
REVENUE DECOUPLING RIDER (RD RIDER)**1. Purpose:**

The purpose of this Revenue Decoupling Rider is to reduce CenterPoint Energy's financial disincentive to the promotion of energy efficiency and conservation by severing the link between the recovery of CenterPoint Energy's non-gas distribution costs and the volume of gas sales. This will be accomplished by comparing the level of non-gas revenues authorized in the last general rate case adjusted for increases in customer counts to the level of non-gas revenues collected by rate class to calculate either a class revenue shortfall or revenue surplus. If either a revenue shortfall or a revenue surplus exists in an applicable rate class, then the delivery charge per therm for that rate class will be increased or decreased to collect from or return to the applicable rate class the calculated revenue shortfall or revenue surplus. This rider complies with the legislative intent and the language of Minnesota Statutes, Section 216B.2412 Decoupling of Energy Sales from Revenues.

2. Applicability:

This rider shall apply to all CenterPoint Energy's customers except those taking service under the Company's Large Volume Market Rate Service Rider receiving gas service throughout CenterPoint Energy's service territory including Residential Sales Service, Small Volume Commercial and Industrial Sales Service, Large General Firm Sales Service, Small Volume Dual Fuel Sales Service, Small Volume Firm/Interruptible Sales Service, Large Volume Dual Fuel Sales Service, Small Volume Firm Transportation Service, Large Volume Firm Transportation Service, Small Volume Dual Fuel Transportation Service and Large Volume Dual Fuel Transportation Service rate schedules.

3. Evaluation Report Filing and Review:

No later than September 1 of the pilot year following the July 1, 2015 Minnesota Public Utility Commission (MPUC) authorized start of the RD Rider, and then no later than September 1 of each year thereafter, CenterPoint Energy shall file annually with the Minnesota Public Utility Commission an Evaluation Report calculating the RD Rider adjustments, if any, in accordance with the provisions of Section 4 Calculation of RD Rider Adjustment. CenterPoint Energy shall provide workpapers and data supporting the calculations reflected in the Evaluation Report. The Evaluation Report shall reflect the annual Evaluation Period, which for the first Evaluation Period shall begin with the bills rendered on the first day of July 1, 2015 as approved in Docket No. G-008/GR-13-316 until June 30 of the following year, and then for the succeeding Evaluation Periods shall be the twelve-month period ended June 30 of the year immediately preceding the filing of the associated Evaluation Report.

The applicable rate adjustment under the RD Rider shall be effective with bills rendered on or after September 1 of the year in which the Evaluation Report is filed and will continue for twelve months. At the end of the twelve month collection period, any remaining amounts to be collected from or refunded to customers will be added to or subtracted from the Annual RD Rider Adjustment for the next RD Rider filing. If the RD Rider is terminated, then the current RD Rider rate adjustment will continue in effect until the full amounts are either collected from or refunded to customers.

In the event any portions of the proposed rate adjustments are modified by the Minnesota Public Utility Commission, the proposed rate adjustments shall be adjusted in accordance with the Commission's order.

CenterPoint Energy shall record its best estimate of the amounts to be recognized under the RD Rider so as to reflect in its books and records a fair representation of the impact of this rider in actual earnings. Such estimate shall be adjusted, if necessary, upon filing the RD Rider calculations with the Commission, and again upon final Commission approval.

4. CALCULATION OF RD RIDER ADJUSTMENT:

The RD Rider Adjustment will be calculated annually and on a class-by-class basis for each class of customers to which the RD Rider applies and will be applied on a per therm basis. For purposes of calculating the RD Rider Adjustment, the following terms shall be defined as follows:

Authorized Revenue Per Customer - the rate schedule non-gas revenue requirements divided by the number of customers used to determine the final rates for the applicable rate class resulting from CenterPoint Energy's last general rate case.

Allowed Revenues – Authorized Revenue Per Customer multiplied by the greater of (1) the actual Evaluation Period number of customers or (2) the number of customers used to determine final rates in the last general rate case in the applicable rate class, calculated each month of the twelve month Evaluation Period, and summed.

The RD Rider Adjustment shall equal the Allowed Revenues less the Evaluation Period actual Non-Gas Revenues, divided by the class forecast volumes used to determine final rates from the last general rate case.

The RD Rider Adjustment for the applicable rate classes *to collect an under-recovery amount of non-gas revenues* will be capped at +10% of non-gas margins, including basic charge revenue, after removing the CCRC (recovery of gas energy conservation costs) for each of the rate classes, *while the RD Rider adjustment for the applicable rate classes to return an over-recovered amount of non-gas revenues shall not be capped.*

5. EXPIRATION OF RD RIDER:

The RD Rider will be effective for a pilot period of three years (36 months) from the July 1, 2015 start of the Evaluation Period. However, CenterPoint Energy may request authorization to extend the effective period of the RD Rider.