
CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT RIDER

Applicability:

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

Exemptions are as follows:

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

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

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

Rate:

<u>BASE CHARGE PER THERM (CCRC)</u>	<u>ADJUSTMENT (CCRA)</u>
\$0.00644	\$0.01426

Rider:

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

Determination of Conservation Cost Recovery Charge (CCRC or Base Charge per Therm):

The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the Minnesota Public Utilities Commission in the Company's last general rate case. The CCRC is approved and applied on a per therm basis by dividing test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes). All revenue received from the CCRC shall be credited to the CIP tracker account.

CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT RIDER (continued)**Determination of Conservation Improvement Program Adjustment (CCRA):**

The Conservation Improvement Program Adjustment 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 expense not recovered through base rates as estimated for a designated period. The Program costs shall be recovered from customer classes 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 (net of CIP exempt volumes).

For each designated twelve (12) month period, an annual reconciliation will be determined based upon annual conservation costs incurred by CenterPoint Energy compared with annual conservation costs to be recovered from volumes of gas sold. The annual cost recovered is the product of the CIP charge per therm during the twelve (12) month period and the applicable gas sales volumes during the period. The difference between incurred costs and recovered costs will be used in calculating a Conservation Improvement Program Reconciliation (CIPR or CCRA) factor for each rate schedule. The CIPR (or CCRA) factor will be applied to customers' billings for the designated period and will be in effect for a twelve (12) month period, or until the Commission approves a new CCRA. 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.