



New natural gas rates approved in 2018.

Who is CenterPoint Energy?

CenterPoint Energy, Inc., headquartered in Houston, Texas, is a domestic energy delivery company that includes electric transmission & distribution, natural gas distribution and energy services operations. The company serves more than five million metered customers primarily in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma, and Texas. The company also owns 54.0 percent of the common units representing limited partner interests in Enable Midstream Partners, LP, a publicly traded master limited partnership it jointly controls with OGE Energy Corp. Enable Midstream Partners, LP owns, operates and develops natural gas and crude oil infrastructure assets. With more than 8,000 employees, CenterPoint Energy and its predecessor companies have been in business for more than 150 years. The utility also operates a non-regulated business in Minnesota called Home Service Plus®. For more information, please visit CenterPointEnergy.com.

What is a rate case?

A rate case is the regulatory process that public utilities (natural gas, electric and telephone) must follow to formally change their rates. The Minnesota Public Utilities Commission (MPUC) regulates rate changes, and any proposed changes must first go through a review process before receiving a final decision by regulators.

What is the timeline for the rate implementation?

- November 1, 2018 final rates went into effect.
- Interim Refunds to be calculated and applied to customer accounts starting in mid-November 2018.

What is the Minnesota Public Utilities Commission (MPUC)?

The MPUC regulates utility service industries in Minnesota, including electricity, natural gas and telephone. It is responsible for ensuring that vendors of these services provide safe, adequate and reliable service at fair, reasonable rates.

How is the Commission formed?

The MPUC consists of five commissioners appointed by the governor to six-year, staggered terms. By law, no more than three commissioners can be of the same political party and at least one commissioner must reside, at the time of appointment, outside the seven-county metropolitan area. The governor designates one of these commissioners to serve as chair.





What are the approved final rates?

The MPUC approved an annual revenue increase of approximately \$3.9 million, or 0.5 percent. Under the final order, the monthly Basic Charge for residential customers remains at \$9.50, and the per therm Delivery Charge increases from \$0.20648 to \$0.21036.

Customer class (usage in therms)	Monthly basic charges	
	Current	New
Residential	\$9.50	\$9.50
Commercial/Industrial		
- up to 1,500/year	\$15.00	\$15.00
- 1,500 to 5,000/year	\$21.00	\$21.00
- 5,000 or more/year	\$43.00	\$47.50
Small Volume Dual Fuel Sales Service		
- up to 120,000/year	\$50.00	\$55.50
- 120,000 or more/year	\$80.00	\$88.50
Large Volume Dual Fuel Sales Service	\$800.00	\$900.00
Large General Firm Sales Service	\$800.00	\$900.00

Customer class (usage in therms)	Delivery charges (therms)	
	Current	New
Residential	\$0.20648	\$0.21036
Commercial/Industrial		
- up to 1,500/year	\$0.20658	\$0.21208
- 1,500 to 5,000/year	\$0.16740	\$0.17088
- 5,000 or more/year	\$0.15429	\$0.15354
Small Volume Dual Fuel Sales Service		
- up to 120,000/year	\$0.12455	\$0.12421
- 120,000 or more/year	\$0.11453	\$0.11497
Large Volume Dual Fuel Sales Service	\$0.07257	\$0.07048
Large General Firm Sales Service	\$0.07257	\$0.07048
Demand charge (per peak day)	\$0.42539	\$0.42990

Note: The current and new per therm delivery charges do not include the per therm charge for the Conservation Improvement Program (CIP) Adjustment Rider (\$0.00441 per therm) that recovers conservation costs not included in base rates.

What are distribution costs?

Distribution costs are costs related to delivering natural gas to customers and make up approximately 40-50 percent of a customer's bill and are recovered through the Basic Charge and the Delivery Charge. The other part of a customer's bill (approximately 50-60 percent) is the cost of gas, which is passed through to customers on a dollar-for-dollar basis with no mark-up.

What is a Basic Charge?

A Basic Charge partially covers the cost of those services we provide every month, regardless of how much gas a customer uses. These fixed costs include maintenance of gas service lines and regulators and meters; meter reading; billing; maintaining facilities; taxes; and vehicles and equipment.

What is a Delivery Charge?

A Delivery Charge recovers the costs not recovered through the Basic Charge.

Why did we file to change our rates?

CenterPoint Energy continually makes significant capital expenditures in the State of Minnesota. In accordance with natural gas pipeline safety and integrity regulation, these capital expenditures are necessary to:

- Maintain a safe and reliable system;
- Respond to significant public improvement requirements on our system; and
- Investment in modernization of infrastructure, such as our ongoing pipeline replacement programs.

When was the last time we increased our base rates?

We last filed a rate case in 2015. The MPUC approved an increase of about 3.5 percent of annual revenues, which went into effect in December of 2016. The effect on a typical residential customer was about \$2 per month.



How will the new rates impact customer bills?

Rate changes will affect individual monthly bills differently depending on natural gas use and customer group. Customers' bills contain three parts: A Basic Charge, Delivery Charge and cost of gas, which is passed through directly to customers without mark-up. The Basic Charges and Delivery Charges recover the cost of providing utility distribution service to our customers. They do not include wholesale gas costs – which make up about 53 percent of the bill.

The final rates leave the Basic Charge for residential customers at \$9.50 a month. The Delivery Charge for residential customers change from \$0.20648 per therm to \$0.21036 per therm. Basic and Delivery Charges vary by customer group. The effect on an average residential customer's bill will be an increase of about \$0.27 per month, or \$3 per year. Bills will also vary because the wholesale cost of natural gas changes each month.

How do the new rates affect individual monthly bills (rounded to whole dollars)?

Customer class (usage in therms)	Average monthly (usage in therms)	Average monthly bill: Current	Average monthly bill: New
Residential	74	\$55	\$55
Commercial/Industrial			
- up to 1,500/year	68	\$57	\$57
- 1,500 to 5,000/year	245	\$162	\$163
- 5,000 or more/year	1,437	\$852	\$855
Small Volume Dual Fuel Sales Service			
- up to 120,000/year	3,669	\$1,697	\$1,701
- 120,000 or more/year	14,752	\$6,553	\$6,568
Large Volume Dual Fuel Sales Service			
	59,616	\$24,457	\$24,433
Large General Firm Sales Service			
	38,061	\$53,619	\$53,803
Demand charge (per peak day)	3,575		

*Figures are rounded to the nearest whole number.

Are the new rates needed to recover changes in wholesale natural gas prices?

No. The wholesale cost of natural gas is passed through to our customers with no mark-up. Currently and over the past year, natural gas prices have remained reasonably low.

What are interim rates?

Interim (temporary) rates are an approved percentage increase on all customer bills that are effective two months after a rate filing is accepted. In October 2017, we started collecting an overall annual interim rate increase of \$47.8 million, or 5.4 percent. These temporary rates were collected without any changes to our rate structure. Since the final approved rates are less than the interim rates, customers will receive a refund with interest for the difference.

Why is there a difference between interim and final rates?

The final rates were approved as part of a settlement that incorporated the reduced federal income tax rate, makes decoupling a permanent part of the tariff, and establishes tracker recovery mechanisms that account for approximately \$13.3 million in the initial filing.

Refunds on interim rates. State law allowed CenterPoint Energy to collect interim (temporary) rates while the MPUC considered its rate case. The company began collecting interim rates of \$47.8 million; or 5.4 percent on October 1, 2017. Since the final rate increase is less than the interim rate increase, the company refunds the difference, with interest, beginning in November 2018. A typical residential customer's total refund is about \$38.

Where is the interim rate refund found on a customer's bill?

The interim rate refund is applied as a one-time credit to customer accounts in mid-November and will be shown on bills received Nov. 2018/Dec. 2018 under the account summary section of customers' bills.



Why are there refunds on interim rates?

State law allows CenterPoint Energy to collect interim (temporary) rates while the MPUC considers its rate case. If final rates are lower than interim rates, CenterPoint Energy must refund customers the difference with interest. If final rates were higher than interim rates, CenterPoint Energy would not charge customers the difference for the period in which interim rates were in effect.

How do our new rates compare to those of other Minnesota companies?

Our new residential rates compared to other natural gas providers in Minnesota based on 74 Therms per month usage.

See table for Basic and Delivery Charge rates:

Residential Sales Service	Monthly Basic Charge	Delivery per therm Charge
CenterPoint Energy	\$9.50	\$0.21036
Xcel Energy-Gas	\$9.00	\$0.185913
Greater MN Gas	\$8.50	\$0.444330
Great Plains-North	\$7.50	\$0.19154
Great Plains-South	\$7.50	\$0.16647
MERC-NNG	\$9.50	\$0.24116
MERC-Consolidated	\$9.50	\$0.24116
MERC-Albert Lea	\$7.25	\$0.24116

What are we doing to keep natural gas costs reasonable?

We have the expertise and the experience to buy natural gas at reasonable prices in order to provide our customers with the best energy value. We work with about 20 of the largest suppliers in the U.S. and Canada and buy gas on a competitive bid basis.

We also acquire natural gas and fill our storage facilities over the spring and summer to meet customers' peak heating season requirements, and hedge or fix the costs on a portion of that portfolio.

Is natural gas still a good value for customers?

Yes! Natural gas is an excellent energy value – a safe, clean, efficient, abundant and affordable fuel for home heating, water heating, and for providing fuel to industry. Natural gas remains your best energy value. And our Average Monthly Billing option is the best way to keep your costs level.

Are there ways to help me manage my bill?

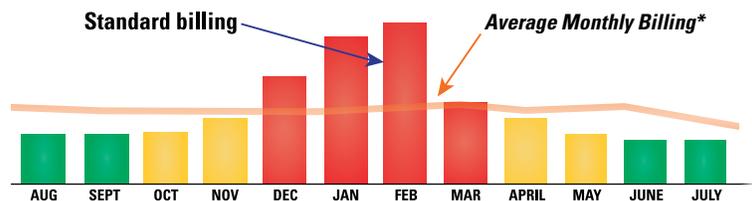
Yes, the Average Monthly Billing Plan.

Average Monthly Billing is a great tool to help you manage winter payment peaks. The program balances out your payments so you pay more in summer than your actual bills and less in winter. You still only pay for the amount of natural gas you use and you'll enjoy the predictability of knowing your bill amount for six months at a time.

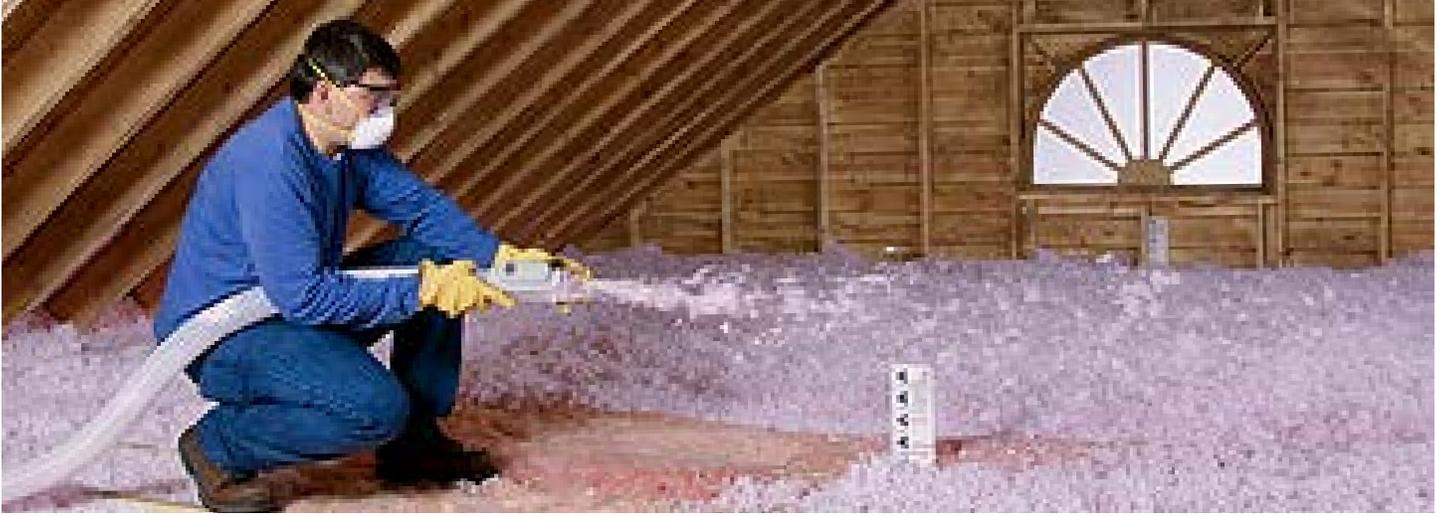
When can I enroll in Average Monthly Billing?

You can enroll in Average Monthly Billing at any time. To enroll online, or to view the amount of your Average Monthly Billing payment, register or sign in for an online account. You can then enroll from your My Account page. It's easy!

How are average monthly amounts calculated?



- Your Average Monthly Billing payment amount is the expected cost of your natural gas for one year, divided by 12 months.
 - Your expected cost is determined by reviewing weather, projected natural gas prices and your natural gas consumption.
 - It does not include other charges, such as those for the Home Service Plus® Repair Plan.
 - Keep in mind that even if you have a credit balance, your Average Monthly Billing amount may increase. Rest assured you will still only pay for the amount of natural gas you use.



2. Halfway through the program year, we will review your Average Monthly Billing payment amount.

- We may change the amount based on weather and the cost of natural gas from our suppliers and your deferred balance.
- If your amount will be changing, you will receive a notice the month before the change takes effect.

3. Before the next Average Monthly Billing enrollment year begins, we will review your plan amount again, comparing the cost of the natural gas you used with the Average Monthly Billing payments you have made.

- If your balance is greater or less than the cost of the natural gas you actually used, we will divide the difference by 12 and add it to your payment amount for the next 12 months.
- If you carried a credit balance over most of the program year, we will pay you interest.

How can Average Monthly Billing be discontinued?

If you would like to discontinue Average Monthly Billing, notify CenterPoint Energy.

If you close your account or if service is disconnected due to non-payment or if your account becomes two months past due, your Average Monthly Billing will be discontinued. If you de-enroll or if you are removed from the program, we will review your account and send you a bill with the difference between what you have paid on Average Monthly Billing and the amount of natural gas you have used. If you have paid more for natural gas than you have used, we will issue you a credit. If you have an outstanding deferred balance, a deferred payment agreement may be available.

To enroll in Average Monthly Billing now, simply register for or sign into My Account and then choose “Enroll in Average Monthly Billing” under “More billing and payment options.” Enroll today!

How can I reduce my energy use and lower monthly bills?

Customers can save money, natural resources and reduce their carbon footprint by pursuing these projects:

- Installation of energy-saving shower heads and faucet aerators to save up to 10 percent on annual water heating costs;
- Earn cash rebates by taking advantage of CenterPoint Energy’s Conservation Improvement Program (CIP) rebate programs;
- Schedule a low-cost energy audit through CenterPoint Energy’s Home Performance Audit program;
- Have your furnace checked annually, change filter once a month and clean ducts and vents to improve efficiency;
- Set your water heater temperature to 120 F to save energy and prevent scalding;
- Set thermostat to 68 F and add layers before adjusting the thermostat (for every one-degree reduction in the thermostat setting, customers can save up to 5 percent on heating bills.);
- Install a programmable thermostat that can lower the heating temperature while away from home; and
- Get your home air sealed and improve your home’s insulation and receive newly offered air sealing and insulation rebates through CenterPoint Energy’s Conservation Improvement Program (CIP) program.
- Find more ways to save energy and money [here](#).