to prominently display promotional signage in a high traffic area of the model home.

> Model home must be open to the public for six months and be in the Spring Preview and/or Parade of Homes.

> Credits/rebates/discount rates will apply once equipment is operating on MVEC's Energy Wise programs and the model home is ready to be viewed by the public.

Residential

Electric Water Heating - A Safe, Economical Heating Option

Marathon electric water heaters offer the following benefits:

- 100% efficient
- 112 gallons of hot water the first hour
- Up to 150 gallons of hot water with a mixing valve installed
- No flame or venting through your home's roof or wall
- Marathon offers a lifetime warranty on the tank of the electric water heater
- It's safer, cleaner, quieter and more affordable than other fuel sources
- Money saving Energy Wise® rates available

ENERGY wise

Marathon Sizes & Pricing

Marathon Electric Water Heaters:	Energy Wise Cost*:
50 gallon	$350.00*
85 & 105 gallon	$450.00*

Delivery & Pick-up of Electric Water Heaters

- Delivery available on Wednesdays to the homes garage
- Pick-up is available from 8:00 a.m. - 2:00 p.m. Monday - Friday at the cooperative's office
- **Save $50** if you pick up the water heater from our office

**Rheem water heaters are also available as well as other models of electric water heaters.*

One year full warranty provided by MVEC from date of purchase on electric water heater. Repair work available during regular business hours -8:00 a.m. to 4:30 p.m. Monday through Friday.

Rebate qualifications: *The electric water heater must be installed within 120 days to qualify for Energy Wise® pricing. Water heaters* ***not*** *hooked up to an Energy Wise® program will be billed at the current retail rate plus tax. Delivery is included in the cost of the water heater. If you choose to pick up your water heater from our office, please contact us prior to arriving to ensure we have the water heater size you want in stock. Thank you.*

For more detailed information about electric water heaters and Energy Wise programs visit MVEC online - www.mvec.net or contact a member service representative. © 2008

"We brought power where no one else would. We'll bring service to a level no one else can."

Minnesota Valley Electric Cooperative
125 Minnesota Valley Electric Drive
Jordan, Minnesota 55352
www.mvec.net info@mvec.net
(952) 492-2313 (800) 282-6832

Wright-Hennepin Electric Cooperative Association

WH's Off-Peak Water Heating Programs

Classic Off-Peak Water Heating Program

• Off-Peak rate = $.039/kWh
• Minimum capacity of the water heater(s) must be 100 gallons.
• Water heaters should be sized according to the family size and square footage of the home.
• Mixing valve must be installed.
• Re-circulating systems are discouraged with this program. Please consider On Demand systems to
conserve water and energy.
• Control strategy provides an 8 hour charge period between 11 p.m. and 7 a.m. Mon-Fri; extended charge hours on weekends
• Member will be responsible for cost of the water heater and mixing valve.
• Member is responsible for water heater installation costs
• Member is responsible for water heater maintenance
• Financing available for WH Response installs and/or water heater only purchase at 0% interest up to 18 months, minimum of $25/month
• Receive free off-peak meter package $400 value (meter socket, radio receiver and CT, if needed).

Off-Peak Quick Cash Water Heating Program

• Water heater will be metered at the general service rate.
• $10.00 credit/ month on members bill (300 kWh/month minimum usage)
• Minimum capacity of the water heater(s) must be 100 gallons.
• Water heaters should be sized according to the family size and square footage of the home.
• Mixing valve must be installed.
• Re-circulating systems are discouraged with this program. Please consider On Demand systems to
conserve water and energy.
• Control strategy provides an 8 hour charge period between 11 p.m. and 7 a.m. Mon-Fri; extended charge hours on weekends
• Wright-Hennepin pays all costs for standard installations up to $500.00 when installed by a qualified WH Response contractor. Costs over $500.00 will be the responsibility of the member.
• Member is responsible for water heater installation costs
• Member is responsible for water heater maintenance
• Financing available for WH Response installs and/or water heater only purchase at 0% interest up to 18 months, minimum of $25/month.
• Load Control device is included at no charge ($90 value) Off Peak meters are not required with this program.

Peak Shave Water Heating (limited interruption)

• Water heater will be metered at the general service rate.
• $10.00 credit/ month on members bill (300 kWh/month minimum usage)
• Minimum 52-gallon water heater capacity to qualify.
• A mixing valve is recommended.
• Control times are limited to 6 hours per day, only during peak demand times. Typically between 4 p.m.-10 p.m.
• Retrofit installations
o W-H will pay up to $200.00 for installation of load control device when installed by WH Response authorized contractor. Costs over $200.00 will be the responsibility of the member.

Off-Peak Programs

Reduce your energy costs with WH Off-Peak programs. About 50% of Wright-Hennepin members are already saving money because they are enrolled in at least one of WH's Off-Peak programs. It's easy to sign up. Simply call us or e-mail us and we'll take care of the rest. Or fill out this online form. You too can save up to 50% on the cost to cool your home, heat your water, heat your home, all by joining our Off-Peak programs.

Dual Fuel (Heating):

With WH's Dual Fuel program, the electricity used to heat your home is billed at a low Off-Peak rate of 3.9 cents per kilowatt hour – a savings of about 58%. And unlike the roller coaster pricing of gas, WH's Off-Peak rate has remained stable for more than 25 years.

With this program, electricity is your primary heat source and oil or gas is used as a back-up. During these times of peak energy use, your secondary heating source keeps your home comfortable. You won't even notice the switch. Financing is available.

Members enrolled in the Dual Fuel program are alerted to times when their electric heating source will be controlled through WH's load management page and e-mail alerts. View the load management page by clicking here.

Water Heating:

There are two ways to save money every month with WH's Off-Peak water heating program:

Classic Off Peak:

Save up to 58% on the cost to electrically heat your water (3.9 cents per kWh)

Quick Cash or Peak Shave:

Receive a $10 credit on your electric bill each month (Certain restrictions apply)

How Off-Peak water heating works:

Classic Off-Peak and Quick Cash have daily management periods between 11 p.m. and 7 a.m. so that water is heated at night and is available during the day. With Peak Shave, management periods occur only on days when overall energy use is high, which is typically on the hottest and coldest days of the year. Hours of management for Peak Shave average six hours and are usually between the hours of 4 p.m. and 10 p.m. on those days. Financing is available.

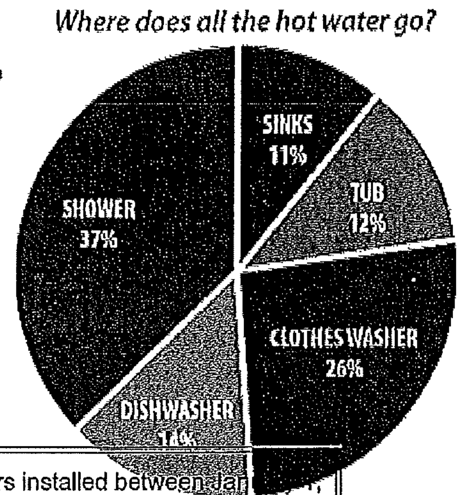
Air Conditioning:

Save money and energy during the summer months with Wright-Hennepin's Off-Peak air conditioning programs: Cool Cash or Classic Off-Peak air conditioning. Plus, you do not have to be at home during the time of installation.

WH's peak demand typically occurs between 4 p.m. and 10 p.m. on the hottest summer days. During these peak times, your air conditioner may be cycled "on" and "off" at 15-minute intervals. If you know it's going to be hot or humid, you can bring the temperature down to your desired comfort level by late morning or early afternoon for optimal performance as well as

Electric Water Heating

Not only are water heaters the second largest energy user in the home, up to 30% of its energy goes to keeping the water hot while it's not being used - a waste of money, energy, and natural resources.



Ways you can save
Take advantage of low electric rates when you sign-up for one of our energy-saving water heating programs.

Rebates are available for qualifying electric water heaters installed between Jan[illegible] 2009 and December 31, 2009 when you sign-up for the **Whole House** or **Meter Rate** program.	
Whole House Rate Pay only 9 cents per KWh for all the electricity you use throughout your home.	Download Flyer Rebate Form
Metered Rate Pay only 4.2 cents per kWh to heat your water.	Download Flyer Rebate Form
PowerNap® Rate Receive an $8.00 credit on your monthly bill - $96/year.	Download Flyer
Qualifications and conditions apply for each program. See program flyer for details.	

Which program is right for you?
Let a Connexus representative help you decide which option is right for you. Call customer service at 763.323.2650 or *request more information.*

Connexus® Energy
14601 Ramsey Blvd NW
Ramsey, MN 55303
763.323.2600

Connexus Energy
REBATE PROGRAMS

Electric Water Heating Rebate

Save up to $300

Rebate Qualifications

- $150 for new construction or fuel conversion retrofits, $300 for a non-controlled electric water heater replaced with a controlled water heater.
- Installed water heater must have an efficiency rating of at least .90.
- Offer valid for new electric water heater purchased and installed between January 1, 2009 and December 31, 2009, or while funds last.
- Water heater must be installed within the Connexus Energy electrical service area.
- Water heater must be on a designated off-peak program.

Customer Information

Name on Account ______________________________

Connexus Energy Account # __________ - __________ Phone __________

Address where electric water heater is installed ______________________________

City ______________________________ State ______ Zip __________

Do you currently rent or own your home? (Please circle one) Rent Own

I certify that the electric water heater, for which I am claiming a rebate, has been installed at the address listed above and that this address represents a valid Connexus account.

Signature ______________________________ Date __________

Alternate Rebate Recipient

Complete this section only if the rebate should be issued to someone other than the customer named above.

Name ______________________________ Phone __________

City ______________________________ State ______ Zip __________

By signing, I authorize the alternate rebate recipient to receive the rebate check.

Signature ______________________________ Date __________

Equipment Information

Manufacturer: ____________________ Model #: ____________________

Gallons: ______________ Date of installation: ____________________

Type of installation: (Please circle one) New Replacement

Designated Off-Peak Program

- ☐ Whole House Rate (9.0¢ per kWh)
- ☐ Metered Water Heating (4.2¢ per kWh)

Connexus Energy's off peak inspection date: ____________________

Send completed form and copy of original sales receipt to Connexus Energy.
Fill out this form completely. Incomplete forms will not be processed.
Connexus Energy's final inspection of off peak equipment must be completed before the rebate will be processed. Please allow 6-8 weeks for processing.
Rebate quantities are limited. Limit one rebate per customer account.

14601 Ramsey Blvd.
Ramsey, MN 55303
connexusenergy.com
763.323.2650

Connexus Energy
PROGRAMS AND SERVICES

PowerNap® Electric Water Heating

Unmetered

An electric water heater is the cleanest, safest, and most efficient water heating system you can own. By participating in the PowerNap program, you help conserve energy when demand for electricity is at its peak and lower your water heating costs.

Save $96 a year on your electric bill.

How it works

A licensed electrician will come to your home to install a small radio receiver on the outside of your home.

On days when demand for electricity peaks – usually on the hottest or coldest days of the month – a radio signal is sent to your water heater telling it to take a "nap."

When electric demand decreases, the water heater automatically returns to its regular mode.

**The maximum number of controlled hours allowed per day is eight hours. Control typically occurs in late afternoon or early evening.

Program requirements

- Must have a minimum 50-gallon electric water heater.
- Water heater must meet current State Electrical Code.

How to sign-up

1. Enroll in the program by calling customer service at 763.323.2650.
2. An authorized contractor will contact you, within two weeks of enrollment, to arrange for the necessary equipment to be installed and inspected.

   Note: The authorized contractor will need access to the water heater inside your home.

   A one-time installation fee of $50 will be added to your electric bill.
3. Upon completion of the inspection, you'll receive an $8 credit on your monthly electric bill ($96/year).

Continued...

Connexus Energy
PROGRAMS AND SERVICES

Off-Peak Electric Water Heating

Metered

Installing an electric water heater lets you enjoy the cleanest, safest, most efficient water heating system you can buy.

Pay only 4.2¢ per kWh to heat your water versus 10.3¢ (winter rate) and 11.3¢ (summer rate).

How it works

With off-peak water heating, water is heated during off-peak hours when electrical demand is at a minimum. During these heating hours, your water will be heated to a temperature of 150 degrees.*

A mixing valve, installed on the out-going hot water pipe, is designed to mix the cold water with the hot prior to being delivered to the faucet. We recommend setting the mixing valve between 2 and 3. Additionally, it is recommended to twist the mixing valve left-to-right a few times each year to prevent corrosion.

* A 105-gallon water heater will provide approximately 145 gallons of hot water when a mixing valve is installed.

Water heaters are interrupted for sixteen hours daily. Recharge is limited to eight hours daily, and may be continuous for eight off-peak hours or in increments totaling eight hours daily.

Year Round	Eight hour night-time recharge from approximately 11:00 p.m. to 7:00 a.m.
Weekends & Holidays	Additional recharge hours until mid-afternoon. This additional recharge time is subject to curtailment if peaking conditions, high energy prices, or system emergencies occur.

Equipment requirements

- 105 gallon electric water heater
- Mixing valve

Supplier Option: *Water Heaters Only* - please call for details: 952.946.1117.

How to sign-up

1. Prior to installing the water heater, contact Connexus Energy to schedule a date and time to pick up the required metering equipment. A one-time installation fee of $50 will be added to your electric bill at the time of pick-up.
2. Homeowner or licensed contractor is responsible for purchasing and installing 105-gallon electric water heater, mixing valve, and meter package. (Wiring diagrams are available.)
3. Have a **state electrical inspection** completed within 30 days of installation.
4. Contact Connexus Energy at 763.323.2738 for **final off-peak inspection.** Off-peak rates will not be applied until final inspection is completed. *Reference general terms of off-peak programs on back.*

Continued...

PUBLIC DOCUMENT--
TRADE SECRET DATA HAS BEEN EXCISED

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 — Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas — Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
[ ]......Cost of Service	[ ]......CIP	[X]....Marketing Programs

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
629	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Foodservice Program Reference: Company Witness Mr. Kirk R. Nesvig's Direct Testimony Mr. Nesvig states the following with respect to the Foodservice Program: Equipment eligible for a rebate includes booster water heaters, dishwashers and steam cooking equipment. See Mr. Nesvig's Direct Testimony, page 45, line 23 through page 46, line 2. a) Please provide annual market share information in CenterPoint Energy's service area for each technology (natural gas, electric, and other fuels) eligible for a rebate under the Foodservice Program (including booster water heaters, dishwashers, and steam cooking equipment) for the period 2005 through 2008.

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

b) Please identify and fully describe each (and all) calculation(s) and underlying assumption(s) used by CenterPoint Energy in arriving at its market share information, as provided in response to Part a) above. Please also fully discuss the Company's rationale for including each such calculation and assumption in arriving at its market share information.

c) Please identify and provide a copy of each (and all) workpaper(s) or other document(s) that substantiate(s) CenterPoint Energy's market share information, as identified in response to Part a) above. Please also provide a complete discussion concerning precisely how each such workpaper or document substantiates its claimed market share information.

RESPONSE:

Contains Trade Secret Information:

CenterPoint Energy has designated information in this document as trade secret. The information meets the definition of trade secret in Minn. Stat. 13.37 subd.1(b) as follows: (1) the information was supplied by CenterPoint Energy, the affected organization; (2) CenterPoint Energy has taken all reasonable efforts to maintain the secrecy of the information, and (3) the protected information contains operating information which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

a) CenterPoint Energy does not have the requested market share information for the entire period requested. Below you will find detailed 2005 through 2008 shipment data from three major foodservice manufacturer representatives for Booster Water Heaters, Dishwashers, and Steamers. These three manufacturer representatives were selected because they are the leading vendors of these types of foodservice equipment in the state of Minnesota.

[TRADE SECRET DATA BEGINS

TRADE SECRET DATA ENDS]

b) The market share information was obtained directly through communications with the three leading manufacturer representatives for the types of foodservice equipment included in the Program. The calculations of the market share percentages are straightforward based on the number of gas units, electric units, and total units.

c) Attachments 1 provide the supporting documentation for the foodservice equipment market share. The attachments are **TRADE SECRET DATA.**

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

Public document--
trade secret data has been excised

State of Minnesota

OFFICE OF ENERGY SECURITY

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-12)

Utility Information Request

Docket Number:	G008/GR-08-1075	Date of Request:	February 13, 2009
Requested From:	CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas	Response Due:	February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:			
	[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
	[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
	[ ]......Cost of Service	[ ]......CIP	[X]....Marketing Programs

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
642	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Commercial and Industrial (C&I) Market Rebate Program Reference: Company Witness Mr. Kirk R. Nesvig's Direct Testimony Mr. Nesvig states the following with respect to the C&I Market Rebate Program: Rebates are necessary for these C&I customers because higher initial capital costs for gas equipment (as compared to electric) have **limited the market penetration of various energy-efficient technologies such as gas-driven engines and generators, humidifiers, and desiccant dehumidification.** See Mr. Nesvig's Direct Testimony, page 48, line 23 through page 49, line 3; emphasis added. (*Cont'd. on next page*)

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

a) Please provide annual market share information in CenterPoint Energy's service area for each technology (natural gas, electric, and other fuels) eligible for a rebate under the C&I Market Rebate Program (including natural gas-driven engines and generators, humidifiers, and desiccant dehumidification) for the period 2005 through 2008.

b) Please identify and fully describe each (and all) calculation(s) and underlying assumption(s) used by CenterPoint Energy in arriving at its market share information as provided in response to Part a) above. Please also fully discuss the Company's rationale for including each such calculation and assumption in arriving at the Company's market share information.

c) Please identify and provide a copy of each (and all) workpaper(s) or other document(s) that substantiate(s) CenterPoint Energy's market share information, as identified in response to Part a) above. Please also provide a complete discussion concerning precisely how each such workpaper or document supports the Company's claimed market share information.

RESPONSE:

Contains Trade Secret Information:

CenterPoint Energy has designated information in this document as trade secret. The information meets the definition of trade secret in Minn. Stat. 13.37 subd.1(b) as follows: (1) the information was supplied by CenterPoint Energy, the affected organization; (2) CenterPoint Energy has taken all reasonable efforts to maintain the secrecy of the information, and (3) the protected information contains operating information which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

a) CenterPoint Energy does not have annual market share information for the entire time period requested. The market share information we have for humidifiers, gas-driven engines/generations, dehumidifiers, modular heat systems, and process furnace is as follows:

[TRADE SECRET DATA BEGINS

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

TRADE SECRET DATA ENDS]

b) Please see part a), above. The market share information was obtained directly through communications with the leading manufacturers' representatives for commercial/industrial equipment sold in Minnesota.

c) Attachment 1 contains the supporting documentation for the market share information of the equipment stated above. **Attachment 1 contains TRADE SECRET DATA**.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 — Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas — Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ].....Financial	[ ].....Rate of Return	[ ].....Rate Design
[ ].....Engineering	[ ].....Forecasting	[ ].....Conservation
[ ].....Cost of Service	[ ].....CIP	[X]...Advertising

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
667	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Proposed Test Year Advertising Expenses in the Present Docket

Reference: Company Witness Mr. Kirk R. Nesvig's Exhibit ___(KRN-WP), Volume 3, Schedule 38, Workpaper 4, Pages 1, "CenterPoint Energy earns high marks in J.D. Power and Associates study" in the January 2007 *TouchPoint*™ customer Update

a) Please provide the amount of advertising expenses by FERC account that CenterPoint Energy proposes to include in the test year relating to the article entitled "CenterPoint Energy earns high marks in J.D. Power and Associates study."

b) Please identify and fully describe each (and all) calculation(s) and underlying analysis used in determining the amount provided in response to Part a) above.

RESPONSE:

a) The total cost of the referenced TouchPoint™ sample advertisement (Exhibit____(KRN-WP), Volume 3, Schedule 38, Workpaper 4, pages 1 and 2 was $30,977. Based on the proportions of the sample, the J. D. Power and Associates portion is approximately 12% or

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

$3,717 (12% of $30,977). The cost of the J. D. Power and Associates referenced article is included the total costs of the January 2007 *TouchPoint*™ customer Update.

b) First, the total area of the *TouchPoint*™ sample, (Exhibit____(KRN-WP), Volume 3, Schedule 38, Workpaper 4, pages 1 and 2, was determined. The total area is approximately 182 square inches. Second, the area of the referenced article, J.D. Power and Associates, was determined; it is about 22 square inches. Based on the proportions of the sample, the referenced article portion represents approximately 12% of the total area (22 sq. inch. /182 sq. inch.). The total cost of the referenced *TouchPoint*™ sample was $30,977. The J.D. Power and Associates article portion is therefore $3,717 (12% of $30,977).

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 — Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas — Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
[ ]......Cost of Service	[ ]......CIP	[X]....Economic Development

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
653	Subject: Economic Development Costs in CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Test Year a) Has CenterPoint Energy included any economic development expenses in the test year? b) If the response to Part a) above is affirmative, please identify the amount of economic development expenses in the test year. c) Please identify and provide a quantitative benefit/cost analysis form the ratepayer perspective (including a complete description of the analysis) for each (and all) economic development expense(s) identified in response to Part b) above. Please also identify and fully discuss each (and all) calculation(s) and underlying assumption(s), including the Company's rationale for incorporating each such calculation and assumption in the analysis. In addition, please identify and provide an electronic copy (in Excel 2003 format) of this quantitative analysis on a CD-ROM, together with all supporting spreadsheets used by the Company. d) Please identify each precise location in the Company's general rate case filing where economic development expenses identified are discussed in testimony or appear in any schedule (including any workpapers).

Response by: Kirk Nesvig — List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

Response:

a)	No.
b)	n/a
c)	n/a
d)	n/a

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

State of Minnesota
OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 — Date of Request: May 26, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas — Response Due: June 5, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
[ ]......Cost of Service	[ ]......CIP	[X]....Gas Technology Institute

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
677	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy, CenterPoint, or the Company) Proposal Relating to the Gas Technology Institute (GTI) in the Present Docket Reference: The Minnesota Public Utilities Commission's (Commission) November 2, 2006 *Findings of Fact, Conclusions of Law, and Order* in Docket No. G008/GR-05-1380 (*05-1380 Order*) In the Company's 2005 rate case proceeding, the Commission stated the following with respect to GTI: CenterPoint shall make available for public inspection the status, results, and research and development implications of each GTI project funded under CenterPoint's proposal. See Ordering Paragraph No. 5.A of the Commission's *05-1380 Order*.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

a) Please provide a complete discussion of precisely how CenterPoint Energy has complied with this Commission requirement since the Company's 2005 general rate case in Docket No. G008/GR-05-1380, including the present docket.

b) Please identify and provide a copy of any (and all) document(s) that substantiate(s) CenterPoint Energy's response to Part a) above. Please also provide a complete discussion concerning precisely how each document substantiates the response.

Response:

a) All information the Company has regarding GTI is available for public inspection. No request for inspection has been made.

b) N/A

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

State of Minnesota
OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: May 26, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: June 5, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]…..Financial	[ ]…..Rate of Return	[ ]…..Rate Design
[ ]…..Engineering	[ ]…..Forecasting	[ ]…..Conservation
[ ]…..Cost of Service	[ ]…..CIP	[X]…Gas Technology Institute

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
679	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy, CenterPoint, or the Company) Proposal Relating to the Gas Technology Institute (GTI) in the Present Docket Reference: The Minnesota Public Utilities Commission's (Commission) November 2, 2006 *Findings of Fact, Conclusions of Law, and Order* in Docket No. G008/GR-05-1380 (*05-1380 Order*) In the Company's 2005 rate case proceeding, the Commission stated the following with respect to GTI: > CenterPoint shall establish a liability account that reflects a beginning balance equal to the total revenues collected from ratepayers to fund GTI projects since the implementation of interim rates in this case as proposed by CenterPoint month apply expense dollars at the level approved by the Commission. See Ordering Paragraph No. 5.C of the Commission's *05-1380 Order*.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

(*Continued*)

a) Please provide a complete discussion of how CenterPoint Energy has complied with this Commission requirement since the Company's 2005 general rate case in Docket No. G008/GR-05-1380 and in the present docket.

b) Please identify and provide a copy of any (and all) document(s) that substantiate(s) CenterPoint Energy's response to Part a) above. Please also provide a complete discussion concerning precisely how each document substantiates the response.

Response:

a) The Company established a liability account in 2006 and has credited $250,000 per year (the amount collected from ratepayers) to the account.

b) See attached spreadsheet detailing the monthly balance in the liability account.

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-16)
Page 2 of 4

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

GTI Liability Account

	Debit	Credit	Balance	
Jan-06	$ -	$ -	$ -	
Feb-06	$ -	$ -	$ -	
Mar-06	$ -	$ -	$ -	
Apr-06	$ -	$ -	$ -	
May-06	$ -	$ -	$ -	
Jun-06	$ -	$ -	$ -	
Jul-06	$ -	$ -	$ -	
Aug-06	$ -	$ -	$ -	
Sep-06	$ -	$ -	$ -	
Oct-06	$ -	$ -	$ -	
Nov-06	$ -	$ 200,000	$ 200,000	
Dec-06	$ 20,000	$ 50,000	$ 230,000	
Jan-07	$ -	$ 20,833	$ 250,833	
Feb-07	$ -	$ 20,833	$ 271,667	
Mar-07	$ -	$ 20,833	$ 292,500	
Apr-07	$ -	$ 20,833	$ 313,333	
May-07	$ -	$ 20,833	$ 334,167	
Jun-07	$ -	$ 20,833	$ 355,000	
Jul-07	$ -	$ 20,833	$ 375,833	
Aug-07	$ -	$ 20,833	$ 396,667	
Sep-07	$ -	$ 20,833	$ 417,500	
Oct-07	$ -	$ 20,833	$ 438,333	
Nov-07	$ -	$ 20,833	$ 459,167	
Dec-07	$ 100,000	$ 20,833	$ 380,000	(1)
Jan-08	$ -	$ 20,833	$ 400,833	
Feb-08	$ -	$ 20,833	$ 421,667	
Mar-08	$ -	$ 20,833	$ 442,500	
Apr-08	$ -	$ 20,833	$ 463,333	
May-08	$ -	$ 20,833	$ 484,167	
Jun-08	$ -	$ 20,833	$ 505,000	
Jul-08	$ -	$ 20,833	$ 525,833	
Aug-08	$ -	$ 20,833	$ 546,667	
Sep-08	$ 100,000	$ 20,833	$ 467,500	
Oct-08	$ -	$ 20,833	$ 488,333	
Nov-08	$ -	$ 20,833	$ 509,167	
Dec-08	$ -	$ 20,833	$ 530,000	
Jan-09	$ -	$ 20,833	$ 550,833	
Feb-09	$ -	$ 20,833	$ 571,667	
Mar-09	$ -	$ 20,833	$ 592,500	
Apr-09	$ -	$ 20,833	$ 613,333	
May-09	$ -	$ 20,833	$ 634,167	

Jun-09	$	-	$	20,833	$	655,000
Jul-09	$	-	$	20,833	$	675,833
Aug-09	$	-	$	20,833	$	696,667
Sep-09	$	100,000	$	20,833	$	617,500
Oct-09	$	-	$	20,833	$	638,333
Nov-09	$	-	$	20,833	$	659,167
Dec-09	$	-	$	20,833	$	680,000

All debits represent payments to GTI. All credits are accruals based on annual expense of $250,000.
May through December of 2009 are forecast amounts.

(1) Reflects adjustment to remove an invoice that was incorrectly coded to this account.

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: May 26, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: June 5, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ].....Financial	[ ].....Rate of Return	[ ].....Rate Design
[ ].....Engineering	[ ].....Forecasting	[ ].....Conservation
[ ].....Cost of Service	[ ].....CIP	[X]....Gas Technology Institute

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
680	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy, CenterPoint, or the Company) Proposal Relating to the Gas Technology Institute (GTI) in the Present Docket Reference: The Minnesota Public Utilities Commission's (Commission) November 2, 2006 *Findings of Fact, Conclusions of Law, and Order* in Docket No. G008/GR-05-1380 (*05-1380 Order*) In the Company's 2005 rate case proceeding, the Commission stated the following with respect to GTI: The true up of the liability account to be done with respect to GTI expenses will not allow CenterPoint to collect additional dollars from customers in the event CenterPoint expends more than the \$250,000 yearly amount collected from them. That the cap of \$250,000 applies individually to each year, such that expenditures

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

of more than $250,000 in one year will not be netted with expenditures of less than $250,000 in another year included in the true-up.

See Ordering Paragraph No. 5.D of the Commission's *05-1380 Order*.

(*Continued*)

a) Please provide a complete discussion of how CenterPoint Energy has complied with this Commission requirement in the present docket.

b) Please identify and provide a copy of any (and all) document(s) that substantiate(s) CenterPoint Energy's response to Part a) above. Please also provide a complete discussion concerning precisely how each document substantiates the response.

Response:

a) A liability account for GTI was established as required. $250,000 per year was credited to the account reflecting the amount recovered from ratepayers. Less than $250,000 has been contributed to GTI each year so the annual cap was not exceeded.

b) See (KRN-WP), Vol. 4, Sch. 64 for supporting documentation.

Docket No. G008/GR-08-1075
OES Attachment No. ___ (BJM-17)

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

State of Minnesota
OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: May 26, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: June 5, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]..... Financial	[ ]..... Rate of Return	[ ]..... Rate Design
[ ]..... Engineering	[ ]..... Forecasting	[ ]..... Conservation
[ ]..... Cost of Service	[ ]..... CIP	[X]... Gas Technology Institute

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
676	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Proposal Relating to the Gas Technology Institute (GTI) in the Present Docket Reference: Company Witness Mr. Kirk R. Nesvig's Direct Testimony CenterPoint Energy states the following with respect the treatment of funds recovered from ratepayers related to GTI prior to the test year that were not contributed to GTI. The Company proposes refunding <u>those dollars</u> along with any interim rate refund. See Mr. Nesvig's Direct Testimony, page 36, line 17; emphasis added. a) Please identify the precise proposed dollar refund amount referenced by the Company in the above quote.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

b) Please provide a complete discussion of the amount of interest included in the proposed dollar refund amount referenced in the above quote, including each (and all) calculation(s) and underlying assumption(s) used in the interest calculation. If no interest is included in the proposed dollar refund amount referenced in the above quote, please provide a complete discussion of the Company's rationale.

c) Please identify and provide a copy of any (and all) document(s) that substantiate(s) each of CenterPoint Energy's responses to Part a) and Part b) above. Please also provide a complete discussion concerning precisely how each document substantiates the response.

Response:

a) The amount referenced in the above referenced quote is the balance in the liability account at the beginning of the test year or $530,000.

b) There is no interest included in the proposed refund. The Commission order approving GTI expenses indicates the unexpended balance would be returned to ratepayers with no mention of carrying charges.

c) N/A

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]......Financial	[ ]......Rate of Return	[ ]......Rate Design
[ ]......Engineering	[ ]......Forecasting	[ ]......Conservation
[ ]......Cost of Service	[ ]......CIP	[X]....Tariffs

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
803	Subject: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Proposed Tariff Changes in the Present Docket

Please provide a matrix that identifies the following areas with respect to each and all of the company's proposed tariff changes in the present docket:

a) Item No.;
b) Tariff Section and/or Subsection;
c) Page No.;
d) Brief Description of Each Proposed Tariff Change; and
e) Summary of CenterPoint Energy's Rationale for Each Proposed Tariff Change (including requirements by statute or rule, if applicable).

Response: See attached matrix. A summary of proposed tariff changes was provided in the Proposed Tariff section in CenterPoint Energy's General rate petition, Volume 1 of 2.

While the Gas Affordability Program Rider (GAP), Section V, Pages 25-25.b were added in the last rate case (05-1380), the Company did not add an explanation to each applicable tariff at that time. This addition has been added in the present docket. The Company proposes similar explanations for the newly proposed Conservation Improvement Adjustment Rider and Conservation Enabling Rider.

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

CenterPoint Energy
Docket No. G-008/GR-08-1075
OES IR 803

The proposed tariff page changes are summarized below. The billing rate components (certain monthly basic charges, delivery charges and COG) change and the Company has added clarifying language detailing which riders are applicable to each tariff. In addition, the Company removed its No Surprise Bill rider, added a new tariff proposing a decoupling mechanism, and updated language regarding the reconnection fee.

a) Item No.	b) Tariff Section	c) Page(s) No.		d and e) Brief description of Each Proposed Tariff Change and Rationale
1	I.	2	Table of Contents page	Remove No Surprise Bill℠ Rider, Add Conservation Improvement Program Rider
2	I.	3	Table of Contents page	Add Conservation Enabling Rider
	RATE SCHEDULES AND PROVISIONS			
3	V	ii.	Table of Contents page	Remove No Surprise Bill℠ Rider, Add Conservation Improvement Program Rider and Add Conservation Enabling Rider
4	V	1	Residential Sales Service	Update for new base cost of gas, proposed billing rate components, and add applicable rider summaries
5	V	2	Small Volume Commercial and Industrial Sales Service	Update for new base cost of gas, proposed billing rate components, and add applicable rider summaries
6	V	3	Large General Firm Sales Service	Update for new base cost of gas, proposed billing rate components, and add applicable rider summaries
7	V	4	Small Volume Dual Fuel Sales Service	Update for new base cost of gas, proposed billing rate components, and add applicable rider summaries
		4.a	Small Volume Dual Fuel Sales Service	
8	V	5	Small Volume Firm/Interruptible Sales Service	Update for new base cost of gas, proposed billing rate components, and add applicable rider summaries
		5.a	Small Volume Firm/Interruptible Sales Service (cont'd)	
9	V	6	Large Volume Dual Fuel Sales Service	Update for new base cost of gas, proposed billing rate components, and add applicable rider summaries
		6.a	Large Volume Dual Fuel Sales Service (cont'd)	
10	V	11	Market Rate Service Rider	Update for new base cost of gas, proposed billing rate components
11	V	12	No Surprise Bill®Rider	REMOVE -suspended per MnPUC Order in Dockets G-008/CI-07-542 and G-008/M-05-602 date July 16, 2007
		12.a	No Surprise Bill®Rider	REMOVE -suspended per MnPUC Order in Dockets G-008/CI-07-542 and G-008/M-05-602 date July 16, 2007
		12.b	No Surprise Bill®Rider	REMOVE -suspended per MnPUC Order in Dockets G-008/CI-07-542 and G-008/M-05-602 date July 16, 2007
12	V	13	Conservation Improvement Program Adjustment Rider	Convert Large Energy Facility Exemption to CIP Adjustment Rider - allows annual reconcilation of costs
13	V	14	Small Volume Firm Transportation Service	Update for new base cost of gas, proposed billing rate components, and add applicable rider summaries
		14.d	Small Volume Firm Transportation Service (cont'd)	
14	V	15	Large Volume Firm Transportation Service	Update for new base cost of gas, proposed billing rate components, and add applicable rider summaries
		15.c	Large Volume Firm Transportation Service (cont'd)	
15	V	16	Small Volume Dual Fuel Transportation	Update for proposed billing rate components, and add applicable rider summaries
		16.d	Small Volume Dual Fuel Transportation (cont'd)	
16	V	18	Large Volume Dual Fuel Transportation Service	Update for proposed billing rate components, and add applicable rider summaries
		18.d	Large Volume Dual Fuel Transportation Service (cont'd)	
17	V	25.a	Gas Affordability Service Program (cont'd)	Update for proposed billing rate components
18	V	27	Conservation Enabling Rider (CE Rider)	NEW- Pilot program proposed to meet intent of Minnesota Statuess, Section 216B.2412 Decoupling of Energy Sales from Revenues
		27.a	Conservation Enabling Rider (CE Rider) (cont'd)	
	RULES AND REGULATIONS			
19	VI, 11.01, 7)	29	Reconnection Charge	Update charge, add language allowing waiver for Military Service per Minn. Stat. 325E.028.

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
Dee Knaak	Commissioner

In the Matter of an Inquiry into Competition Between Gas Utilities in Minnesota

ISSUE DATE: March 31, 1995

DOCKET NO. G-999/CI-90-563

ORDER TERMINATING INVESTIGATION AND CLOSING DOCKET

PROCEDURAL HISTORY

On June 28, 1990, the Commission issued its ORDER ASSERTING JURISDICTION AND ESTABLISHING COMMENT PERIOD In the Matter of the Joint Venture between Rahr Malting and Western Gas Utilities to Construct a Seven-Mile Gas Pipeline in Scott County, Minnesota, Docket No. G-012/DI-90-227 (the Rahr Malting docket). That docket concerned, among other things, competition between Minnegasco and Western Gas Utilities, Inc. (Western) for the same customers in Scott County, Minnesota. In its June 28 Order, the Commission sought input regarding the issue of two gas utilities competing for customers in the same area. All regulated gas utilities in Minnesota were asked to submit comments on the following two questions:

1. Will the "race" between Minnegasco and Western to capture new customers lead to a wasteful duplication of facilities? If so, does the Commission have the authority to prevent it?

2. Are the inducements currently offered by Minnegasco and Western to potential customers prohibited by their extension policies as approved by the Commission? If not, should the Commission attempt to impose stricter, more consistent policies on all regulated gas utilities?

All regulated gas utilities were also required under the June 28 Order to submit their current service extension tariffs and a description of their current service extension policies.

The eight rate regulated gas utilities in Minnesota[1] submitted tariffs in response to the Commission's Order. All the utilities except Great Plains and Interstate submitted responsive comments.

On August 6, 1990, the Commission issued its ORDER APPROVING OWNERSHIP AND CAPACITY LEASE AGREEMENTS AND REQUIRING FILINGS in the Rahr Malting docket. In that Order, the Commission established the docket herein to address the general subject of competition among gas utilities.

On April 1, 1991, the Commission issued its ORDER CONCLUDING INVESTIGATION In the Matter of Midwest Gas Service Extension Complaints, Docket No. G-010/CI-90-148. In that Order the Commission deferred consideration of issues related to gas service extension to the current docket, G-999/CI-90-563. Complainants had raised concerns regarding the "levelization" of gas hookup charges between residential customers with small lots and those with large lots. The Commission felt that concerns regarding possible subsidization of large lot homeowners by small lot homeowners would be best addressed in the present generic investigation of competition among gas utilities.

On June 4, 1991, the Commission issued its ORDER INITIATING STUDY GROUP in this docket. The Commission found that a number of important policy issues had been raised in this matter and created a study group to look at those issues. Those issues were:

1. Is "levelization" or equal sharing of the costs of gas service extension for all new customers, whether with large lots or small, unfair to customers with smaller lots?

2. Is open competition between local distribution companies of benefit or a detriment to consumers?

3. Should the Commission encourage the use of natural gas fuel by facilitating the piping of more towns and allowing the companies to use incentives for new customers?

4. Does duplication of facilities by competing gas utilities result in economic waste or safety hazards?

---

[1] At the time, there were eight: Minnegasco, Western, Great Plains Natural Gas Company (Great Plains), Interstate Power Company (Interstate), Midwest Gas Company (Midwest), Northern Minnesota Utilities (NMU), Northern States Power Company (NSP), and Peoples Natural Gas Company (Peoples). With the purchase and absorption of Midwest by Minnegasco, there are now seven.

5. Should there be a uniform service extension tariff and policy?

The study group met several times in 1991. All Minnesota local distribution companies (LDCs) and relevant state agencies were invited to attend these meetings. Various other interested parties were involved in the study group as either participants or invited speakers. In addition, all of the LDCs responded to a survey that asked about the areas in which they provide service and that are served by at least one other utility.

On February 24, 1995, Commission Staff served its Report on the Inquiry into Competition Between Gas Utilities on all parties to this proceeding, recommending that the docket be closed.

On March 23, 1995, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

The question before the Commission at this time is whether this docket should be continued or closed. The Commission finds that this investigation should be terminated and the docket closed. The analysis supporting this conclusion examines the issues raised in the docket under three categories:

1) service to areas not currently served,

2) Commission response to multiple service providers in an area, and

3) review of LDC service extension contracts.

A. SERVICE TO AREAS NOT CURRENTLY SERVED

A brief summary of the developments in this area subsequent to formation of the work group is in order:

The study group explored how to extend gas service to communities that request gas service but cannot be served economically at tariffed rates. In response to this question, three LDCs in 1991 proposed a surcharge mechanism to cover the cost of extending service to new communities.

The Commission was encouraged by these attempts to respond to this problem but found it necessary to reject the three filings.[2] Instead, the Commission directed the Department and Commission Staff to conduct a study and file a report identifying the policy issues involved in establishing an appropriate regulatory framework for the provision of natural gas service in areas where service is not currently provided because it is not economically justified under currently tariffed rates.

On March 12, 1992, the Department and Commission Staff submitted their Report on Issues for New-area Rates. The report covered financial issues, rate design and various compliance and reporting issues concerning these new rates.

Subsequently, the Commission has received, reviewed and approved new area rates proposals from Northern Minnesota Utilities (NMU), Northern States Power, and Midwest Gas (now Minnegasco).[3] An additional new area rates proposal by Minnegasco is pending: Docket No. G-008/M-94-1075.

In view of these developments, the Commission finds that the question of how to encourage natural gas service to new areas has been adequately addressed.

---

[2] See the Commission's March 10, 1991 ORDER REJECTING PROPOSED TARIFFS AND REQUIRING REPORTS in three joined matters:
In the Matter of a Request by Peoples Natural Gas for Approval of a New Town Least Cost Energy Rate, Docket No. G-011/M-91-296; In the Matter of a Request by Northern Minnesota Utilities for Approval of a New Town Rate, Docket No. G-007/M-91-460; and In the Matter of a Request by Minnegasco for Approval of a New Area Surcharge, Docket No. G-008/M-91-575.

[3] In the Matter of a Request by Northern Minnesota Utilities for Approval of a New Town Rate, Docket No. G-007/M-92-212, ORDER APPROVING TARIFF WITH MODIFICATIONS AND REQUIRING FURTHER FILING (May 6, 1992); In the Matter of a Request by Midwest Gas Company for Approval of a New Town Rate Surcharge and a Request for Variance, Docket No. G-010/M-92-785, ORDER APPROVING TARIFF WITH MODIFICATIONS AND REQUIRING FURTHER FILINGS (November 10, 1992); and In the Matter of a Request from Northern States Power Gas Utility for a Miscellaneous Rate Change to Establish a New Area Surcharge, Docket No. G-002/M-94-156, ORDER APPROVING AND MODIFYING NEW AREA SURCHARGE TARIFF (May 13, 1994).

B. SERVICE IN AN AREA BY MORE THAN ONE PROVIDER

Minnesota statutes have not established exclusive gas service areas nor required that gas utilities get certificates of authority from the Commission before extending service to any new area, whether that area is already served by another gas utility or not. Service to an area by more than one provider has occurred in approximately a dozen different places in Minnesota. Sometimes, in a race to hook up new customers, LDCs drop the excess footage charges or offer to convert a customer's furnace and appliances to natural gas free of charge. On the surface it would appear that there might be wasteful duplication of service and higher per customer costs since there is duplication of large lateral mains running to the area and of regular mains when more than one utility is on the same street.

In addition, competitive situations can tempt utilities to "waive" certain tariffed charges for new customers to the detriment of their current customers. If an LDC, in a race to capture market share and expand its business, neglects to charge for service extensions that the tariffs indicate the LDC should be charging for, then the LDC's other customers wind up paying for the LDC's gain in market share because the excess facilities get put into rate base.[4]

On the other hand, it appears that allowing this level of competition may help promote wider access to natural gas, which is a substantially less expensive fuel than other fuel options such as propane and heating oil. In this light, providing access to natural gas for a greater number of people and, hence, reducing these customers' heating costs may, on balance, outweigh the concern that the competition may result in provision of service somewhat above the lowest possible cost.

No ultimate judgment on this subject is required. First, while recognizing the negative potential cited above, the fact remains that there is no statutory prohibition against competition by two or more gas providers in the same territory. Moreover, it appears that the Commission has the capacity to balance the interests of the utilities, competed-for customers, and current customers on a case by case basis.

---

[4] See In the Matter of the Petition of Midwest Gas to Change its Rates for Service Installations and Residential Gas Main Extensions, Docket No. G-010/M-89-374, ORDER APPROVING TARIFF CHANGES AS MODIFIED (August 30, 1989).

C. NEW CUSTOMERS' RIGHTS TO FAIR SERVICE EXTENSION POLICIES AND TARIFFS

Minnesota LDCs provide service to new customers under individual company service extension tariffs. The purpose of a tariffed service extension policy is to ensure that all new customers receive the same treatment. These tariffs specify what length and size of main and service line extension each new customer is entitled to receive without charge and how much they will have to pay for extensions that exceed the free footage allowance.

On the basis of its work in this docket, the Commission finds that its approach to designing LDC service extension rates and policies is reasonable. The Commission's method provides a balance between the two main approaches to service extension rate design.[5]

At the same time, the Commission clarifies that this docket has not reviewed each LDC's service extension policies and tariffs for consistency in terms of service, the fairness of refund provisions, and the inclusion of a customer financing option. The Commission believes that such reviews would be beneficial and will require them in future rate cases. In addition to such reviews, the Commission's Consumer Affairs Office will continue to handle any individual consumer complaints as appropriate.

With respect to the reviews to be conducted in future rate cases, the Commission would like the Department and the parties to address the following kinds of questions:

- Should the "free" footage or service extension allowance include the majority of all new extensions with only the extremely long extensions requiring a customer contribution-in-aid-of-construction (CIAC)?

---

[5] The two main theoretical approaches are 1) the <u>rolled-in-rates</u> approach which allows LDCs to extend service to new customers without charge and 2) the <u>incremental-rates</u> approach which requires all new customers to pay their own way, i.e. the full cost of their service extensions, at the time they connect to the LDC's system. The method used by Minnesota LDCs is a compromise between these two opposing approaches.

The Minnesota approach recognizes that residents benefit from having access to natural gas service and Minnesota LDCs benefit from being able to provide that service. In addition, the LDC's policies try to balance the interests of existing customers with new customers so that both groups are able to receive reasonably priced service. Consideration is also usually given to making service extension polices as simple as possible for customers to understand and for utilities to administer.

- How should the LDC determine the economic feasibility of service extension projects and whether the excess footage charges are collected?

- Should the LDC's service extension policy be tariffed in number of feet without consideration to varying construction costs amongst projects or should the allowance be tariffed as a total dollar amounts per customer?

- Is the LDC's extension charge refund policy appropriate?

- Should customers be allowed to run their own service line from the street to the house (or use an independent contractor) if it would be less expensive than having the utility construct the line?

- Should the LDC be required to offer its customers financing for service extension charges? This could be offered as an alternative to paying extension charges in advance of construction.

Finally, the Commission has concern about the impact of service extension-related additions (projects involving multiple customers) on the company's rate base. In future rate cases, the Commission will request the Department to investigate the company's service extension-related additions to rate base to make sure

1. that LDCs are applying their tariffs correctly and consistently,

2. that they are appropriately cost and load justified, and

3. that wasteful additions to plant and facilities are not allowed into rate base.

D. COMMISSION ACTION

On the basis of the foregoing review, the Commission finds that the issues raised in the course of this investigation either have been adequately addressed or are suitably pursued in other proceedings, as indicated in the text of this Order. Accordingly, the Commission will terminate its investigation and close this docket.

In future rate cases initiated by Minnesota regulated gas utilities, the Department and other parties to such proceedings will be invited to develop the record with respect to the issues raised in this Order. As is customary in such proceedings, the Commission's NOTICE AND ORDER FOR HEARING (referral to the Office of Administrative Hearings for contested case proceedings) will contain specific directives regarding issues to be addressed by the parties.

ORDER

1. The Commission's investigation into competition between gas utilities is hereby terminated and the docket created for it (G-999/CI-90-563) is closed.

2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

State of Minnesota

OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:

[ ]....Financial	[ ]....Rate of Return	[ ]....Rate Design
[ ]....Engineering	[ ]....Forecasting	[ ]....Conservation
[ ]....Cost of Service	[ ]....CIP	[X]...Extensions

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
923	Subject: CenterPoint Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint or the Company) Main Line/Service Line Extensions References: Company Witness Mr. Kirk R. Nesvig's Direct Testimony; Docket No. G999/CIP-90-563 In its March 31, 1995 *Order Terminating Investigation and Closing Docket* in Docket No. G999/CI-90-563 (*90-563 Order*), the Minnesota Public Utilities Commission (Commission) states the following: In future rate cases, the Commission will request the Department to investigate the Company's service extension-related additions to rate base to make sure 1. that LDCs are applying their tariffs correctly and consistently, 2. that they are appropriately cost and load justified, and 3. that wasteful additions to plant and facilities are not allowed into rate base. See the *90-563 Order*, page 7.

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

(*Cont'd. on next page*)

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

In responding to Commission's first concern, Mr. Nesvig states the following:

> In the residential service line extension projects sampled, 3 errors were found in the 2005 sample, 2 errors were found in the 2006 sample, and 2 errors were found in the 2007 sample.

See Mr. Nesvig's Direct Testimony, page 110, lines 13-15.

a) For each of the 7 errors in applying the residential service line extension tariff referenced above, please fully discuss the circumstances concerning each such error.

b) For each of the 7 errors in applying the residential service line extension tariff referenced above, please identify the financial impact of each such error. Please also identify and fully describe each (and all) calculation(s) and underlying assumptions(s) used by the Company.

c) For each of the responses to Part a) and Part b) above, please identify and provide a copy of any documentation that substantiates its response, together with a complete discussion concerning precisely how each document substantiates its response.

Response:

b)	a) Reason for Error
$48	Order # 37459472 Customer was not billed due to a clerical error – 24 excess feet x $2 per foot
$220	Order # 38335431 Customer did not convert furnace and was not billed (converted only fireplace and range) – 110 excess feet x $2/foot
$48	Order # 39295170 Clerical error--private drive was perceived as a designated road – 12 excess feet x $4/foot
$44	Order # 39451165 Paperwork was not forwarded from out-state office, billing occurred in November 2007 – 11 excess feet x $4/foot
$1,120	Order # 42062149 Customer was billed for directional bore, but we did not charge for the excess footage – 280 excess feet x $4/foot
$52	Order # 43989336 Clerk failed to bill the customer in a timely manner – 13 excess feet x $4/foot

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

$816	Order # 45342798 Main footage was billed correctly, the service line footage was missed – 204 excess feet x $4/foot

c) See attached **Trade Secret** attachments.

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

State of Minnesota
OFFICE OF ENERGY SECURITY

Utility Information Request

Docket Number: G008/GR-08-1075 Date of Request: February 13, 2009

Requested From: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas Response Due: February 26, 2009

Analyst Requesting Information: Bryan J. Minder

Type of Inquiry:			
	[ ].....Financial	[ ].....Rate of Return	[ ].....Rate Design
	[ ].....Engineering	[ ].....Forecasting	[ ].....Conservation
	[ ].....Cost of Service	[ ].....CIP	[X]....Extensions

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
922	Subject: CenterPoint Resources Corp., d/b/a CenterPoint Energy Minnesota Gas' (CenterPoint Energy or the Company) Main Line/Service Line Extensions

References: Company Witness Mr. Kirk R. Nesvig's Direct Testimony; Docket No. G999/CI-90-563

In its March 31, 1995 *Order Terminating Investigation and Closing Docket* in Docket No. G999/CI-90-563 (*90-563 Order*), the Minnesota Public Utilities Commission (Commission) states that following:

> In future rate cases, the Commission will request the Department to investigate the Company's service extension-related additions to rate base to make sure
>
> 1. that LDCs are applying their tariffs correctly and consistently,
> 2. that they are appropriately cost and load justified, and
> 3. that wasteful additions to plant and facilities are not allowed into rate base.

See the *90-563 Order*, page 7.

(Cont'd. on next page)

Response by: Kirk Nesvig

List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

In responding to Commission's second concern, Mr. Nesvig states the following:

> Commission Staff noted, "Most of the LDCs' tariffs specify a footage allowance and a $ per foot charge for extensions that go beyond the footage allowance. The footage allowance amount is determined by what the LDC can recover from the new customer through earnings in a relatively short period of time. The amount of time is usually 3 to 5 years rather than the expected life of the pipe." ... Under CenterPoint Energy's proposed rates, the Company will recover extension costs from its customers, through earnings, well within the 5-year period.

See Mr. Nesvig's Direct Testimony, page 114, lines 5-12.

a) Please identify and provide a quantitative analysis (together with a complete description of the analysis) substantiating CenterPoint Energy's assertion that its proposed rates will allow the Company to recover extension costs from its customers within a 5-year period. As part of the response, please identify and fully describe each (and all) assumption(s) and calculation(s) used in the quantitative analysis, together with the Company's rationale for using each assumption and calculation. Please also identify and provide a copy (in Excel 2003 format) of this quantitative analysis on a CD-ROM, together with all supporting spreadsheets used by the Company.

b) Please identify and provide a copy of each (and all) workpaper(s), calculation(s), and data necessary to fully replicate the Company's quantitative analysis provided in response to Part a) above. As part of your response, please also provide a complete discussion concerning precisely how each workpaper, calculation, or data substantiates its response.

RESPONSE:

a) Since we are applying the tariff and an approved tariff is presumed just and reasonable, justification is not necessary. Subject to and notwithstanding this objection, as the referenced testimony makes clear, CenterPoint Energy simply applies the Commission-approved tariff in these situations.

   As discussed in our response to OES IR #909, a sample of extension projects was conducted to verify that CenterPoint Energy verified that its Commission-approved extension tariffs had been applied correctly and consistently.

   Thus, while load and cost factors were not the basis on which CenterPoint Energy's excess footage tariffs were designed, CenterPoint Energy has, for purposes of answering this

---

Response by: Kirk Nesvig | List sources of information:

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

information request, provided a quantitative analysis that demonstrates the cost and load justification of operating under these approved Commission tariffs.

The attachment to this response looks at a typical extension (based on allowed footage length of both main and service) in two ways. The first analysis is a 'revenue requirements' analysis and shows that non-gas revenues under proposed rates are greater than the revenue requirement associated with extending service beginning in the first year or well within the 5-year period. The first year revenue requirement of a typical extension, consisting of 150 feet of distribution main and 75 feet of service line, is $99 (line 20). This increases to $194 in the first year after the extension is made because of the averaging used in calculating rate base. In subsequent years, the annual revenue requirement decreases because rate base and property taxes decrease as plant is depreciated. The average annual non-gas revenues based on proposed rates equates to $267 (line 21). However, because extensions are not always made at the beginning of the year, it is necessary to assume only one-half or $134 in the year the extension is made which is more than the first year revenue requirement of $99. The second analysis shown on the attachment is a traditional cash flow analysis which shows a cumulative positive net present value in the 9th year after an extension is made.

b) Please see the attachment and the response to a).

Response by: Kirk Nesvig

Title: Director

Department: Accounting & Budget

Telephone: 612/321-4625

List sources of information:

CenterPoint Energy
Extension Analysis
OES-922

line #		Year Placed in Service	1st Year after Extension made	2nd Year after Extension made	3rd Year after Extension made	4th Year after Extension made	5th Year after Extension made	6th Year after Extension made	7th Year after Extension made	8th Year after Extension made	9th Year after Extension made	10th Year after Extension made	11th Year after Extension made	12th Year after Extension made
	REVENUE REQUIREMENTS ANALYSIS:													
1	Total Cost of main based on allowed footage (150 feet)	$459												
2	Total Cost of service based on allowed footage (75 feet)	$474												
3	Average Cost of Meter (incl. Install)	$186												
4	Total main and service cost at allowed footage:	$1,119												
5	Beginning Balance	$0	$1,105	$1,076	$1,047	$1,019	$990	$962	$933	$904	$876	$847	$819	$790
6	Depreciation expense (excl. salvage)	$14	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29
7	Ending Balance - Net Plant	$1,105	$1,076	$1,047	$1,019	$990	$962	$933	$904	$876	$847	$819	$790	$761
8	Average Net Plant	$552	$1,090	$1,062	$1,033	$1,005	$976	$947	$919	$890	$861	$833	$804	$776
9	Tax Depreciation rate	5.000%	9.500%	8.550%	7.700%	6.930%	6.230%	5.900%	5.900%	5.910%	5.900%	5.910%	5.900%	5.910%
10	Tax Depreciation amount	$56	$106	$96	$86	$78	$70	$66	$66	$66	$66	$66	$66	$66
11	Book - Tax Depr difference	($42)	($78)	($67)	($58)	($49)	($41)	($37)	($37)	($38)	($37)	($38)	($37)	($38)
12	Cumulative difference	($42)	($119)	($186)	($244)	($293)	($334)	($371)	($409)	($446)	($484)	($521)	($559)	($596)
13	Accum Def tax	($17)	($49)	($77)	($101)	($121)	($138)	($154)	($169)	($185)	($200)	($216)	($231)	($247)
14	Average ADIT	($9)	($33)	($63)	($89)	($111)	($130)	($146)	($161)	($177)	($192)	($208)	($223)	($239)
15	Rate Base	$544	$1,057	$999	$944	$893	$846	$801	$757	$713	$669	$625	$581	$537
16	Return Requirement @ 12.21% (pre-tax cost of capital)	$66	$129	$122	$115	$109	$103	$98	$92	$87	$82	$76	$71	$66
17	Distribution costs:													
18	Depreciation Expense	$14	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29
19	Property Taxes	$18	$36	$35	$34	$33	$32	$31	$30	$29	$29	$28	$27	$26
20	Total Revenue Requirement	$99	$194	$186	$178	$171	$164	$158	$151	$145	$139	$132	$126	$120
21	Non-Gas Revenues per Customer under proposed rates	$134	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267
22	**Revenue Excess (Deficiency)**	**$35**	**$73**	**$81**	**$89**	**$96**	**$103**	**$109**	**$116**	**$122**	**$128**	**$135**	**$141**	**$147**
22a	NPV of annual revenue excess (deficiency) @ 12.21% pre-tax	35	65	65	63	61	58	55	52	49	45	43	40	37
22b	Cumulative npv	$35	$100	$165	$228	$288	$346	$401	$453	$501	$547	$589	$629	$666
	TRADITIONAL CASH FLOW ANALYSIS:													
23	Capital Outlay	($1,119)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
24	Non-Gas Revenues per Customer under proposed rates	$134	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267
25	less Property Taxes	$18	$36	$35	$34	$33	$32	$31	$30	$29	$29	$28	$27	$26
26	less Income Taxes	$48	$96	$96	$96	$97	$97	$98	$98	$98	$99	$99	$100	$100
27	plus tax impact of tax depreciation	$23	$44	$40	$36	$32	$29	$27	$27	$27	$27	$27	$27	$27
28	Annual cash flow	($1,028)	$179	$176	$172	$169	$167	$166	$166	$167	$167	$168	$168	$169
29	NPV of annual After-tax Cash flow @ 7.16% (after tax)	($1,028)	$167	$153	$140	$128	$118	$109	$102	$96	$90	$84	$79	$74
30	Cumulative npv	($1,028)	($861)	($708)	($568)	($440)	($322)	($212)	($110)	($14)	$76	$160	$238	$312

CenterPoint Energy
Extension Analysis
OES-922

line #		13th Year after Extension made	14th Year after Extension made	15th Year after Extension made	16th Year after Extension made	17th Year after Extension made	18th Year after Extension made	19th Year after Extension made	20th Year after Extension made	21st Year after Extension made	22nd Year after Extension made	23rd Year after Extension made	24th Year after Extension made	25th Year after Extension made	26th Year after Extension made
	REVENUE REQUIREMENTS ANALYSIS:														
1	Total Cost of main based on allowed footage (150 feet)														
2	Total Cost of service based on allowed footage (75 feet)														
3	Average Cost of Meter (incl. Install)														
4	Total main and service cost at allowed footage:														
5	Beginning Balance	$761	$733	$704	$675	$647	$618	$590	$561	$532	$504	$475	$446	$418	$389
6	Depreciation expense (excl. salvage)	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29
7	Ending Balance - Net Plant	$733	$704	$675	$647	$618	$590	$561	$532	$504	$475	$446	$418	$389	$361
8	Average Net Plant	$747	$718	$690	$661	$632	$604	$575	$547	$518	$489	$461	$432	$404	$375
9	Tax Depreciation rate	5.900%	5.910%	2.950%											
10	Tax Depreciation amount	$66	$66	$33	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11	Book - Tax Depr difference	($37)	($38)	($4)	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29
12	Cumulative difference	($634)	($671)	($675)	($647)	($618)	($590)	($561)	($532)	($504)	($475)	($446)	($418)	($389)	($361)
13	Accum Def tax	($262)	($278)	($279)	($268)	($256)	($244)	($232)	($220)	($208)	($197)	($185)	($173)	($161)	($149)
14	Average ADIT	($254)	($270)	($279)	($274)	($262)	($250)	($238)	($226)	($214)	($202)	($191)	($179)	($167)	($155)
15	Rate Base	$493	$449	$411	$388	$371	$354	$337	$320	$304	$287	$270	$253	$237	$220
16	Return Requirement @ 12.21% (pre-tax cost of capital)	$60	$55	$50	$47	$45	$43	$41	$39	$37	$35	$33	$31	$29	$27
17	Distribution costs:														
18	Depreciation Expense	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29
19	Property Taxes	$25	$24	$23	$22	$21	$20	$19	$18	$17	$16	$15	$14	$13	$12
20	Total Revenue Requirement	$113	$107	$102	$98	$95	$92	$89	$86	$83	$80	$77	$74	$71	$68
21	Non-Gas Revenues per Customer under proposed rates	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267
22	**Revenue Excess (Deficiency)**	**$154**	**$160**	**$165**	**$169**	**$172**	**$175**	**$178**	**$181**	**$184**	**$187**	**$190**	**$193**	**$196**	**$199**
22a	NPV of annual revenue excess (deficiency) @ 12.21% pre-tax	34	32	29	27	24	22	20	18	16	15	13	12	11	10
22b	Cumulative npv	$700	$732	$761	$788	$813	$835	$855	$873	$889	$904	$917	$930	$941	$951
	TRADITIONAL CASH FLOW ANALYSIS:														
23	Capital Outlay	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
24	Non-Gas Revenues per Customer under proposed rates	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267
25	less Property Taxes	$25	$24	$23	$22	$21	$20	$19	$18	$17	$16	$15	$14	$13	$12
26	less Income Taxes	$100	$101	$101	$101	$102	$102	$103	$103	$103	$104	$104	$105	$105	$105
27	plus tax impact of tax depreciation	$27	$27	$14	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
28	Annual cash flow	$169	$170	$157	$144	$144	$145	$145	$146	$147	$147	$148	$148	$149	$149
29	NPV of annual After-tax Cash flow @ 7.16% (after tax)	$69	$65	$56	$48	$45	$42	$39	$37	$34	$32	$30	$28	$26	$25
30	Cumulative npv	$381	$445	$501	$549	$593	$635	$674	$711	$745	$777	$807	$835	$862	$887

CenterPoint Energy
Extension Analysis
OES-922

line #		27th Year after Extension made	28th Year after Extension made	29th Year after Extension made	30th Year after Extension made	31st Year after Extension made	32nd Year after Extension made	33rd Year after Extension made	34th Year after Extension made	35th Year after Extension made	36th Year after Extension made	37th Year after Extension made	38th Year after Extension made	39th Year after Extension made
	REVENUE REQUIREMENTS ANALYSIS:													
1	Total Cost of main based on allowed footage (150 feet)													
2	Total Cost of service based on allowed footage (75 feet)													
3	Average Cost of Meter (incl. Install)													
4	Total main and service cost at allowed footage:													
5	Beginning Balance	$361	$332	$303	$275	$246	$218	$189	$160	$132	$103	$74	$46	$17
6	Depreciation expense (excl. salvage)	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$17
7	Ending Balance - Net Plant	$332	$303	$275	$246	$218	$189	$160	$132	$103	$74	$46	$17	$0
8	Average Net Plant	$346	$318	$289	$260	$232	$203	$175	$146	$117	$89	$60	$32	$9
9	Tax Depreciation rate													
10	Tax Depreciation amount	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11	Book - Tax Depr difference	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$17
12	Cumulative difference	($332)	($303)	($275)	($246)	($218)	($189)	($160)	($132)	($103)	($74)	($46)	($17)	($0)
13	Accum Def tax	($137)	($126)	($114)	($102)	($90)	($78)	($66)	($54)	($43)	($31)	($19)	($7)	($0)
14	Average ADIT	($143)	($131)	($120)	($108)	($96)	($84)	($72)	($60)	($49)	($37)	($25)	($13)	($4)
15	Rate Base	$203	$186	$169	$153	$136	$119	$102	$86	$69	$52	$35	$18	$5
16	Return Requirement @ 12.21% (pre-tax cost of capital)	$25	$23	$21	$19	$17	$15	$12	$10	$8	$6	$4	$2	$1
17	Distribution costs:													
18	Depreciation Expense	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$29	$17
19	Property Taxes	$11	$11	$10	$9	$8	$7	$6	$5	$4	$3	$2	$1	$0
20	Total Revenue Requirement	$65	$62	$59	$56	$53	$50	$47	$44	$41	$38	$35	$32	$18
21	Non-Gas Revenues per Customer under proposed rates	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267
22	**Revenue Excess (Deficiency)**	**$202**	**$205**	**$208**	**$211**	**$214**	**$217**	**$220**	**$223**	**$226**	**$229**	**$232**	**$235**	**$249**
22a	NPV of annual revenue excess (deficiency) @ 12.21% pre-tax	9	8	7	7	6	5	5	4	4	4	3	3	3
22b	Cumulative npv	$960	$968	$975	$982	$988	$993	$998	$1,003	$1,007	$1,010	$1,014	$1,016	$1,019
	TRADITIONAL CASH FLOW ANALYSIS:													
23	Capital Outlay	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
24	Non-Gas Revenues per Customer under proposed rates	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267	$267
25	less Property Taxes	$11	$11	$10	$9	$8	$7	$6	$5	$4	$3	$2	$1	$0
26	less Income Taxes	$106	$106	$107	$107	$107	$108	$108	$109	$109	$109	$110	$110	$110
27	plus tax impact of tax depreciation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
28	Annual cash flow	$150	$150	$151	$152	$152	$153	$153	$154	$154	$155	$155	$156	$156
29	NPV of annual After-tax Cash flow @ 7.16% (after tax)	$23	$22	$20	$19	$18	$17	$16	$15	$14	$13	$12	$11	$11
30	Cumulative npv	$910	$931	$952	$971	$989	$1,005	$1,021	$1,036	$1,049	$1,062	$1,074	$1,085	$1,096

CenterPoint Energy
Extension Analysis
OES-922

line #	Year Placed in Service	1st Year after Extension made	2nd Year after Extension made	3rd Year after Extension made	4th Year after Extension made	5th Year after Extension made	6th Year after Extension made	7th Year after Extension made	8th Year after Extension made	9th Year after Extension made	10th Year after Extension made

Notes:

1 Based on 2007 average cost of residential mains
2 Based on 2007 average cost of residential services
3 Based on 2007 average of a small meter and installation
4 sum of lines 1+2+3 - see below
5 Prior year ending balance for net plant. $0 for the year extension made
6 Average depreciation rate for distribution plant applied to investment for extension
7 Line 5 minus line 6
8 2 year average of line 7
9 annual tax depreciation rate
10 line 9 applied to investment for extension
11 line 6 minus line 10
12 cumulative amount of line 11
13 line 12 times tax rate of 41.37%
14 average amount of line 13
15 line 8 plus line 14
16 line 15 times pre-tax cost of capital

18 line 6
19 property tax rate (3.31%) times average net plant
20 line 16 + line 18 + line 19
21 non-gas revenue per customer @ 89.6 dt/customer
22 line 21 minus line 20
22a net present value of line 22 at 12.21% pre-tax cost of capital
22b cumulative impact of line 22a
23 line 4
24 line 21
25 line 19
26 income tax rate (41.37%) applied to non gas revenue less property taxes (41.37% x line 24 minus lines 25)
27 income tax rate (41.37%) applied to line 10
28 line 23 plus line 24 less line 25 less line 26 plus line 27
29 net present value of line 28 at 7.16%: after tax cost of capital
30 cummulative impact of line 29

	2007		
Average cost/Foot of Residential Main installed	$3.06	See Avg Cost Calc - OES IR	
allowed footage under tariffed free footage allowance	150		
total cost based on allowed footage	$459	A	
Average Cost of Service (at free footage allowance)	$474	B	See Avg Cost Calc - OES IR
Average Cost of Meter (incl. Install)	$186	C	
Total Cost to add a customer	$1,119	=A+B+C	

Annual Revenue Calculation:			
Filed Use-Per-Customer	89.6	DTs	1
Filed Average Margin Rate	1.9100		2
Filed Annual Basic Charge	96.00		3
Total Non-Gas Revenue	267.14		=(1 x 2) + 3

Report date: 12/31/2007 Asset Balance - with asset quantity - 01 Book deprec. Creation date: 06/18/2008 1

CompanyCode	BusinessArea	Bal.sheetitem	Bal.sh.acctAPC	AssetClass
0072		1	163010	G38101

Main number	SNo.	Cap.date	Name		Acq.value	Quantity	UOM	
856091	2007	01/11/2007	LARGE METERS		807,562.39	721	EA	
856092	2007	01/11/2007	SMALL METERS		1,832,465.20	28,825	EA	63.57
AssetClass		G38101	DIST - METERS	*	2,640,027.59	29,546		
Bal.sh.acctAPC		163010	Plant in Service	**	2,640,027.59	29,546		
Bal.sheetitem		1	NATURAL,FERC GAS ACCOUNTS AND TEST	***	2,640,027.59	29,546		
BusinessArea				****	2,640,027.59	29,546		
CompanyCode		0072	CNP Minnegasco	*****	2,640,027.59	29,546		

Report date: 12/31/2007 Asset Balance - with asset quantity - 01 Book deprec. Creation date: 06/13/2008 1

CompanyCode	BusinessArea	Bal.sheetitem	Bal.sh.acctAPC	AssetClass
0072		1	263010	G38201

Main number	SNo.	Cap.date	Name	Acq.value	Quantity	UOM	
856090	2007	01/11/2007	SMALL METER INST	1,917,871.38	15,732	EA	121.91

Report date: 12/31/2007 Asset Balance - with asset quantity - 01 Book deprec. Creation date: 06/18/2008 1

CompanyCode	BusinessArea	Bal.sheetitem	Bal.sh.acctAPC	AssetClass
0072		1	163010	G39703

Main number	SNo.	Cap.date	Name	Acq.value	Quantity	UOM	
840326	2007	01/11/2007	ERT UNITS & INSTALLATION	1,569,346.25	30,540	EA	51.39