

NEW INTERIM RATES EFFECTIVE OCTOBER 2, 2015

CenterPoint Energy has asked the Minnesota Public Utilities Commission (MPUC) to increase its rates for natural gas distribution service. The requested increase is for \$54.1 million, or about 6.4 percent per year. The requested increase would add about \$5.15 to a typical residential customer's monthly bill.

While the MPUC reviews CenterPoint Energy's request, state law allows CenterPoint Energy to collect higher rates on an interim (temporary) basis. The interim rate increase is \$47.8 million or about 5.65 percent more than current rates. The increase appears on your bill as Interim Rate Adjustment.

The MPUC will likely make its decision on our rate request in the summer of 2016. If final rates are lower than interim rates, we will refund customers the difference with interest. If final rates are higher than interim rates, we will not charge customers the difference.

Why is CenterPoint Energy asking for an increase?

Our last request for a rate increase was in 2013. Since that time, we have made and continue to make significant investments to serve our customers. These investments, such as our ongoing pipeline replacement programs, maintain the safety and reliability of our natural gas system and benefit our customers and communities.

In particular, we are improving and modernizing natural gas pipelines and distribution mains throughout several neighborhoods in our service areas.

Here's how the rate change will affect monthly bills:

The proposed rate changes will affect individual monthly bills differently depending on natural gas use and customer type. Bills will also vary because the wholesale cost of natural gas changes each month. Customers' bills contain three parts: Basic Charge, Delivery Charge and Cost of Gas. The proposed Basic Charges and Delivery Charges cover the cost of delivering natural gas service to our customers – about 40 percent of the bill. The Cost of Gas covers wholesale gas costs— about 60 percent of the bill. The Cost of Gas is passed through directly to customers without mark-up. This rate increase does not affect the Cost of Gas.

The chart below shows the current and proposed rates for each customer type:

Customer Type (usage in therms)	Average monthly usage in therms	Average monthly bill: current rates	Average monthly bill interim rates:	Average monthly bill: proposed rates
Residential	76	\$56	\$59	\$61
Commercial/Industrial				
up to 1,500/year	64	\$52	\$55	\$61
1,500 to 5,000/year	247	\$161	\$170	\$172
5,000 or more/year	1,254	\$756	\$799	\$756
Small Volume Dual Fuel Sales Service				
up to 120,000/year	3,707	\$1,810	\$1,912	\$1,813
120,000 or more/year	12,675	\$6,006	\$6,345	\$6,019
Large Volume Dual Fuel Sales Service				
	42,761	\$17,570	\$18,563	\$17,725

* Figures above are rounded (to the nearest whole number)

Changes proposed for residential monthly changes

Basic Charge and Delivery Charge

Customers are billed for natural gas delivery service in two ways. The first way is a monthly Basic Charge, which recovers a portion of fixed costs that do not change with the amount of natural gas used. The second way is the Delivery Charge, a per therm charge which recovers the costs not recovered in the Basic Charge. The total Delivery Charge amount changes each month based on the amount of natural gas used.

CenterPoint Energy is asking to increase the Basic Charge and the Delivery Charge for most of its customers. CenterPoint Energy proposes to increase the residential Basic Charge from \$9.50 to \$11.75 per month and to increase the Delivery Charge from \$0.18977 per therm to \$0.22782 per therm.

This chart shows the current and proposed Basic Charge and Delivery Charge for each customer type:

Customer type (usage in therms)	Current monthly basic charge	Proposed monthly basic charge	Current Delivery Charge/therm	Proposed Delivery Charge/therm
Residential	\$9.50	\$11.75	\$0.18977	\$0.22782
Commercial/Industrial				
up to 1,500/year	\$15.00	\$17.25	\$0.14648	\$0.25023
1,500 to 5,000/year	\$21.00	\$26.25	\$0.13848	\$0.16249
5,000 or more/year	\$43.00	\$43.00	\$0.14488	\$0.14540
Small Volume Dual Fuel Sales Service				
up to 120,000/year	\$50.00	\$50.00	\$0.11409	\$0.11510
120,000 or more/year	\$80.00	\$80.00	\$0.10697	\$0.10798
Large Volume Dual Fuel Sales Service				
	\$800.00	\$900.00	\$0.05034	\$0.05162

* The current and proposed delivery charges include the per therm charge for the Gas Affordability Service Program (residential and commercial/industrial customers). The current and proposed delivery charges do not include the per therm Conservation Improvement Program Adjustment Rider.

What is the Process for reviewing CenterPoint Energy's request?

The MPUC, the Minnesota Department of Commerce, the Office of the Attorney General – Residential Utilities and Antitrust Division, public interest groups, and customers will investigate our proposal.

The MPUC will hold public hearings and accept written comments about our rate request. Customers and others will be able to comment on our rate request at the public hearings. You may add verbal comments, written comments, or both into the record. Notice of the public hearing dates and locations will be published in local newspapers, in bill inserts, and at CenterPointEnergy.com/RateCase.

HOW TO LEARN MORE

CenterPoint Energy's current and proposed rate schedules are available at:

CenterPoint Energy

505 Nicollet Mall

Minneapolis MN 55402

Phone: 612-372-4727 or 1-800-245-2377

Web: CenterPointEnergy.com/RateCase

Minnesota Department of Commerce

85 7th Place East, Suite 500

St. Paul MN 55101

Phone: 651-539-1534

Web: <https://www.edockets.state.mn.us/EFiling/search.jsp>
Select 15 in the year field, type 424 in the number field, select Search, and the list of documents will appear on the next page.

Questions about the Minnesota Public Utilities Commission's review process?

Minnesota Public Utilities Commission

121 7th Place East, Suite 350

St. Paul MN 55101

Phone: 651-296-0406 or 1-800-657-3782

Email: consumer.puc@state.mn.us

Citizens with hearing or speech disabilities may call through their preferred Telecommunications Relay Service.

