COMMERCE DEPARTMENT

July 30, 2019

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G008/M-19-367

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

CenterPoint Energy's Evaluation of its Gas Affordability Program (GAP)

The filing was submitted on May 31, 2019 by:

Amber S. Lee
Director, Regulatory Affairs
CenterPoint Energy
505 Nicollet Mall
Minneapolis, MN 55459-0038

The Department recommends that the Minnesota Public Utilities Commission (Commission) **accept CenterPoint's fourth GAP Evaluation Report**. The Department is available to respond to any questions the Commission may have on this matter.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rate Analyst

MNZ/ja
Attachment

# Before the Minnesota Public Utilities Commission

## Comments of the Minnesota Department of Commerce
## Division of Energy Resources

Docket No. G008/M-19-367

**I. INTRODUCTION**

On May 31, 2019, CenterPoint Energy (CenterPoint or Company) filed its annual Gas Affordability Program (GAP or Program) Evaluation Report (Evaluation Report). The Evaluation Report includes:

- background on the Program;
- description of the Program's design, administration, and participation;
- evaluation of the Program in terms of the requirements in the Program's enabling statute;
- analysis of the Program's cost effectiveness; and
- analysis of the Program's societal benefits and costs.

CenterPoint requests that the Minnesota Public Utilities Commission (Commission) accept the Evaluation Report.

**II. BACKGROUND**

*A. GAP ENABLING STATUTE*

Minn. Stat. § 216B.16, subd. 15(a), requires that the Commission "consider ability to pay as a factor in setting utility rates."

Presumably with this consideration in mind, paragraph (a) (of Minn. Stat. § 216B.16, subd. 15) also states that the Commission may require utilities to implement programs to make gas more affordable for low-income residential customers, which the statute defines as those in the low-income home energy assistance program (LIHEAP). Specifically, the statute states that:

- The Commission "may establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service."

- "A public utility serving low-income residential ratepayers who use natural gas for heating must file an affordability program with the commission … [where] 'low-income residential ratepayers' means ratepayers who receive energy assistance from the low-income home energy assistance program."

Paragraph (b) sets out five requirements for gas affordability programs:

(b) Any affordability program the commission orders a utility to implement must:

(1) lower the percentage of income that participating low-income households devote to energy bills;
(2) increase participating customer payments over time by increasing the frequency of payments;
(3) decrease or eliminate participating customer arrears;
(4) lower the utility costs associated with customer account collection activities; and
(5) coordinate the program with other available low-income bill payment assistance and conservation resources.

Paragraph (c) gives the Commission the authority to require utilities to file GAP evaluations:

(c) In ordering affordability programs, the commission may require public utilities to file program evaluations that measure the effect of the affordability program on:

(1) the percentage of income that participating households devote to energy bills;
(2) service disconnections; and
(3) frequency of customer payments, utility collection costs, arrearages, and bad debt.

In addition, paragraph (d) states the following regarding program cost recovery and evaluation:

> The commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis. The commission may not allow a utility to recover administrative costs, excluding startup costs, in excess of five percent of total program costs, or program evaluation costs in excess of two percent of total program costs. The commission must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases.

### *B. CENTERPOINT'S GAP*

CenterPoint's GAP came into effect on a pilot-basis on May 1, 2007, following Commission approval in a November 2, 2006 Order in Docket No. G008/GR-05-1380.

The Program requires that, each month, participating customers do two things: first, pay their bill in full and, second, make pre-specified[1] contribution to retiring their arrears. In exchange, CenterPoint provides participating customers with an Affordability Credit, which reduces participants' gas bills to four percent of their income,[2] and an Arrearage Forgiveness Credit, which matches participants' arrearage-retirement contributions.[3] If customers fail to make the required payments for two consecutive months, they are removed from the Program.[4]

CenterPoint recovers the costs of the credits and administering the program through a volumetric surcharge on firm gas customers.[5]

According to CenterPoint's approved tariff, to assist in evaluating the Program's effectiveness, CenterPoint must submit annual reports updating the Commission on how well the Program is doing in the following areas: customer payment frequency, payment amount, arrearage level, number of customers in arrears, service disconnections, retention rates, customer complaints, and utility customer collection activity. The annual reports may also assess customer satisfaction with the Program.[6] CenterPoint issued its first annual GAP report on March 31, 2008 and has issued additional reports in every subsequent year. CenterPoint filed its most recent annual GAP report on April 1, 2019 in Docket No. G008/M-19-255.

Lastly, CenterPoint must periodically submit, to the Commission, reports evaluating the effectiveness of the Program in terms of the statutory requirements described above. The reports also must analyze, per CenterPoint's tariff, the Program's cost-effectiveness from a ratepayer perspective.[7]

CenterPoint submitted its first GAP evaluation report on August 13, 2010 in Docket No. G008/GR-05-1380. Through a November 22, 2010 Order, the Commission approved the report and mandated that CenterPoint's GAP continue on a pilot-basis through December 31, 2013, with some modifications. The Order also required CenterPoint to submit a second GAP evaluation report by June 1, 2013.

CenterPoint submitted its second GAP evaluation report on May 31, 2013. Upon review, the Commission again ordered that CenterPoint's GAP continue, with some modifications, on a pilot-basis—with a new expiration date of December 31, 2016.[8]

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[1] The amount of the customer's arrearage-retirement contribution and matching Arrearage Forgiveness Credit is designed to retire arrears in 12 months.
[2] CenterPoint Minnesota Gas Rate Book, Section V, Fourth Revised Page 25, paragraph 2.1
[3] CenterPoint Minnesota Gas Rate Book, Section V, Fourth Revised Page 25, paragraph 2.2
[4] CenterPoint Minnesota Gas Rate Book, Section V, Tenth Revised Page 25.a, paragraph 3.6
[5] CenterPoint Minnesota Gas Rate Book, Section V, Tenth Revised Page 25.a, paragraph 4.3.
[6] CenterPoint Minnesota Gas Rate Book, Section V, Tenth Revised Page 25.a, paragraph 5.2.
[7] CenterPoint Minnesota Gas Rate Book, Section V, Tenth Revised Page 25.a, paragraph 5.3.
[8] Commission Order dated September 24, 2013 in Docket No. G008/GR-05-1380

CenterPoint submitted its third GAP evaluation report on June 1, 2016. On December 13, 2016, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments recommending various modifications, including a change in how compliance with certain statutory requirements are measured. Upon review, the Commission ordered that CenterPoint's GAP continue, with the Department's proposed measurement modifications in addition to other modifications, with no expiration date.[9]

## III. DEPARTMENT ANALYSIS

This section reviews the Program's performance in two areas:

- The five statutory requirements described above; and
- Cost-effectiveness, from both a ratepayer and societal perspective.

In addition, the Department discusses the Program's tracker balance and an analysis of Program enrollment.

### *A. STATUTORY REQUIREMENTS*

#### *1. Lower the percentage of income that participating low-income households devote to energy bills*

Minn. Stat. § 216B.16, subd. 15(b)(1) states that gas affordability programs must lower the percentage of income that participating low-income households devote to energy bills.

**CenterPoint's Analysis**

CenterPoint stated that, assuming no change in participants' income levels and other energy bills, the Program meets this statutory requirement because the Program reduces participants' natural gas bills.

**Department Review**

The Department agrees with CenterPoint that <u>the Program satisfies the statutory requirement</u>. The variable in the requirement is a function of three items: participants' gas bills, other energy bills, and income. The Program reduces one of those items: participants' gas bills. Assuming the other two items do not change (which is reasonable since CenterPoint has no control over them) the Program will lower the percentage of income that participants devote to energy bills.

[9] Commission Order dated May 22, 2017 in Docket No. G008/GR-16-486

*2. Increase participating customer payments over time by increasing the frequency of payments*

Minn. Stat. § 216B.16, subd. 15(b)(2) states that gas affordability programs must increase participating customer payments over time by increasing the frequency of payments.

**CenterPoint's Analysis**

In accordance with the Commissions May 22, 2017 Order[10] the Company presented a table[11] comparing both the payment frequency and payment amounts for GAP participants in 2017 and 2018 to that of LIHEAP non-GAP customers, GAP participants prior to their enrollment into the Program, and non-LIHEAP residential customers. The tables show that the payment rate of GAP Participants, measured in either number of payment or the payment amount, has increased compared to the same customers' payments during the 12-month period prior to joining GAP. Based on this information, CenterPoint concludes that the Program has increased participating customer payments over time.

**Department Review**

The Department agrees with CenterPoint's assessment that the data indicates that the GAP increases the payment frequency of participating customers. CenterPoint's Table 2 also indicates that GAP participants make fewer payments than non-GAP LIHEAP customers. However this is somewhat expected since it is likely that those customers making the fewest payments while on LIHEAP are more likely to be referred to the GAP program. After analyzing the Company's data, the Department agrees with CenterPoint that the Program satisfies this statutory requirement. The Company's data shows that participating customers' payments have, on average, increased after entering the Program.

*3. Decrease or eliminate participating customer arrears*

Minn. Stat. § 216B.16, subd. 15(b)(3) states that gas affordability programs must decrease or eliminate participating customer arrears.

**CenterPoint's Analysis**

CenterPoint presents two tables (Table 3 and Table 4, on page 8 of the Evaluation Report) showing the average arrearage level for GAP participants, LIHEAP customers not enrolled in GAP, and all residential customers. The table shows that, in 2017, the average arrearage level of GAP customers, non-GAP LIHEAP customers, and all residential customers changed by -3 percent, +99 percent, and -7 percent, respectively; and in 2018 by +9 percent, +20 percent, and -8 percent, respectively. However this just compares the level of average arrears from January to December within each year, and thus does not

[10] Commission Order dated May 22, 2017 in Docket No. G008/GR-16-486
[11] Evaluation Report, page 7

necessarily show all of the effects of the GAP program. Further, it is logical that an increase in arrearage levels for LIHEAP customers would increase the arrearage levels of GAP participants as they enter the program.

Meanwhile, Table 4 of the Company's filing shows the pre-program average arrearage levels for GAP participants and those from other customer groups during the same period, rather than the average arrears at any specific time period. The Company's Table 4 shows that GAP participants' average arrearage levels decreased 74 percent in 2017 and decreased 75 percent in 2018 compared to their pre-program levels.

Based on these results, CenterPoint concludes that Program has decreased participating customer arrears.

**Department Review**

The Department agrees with CenterPoint that the Program satisfies the statutory requirement. The Company's Table 4 clearly shows that compared to before they entered the program, GAP participants arrears have decreased.

*4. Lower the utility costs associated with customer account collection activities*

Minn. Stat. § 216B.16, subd. 15(b)(4) states that gas affordability programs must lower the utility costs associated with customer account collection activities.

**CenterPoint's Analysis**

CenterPoint stated that the Program reduces collection costs insofar as it reduces two activities:

- issuing of disconnection notices, and
- performing disconnections and subsequent reconnections.

To estimate the amount of avoided disconnection notices and avoided disconnections/reconnections attributable to the Program, CenterPoint first compared the disconnection rate of GAP participants to the rate of non-GAP LIHEAP customers. CenterPoint then assumed that, to the extent the disconnection rate of GAP participants is lower, the difference is due to the Program. In 2017, the disconnection rate of GAP participants was 2.1 percent, 72 percent lower than the 7.6 percent disconnection rate for non-GAP LIHEAP customers. In 2018, the disconnection rate of GAP participants was 2.8 percent, 61 percent lower than the 7.1 percent disconnection rate of non-GAP LIHEAP customers. CenterPoint calculated the cost savings due to avoided disconnections/reconnections to be $20,270 in 2017 and $17,237 in 2018. CenterPoint also calculate avoided disconnection-notice costs of $1,503 in 2017 and $1,266 in 2018. CenterPoint's total estimated avoided customer-account-collection costs were the sum of these two items: $21,773 in 2017 and $18,503 in 2018.

In compliance with the Commission's May 22, 2017 Order[12] the Company also compared disconnection rates of GAP participants with their pre-program disconnection rates. The Company found that being on the GAP program decreased disconnections from 4.3 percent to 2.1 percent in 2017 and from 4.9 percent to 2.8 percent in 2018. This compares with customers in the LIHEAP program what saw an increase in their disconnections from 4.5 percent to 7.6 percent in 2017 and from 4.7 percent to 7.1 percent in 2018 from before being on the LIHEAP program to after enrollment.

CenterPoint stated that based on this information, the Program lowered costs associated with customer account collection activities, and thus meets the statutory requirement.

**Department Review**

CenterPoint bases its conclusion that Program participation "reduced collection costs associated with disconnection and subsequent reconnection" on GAP participants having a lower disconnection rate than other LIHEAP customers.[13] This comparison is valid, but has disadvantages in that (a) GAP and non-GAP LIHEAP customers may differ in other ways that can affect disconnections, and (b) it does not directly measure changes in disconnections at the individual customer level.

The Company also compared GAP participants' disconnection rates before and after entering the Program (see CenterPoint's Table 6). CenterPoint's Table 6 shows that GAP participant's disconnection rate in 2017 fell from the pre-Program level of 4.3 percent to 2.1 percent after enrollment. There was a similar reduction in 2018 (from 4.9 percent to 2.8 percent. Given the savings shown in the Company's Table 5 that compares GAP to non-GAP LIHEAP customers, and the results of Table 6, the Department concludes that the data reported in CenterPoint's Table 5 provides a <u>reasonable basis for concluding that the Program has reduced disconnections and therefore satisfies this statutory requirement</u>.

5. *Coordinate the program with other available low-income bill payment assistance and conservation resources*

Minn. Stat. § 216B.16, subd. 15(b)(5) states that gas affordability programs must coordinate with other available low-income bill payment assistance and conservation resources.

**CenterPoint's Analysis**

CenterPoint noted that it has coordinated with available low-income and conservation agencies, as described in more detail in the Company's annual GAP reports. CenterPoint added that it has used community outlets, such as neighborhood newsletters, to spread information on the Company's energy assistance programs.

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[12] Docket No. G008/GR-16-486
[13] Evaluation Report, page 8.

**Department Review**

Based on CenterPoint's statements, it appears that the Company has indeed coordinated the Program with other available low-income bill payment assistance and conservation resources, and therefore satisfies this statutory requirement.

*B. COST-EFFECTIVENESS*

CenterPoint's GAP tariff states that the Program may be changed based on the results of a "cost-effectiveness analysis from a ratepayer perspective," which compares the Program's costs and savings to ratepayers. The tariff defines costs and savings as follows:

- Costs: program administration and credits;
- Savings: reductions in collection activities, reductions in disconnections/reconnections, and cost savings from impacts on write-offs.

The cost-effectiveness analysis requires estimating the dollar amounts of the costs and savings as defined, where any difference results in "either a net benefit or a net cost to ratepayers."[14]

The Evaluation Report includes the ratepayer cost-effectiveness analysis required by CenterPoint's GAP tariff. The Evaluation Report also discusses costs and benefits from a societal perspective, though this analysis is not required by the Company's GAP tariff.

*6. Ratepayer perspective*

As noted above, CenterPoint's GAP tariff requires that CenterPoint evaluate the Program from a ratepayer perspective.

**CenterPoint's Analysis**

CenterPoint found that the Program's cost to ratepayers net of savings was $3,017,626 in 2017 and $3,512,396 in 2018. The costs in the Company's calculation included the expense of administering the Program and paying the credits; the savings included lowering bad-debt and collection expenses. CenterPoint also factored in effects on income taxes and working capital.[15] Based on Schedule B (page 4, line 5) of the Evaluation Report, in 2017 and 2018, $3,449,823 and $3,600,829, respectively of the annual net cost came from the credits themselves.[16] Putting these values into 2019 dollars using CenterPoint's authorized return as a discount rate, the net cost to rate payers averaged $3,612,556 over 2017-2018 and the cost of the credits averaged $3,907,887, as shown in the table below:

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[14] CenterPoint's Minnesota Gas Rate Book, Section V, Twelfth Revised Page 25.a, Section 5.3
[15] Evaluation Report, page 11, Table 6
[16] Evaluation Report, Schedule B, page 4, line 5

**Table 1: Net Cost to Ratepayers and Costs of Credits in 2019 Dollars**

| Item | 2017 | 2018 | Average |
|---|---|---|---|
| Net Cost to Ratepayers (nominal $)* | $3,017,626 | $3,512,396 | $3,265,011 |
| Credits (nominal $)** | $3,449,823 | $3,600,829 | $3,525,326 |
| Discount Rate*** | 7.12% | 7.12% | |
| Net Cost to Ratepayers (2016 $) | $3,462,633 | $3,762,478 | $3,612,556 |
| Credits (2019 $) | $3,958,566 | $3,857,208 | $3,907,887 |

* Evaluation Report, page 11, Table 6, line 12
** Evaluation Report, Schedule B, page 4, line 5
*** Evaluation Report, Schedule B, page 5, line 10

**Department Review**

It is important to note that CenterPoint's cost-effectiveness analysis is from the perspective of a large, but specific group of ratepayers: those not participating in the Program (and therefore not receiving any credits) but paying for the Program through CenterPoint's GAP rider. Since GAP ratepayers are receiving the credits, the credits are not a cost to them, but a benefit. Similarly, there is no cost to the Program for those customers not paying for it under the GAP rider. As such, <u>the $3.613 million (in 2019 dollars) annual net cost represents the net cost to a large, specific group of ratepayers</u>. Therefore, CenterPoint's analysis reflects a modified ratepayer perspective; that is, modified to exclude the ratepayers benefitting from and/or not paying for the Program.

Further, one could view the Affordability and Arrearage Forgiveness Credits not as a cost of the Program, but rather as a transfer or cross-subsidy from one group of customers to another (and reflecting the benefit received by a subset of ratepayers). From that viewpoint, the cost of the Program only includes the Program administration costs, which are paid for by select classes of customers under the GAP rider. Subtracting the $3.908 million of credits from the $3.613 million net cost cited by CenterPoint, the Department arrives at an <u>average annual net benefit of $0.295 million</u> (all figures in 2019 dollars).

CenterPoint's GAP tariff states that "any net benefit after the initial four year term of the Program will be added to the Tracker for refund to residential ratepayers."[17] As the tariff defines "net benefit" to include the costs of the credits, the tariff does not require CenterPoint to refund the $0.295 million net benefit to ratepayers, since that net benefit is exclusive of the credits.

*7. Societal perspective*

The Evaluation Report also touches on the Program's cost-effectiveness from a societal perspective.

[17] CenterPoint Minnesota Gas Rate Book, Section V, Tenth Revised Page 25.a, paragraph 5.3

**CenterPoint's Analysis**

CenterPoint notes that its GAP may provide costs and benefits to society as a whole, beyond the costs and benefits to ratepayers described above. CenterPoint notes four potential societal benefits:

(1) Allowing participating customers to reside at their residences for longer than customers would absent the Program;
(2) Increasing participants' purchasing power by lowering their gas-bill payments;
(3) Increasing LIHEAP availability; and
(4) Other benefits such as increased well-being from having warmer homes.[18]

CenterPoint also notes that the Program may create societal costs in the form of participant transaction costs, misallocation of resources from distorted price signals, and higher opportunities for fraud and abuse.[19]

CenterPoint states that these societal benefits "may be appropriate to consider" in evaluating the Program, but that the Company "has no quantifiable information" about them.[20]

**Department Review**

To the extent CenterPoint's GAP, or any public policy program, has impacts beyond the direct financial effects to certain groups, those impacts could be considered in assessing whether the Program is worthwhile.

In the case of gas affordability programs, the Department notes two ways that non-financial impacts can benefit society:

1. By reducing negative societal impacts from poverty itself, such as: increased unfairness to children in the form of reduced health, cognitive, and school achievement outcomes of children living in poverty;[21] increased crime and violence;[22] increased homelessness; and lower property values;[23] and

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[18] Evaluation Report, page 12-13
[19] Evaluation Report, page 13
[20] Evaluation Report, page 13
[21] Brooks-Gunn, J. and Duncan, G.J. 1997. "The Effects of Poverty on Children", *Children and Poverty* 7(2). See Table 1 on page 58.
[22] Harrell, E., et al. 2014. "Household Poverty and Nonfatal Violent Victimization, 2008-2012." U.S. Department of Justice Special Report, NCJ 248384
[23] Galster, *et al.* 2006. "The Social Costs of Concentrated Poverty: Externalities to Neighboring Households and Property Owners and the Dynamics of Decline." Paper for presentation at the Revisiting Rental Housing: A National Policy Summit Joint Center for Housing Studies, Harvard University, Nov. 14-15, 2006.

2. By reducing negative societal impacts from income inequality, such as: higher political concentration, inefficient use of human resources, and lower political and economic stability.[24]

Direct benefits to participants such as helping them meet financial obligations and otherwise improving participants' welfare may also have secondary, or indirect, benefits to society. However, for the purposes of this analysis, the Department believes it is more useful to classify the benefits of GAP as the direct financial benefit received by GAP customers assumed in the ratepayer analysis, since the benefits noted above are essentially describing the qualitative aspect of the dollar amount that participants receive from the Program.

To get a sense of the extent to which the Program benefits society by reducing negative societal impacts from poverty itself and income inequality, the Department estimates how much the Program effectively increased the income of a participant living on the poverty line. Based on Schedule B of the Evaluation Report, in 2018 the Program increased participants' available income by $356.43 on average ($3,830,865 in total credits divided by 10,748 total participants). For a two-person household living on the poverty line ($16,460 as of 2018), this would effectively increase their income by about two percent. Two percent is significant, but certainly moderate. The Department would therefore expect that any societal benefits from increasing the effective income of the Program's 10,748 participants (as of 2018) are likewise moderate. The Department does not have sufficient information to monetize benefits, but nonetheless concludes that CenterPoint's GAP provides societal benefits.

*B. GAP SURCHAGE AND TRACKER BALANCE*

CenterPoint also assessed whether any changes to the GAP surcharge level or tracker balance were necessary.

**CenterPoint's Analysis**

CenterPoint noted that in its most recent annual GAP compliance filing[25] the Company proposed to implement an annual adjustment to the GAP recovery rate and to reduce the current GAP surcharge rate from $0.0441 per dekatherm (Dth) to $0.0001 per Dth due to a high over-collected balance. In response, the Department supported reviewing the surcharge annually, but recommended setting CenterPoint's current surcharge to $0.0000 per Dth. At its June 5, 2019 Agenda Meeting, the Commission approved a $0.0000 per Dth surcharge and allowed an annual review of the surcharge amount.

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[24] For more on the benefits of reducing income inequality, see the IMF report: "Causes and Consequences of Income Inequality: A Global Perspective" by Era Dabla-Norris and others, published June 2015.
[25] Docket No. G-008/M-19-255

**Department Review**

The Department was concerned with CenterPoint's high tracker balance in the Company's 2016 GAP evaluation docket.[26] However, the recently approved adjustment to the rate and an annual review of the surcharge should lead to more reasonable tracker balances in the future.

*C. PROGRAM PARTICIPATION*

CenterPoint's GAP tariff states that the Program is "[a]vailable to residential customers who have been qualified and receive assistance from [LIHEAP]."[27] The tariff also states that:[28]

3.1) Enrollment participation is limited to a first come first served basis until the estimated Program dollar cap is reached.

3.2) Before the start of an enrollment period, CenterPoint Energy will mail information on the Program and an application to participate in the Program to targeted current LIHEAP customers in arrears. The application for participation must be completed in full and returned to CenterPoint Energy before the close of the enrollment period.

The Department notes that the Program annual spending is capped at $5 million per year but the total ratepayer cost was only $3.5 million in 2018.[29] In the 2016 GAP evaluation report the Company was over budget, with almost $6.5 million[30] being spent on the Program in 2015. Further, participation has dropped from 13,964 in 2015[31] to 10,748 in 2018. **The Department requests that the Company discuss in reply comments the factors that may be impacting the reduction in participation/spending and what efforts CenterPoint is taking to increase participation.**

## IV. CONCLUSIONS AND RECOMMENDATIONS

Based on the data and analysis that CenterPoint provided in the Evaluation Report, the Department concludes the following:

- The Program satisfies all five of the requirements in Minn. Stat. § 216B.16, subd. 15.
- The Program cost firm customers an average of $3.613 million in 2017 and 2018, net of savings; for all customers as a whole, including GAP participants, the Program provides a net benefit of $0.295 annually.

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[26] Docket No. G-008/M-16-486
[27] CenterPoint Minnesota Gas Rate Book, Section V, Fourth Revised Page 25, under "Availability." Minn. Stat. § 216B.16, subd. 15(a) also defines "low-income residential ratepayers" as ratepayers who receive energy assistance from LIHEAP.
[28] CenterPoint Minnesota Gas Rate Book, Section V, Fourth Revised Page 25, under "Conditions of Service."
[29] Evaluation report, Page 11
[30] Docket No. G-008/M-16-486 page 11
[31] Docket No. G-008/M-16-486 Schedule B page 2

- For participants living on the poverty line, the Program would have on average increased their effective income by two percent. As such, the Department would expect that the costs to firm ratepayers are somewhat offset by correspondingly moderate societal benefits arising from the increased effective income of the Program's 10,748 participants.

Based on these conclusions, the Department recommends that the Commission **accept CenterPoint's fourth GAP Evaluation Report.**

The Department also requests that the Company **discuss in reply comments the factors that may be impacting the reduction in participation/spending and what efforts CenterPoint is taking to increase participation.**

/ja

**CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce**
**Comments**

**Docket No. G008/M-19-367**

Dated this **30th** day of **July 2019**

**/s/Sharon Ferguson**

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| James M | Strommen | jstrommen@kennedy-graven.com | Kennedy & Graven, Chartered | 200 S 6th St Ste 470<br><br>Minneapolis,<br>MN<br>55402 | Electronic Service | No | OFF_SL_19-367_M-19-367 |
| Eric | Swanson | eswanson@winthrop.com | Winthrop & Weinstine | 225 S 6th St Ste 3500<br>Capella Tower<br>Minneapolis,<br>MN<br>554024629 | Electronic Service | No | OFF_SL_19-367_M-19-367 |
| Daniel P | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | 121 7th Place East<br>Suite 350<br>St. Paul,<br>MN<br>551012147 | Electronic Service | Yes | OFF_SL_19-367_M-19-367 |