



823 E. 7<sup>th</sup> Street  
Saint Paul, MN 55106  
651-774-9010

May 21, 2020

**VIA ELECTRONIC FILING**

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

**RE: In the Matter of the Annual Compliance Submission of CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources, Corp., for its Gas Affordability Service Program PUC Docket Number/s: G-008/M-20-399**

**RE: In the Matter of Periodic Gas Affordability Program Evaluation Reports for CenterPoint Energy Compliance Filing – Quarterly Reporting on Outreach Activities Docket No. G-008/M-19-367**

Dear Mr. Sueffert:

Enclosed please find the Reply Comments of the Energy CENTS Coalition in the above-referenced matters.

If you have any questions, please call me at (651) 774-9010. Thank you for your consideration of this request.

Sincerely,

Pam Marshall  
Energy CENTS Coalition

STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

In the Matter of the Annual Compliance Submission  
of CenterPoint Energy Minnesota Gas, a Division of  
CenterPoint Energy Resources, Corp., for its Gas  
Affordability Service Program  
**Docket NO. G-008/M-20-399**

REPLY COMMENTS OF THE  
ENERGY CENTS COALITION

May 21, 2020

In the Matter of Periodic Gas Affordability Program  
Evaluation Reports for CenterPoint Energy  
Compliance Filing – Quarterly Reporting on  
Outreach Activities  
**Docket No. G-008/M-19-367**

**I. PROCEDURAL BACKGROUND**

On May 31, 2019, CenterPoint Energy (“CPE” or “the Company”) filed their Annual Gas Affordability Program (GAP) Evaluation Report in Docket No. 19-367.

On July 31 2019, the Energy CENTS Coalition (“ECC”) filed Comments in that matter, noting the downward trend in both the Company’s number of Low Income Home Energy Assistance Program (LIHEAP) customers and in the number of Gas Affordability Program (GAP) participants.

On December 19, 2019 the Commission met to consider this matter.

On January 17, 2020, the Commission issued an Order in this matter.

On February 28, 2020, the Company submitted the first Compliance Filing-Quarterly Report on Outreach Activities, in Docket No. 19-367.

On March 31, 2020, the Company filed its Annual Gas Affordability Program Evaluation Report in Docket No. 20-399.

## **II. INTRODUCTION**

The Energy CENTS Coalition (ECC) did not file Initial Comments in this docket and realizes that these Reply Comments may be considered outside the scope of what would routinely be accepted in a Reply Comment period. But, for two reasons, ECC respectfully requests that the Commission consider the entirety of these Reply Comments. First, the Department's comments did not focus on the issues addressed here by ECC, including the fact that CPE's GAP participation continues to decline while program administrative costs continue to rise. ECC's comments extend beyond the more general discussion about outreach efforts included in the Department's Initial Comments and address CPE's LIHEAP and GAP outreach efforts directly. ECC's Reply Comments, therefore, constitute a response to the Department. Second, when Initial Comments in this matter were due, ECC was devoting scarce resources to ensuring that we could continue administering affordability, medical and conservation assistance programs for Xcel Energy, Greater Minnesota Gas, and CPE. ECC, therefore, did not file Initial Comments. For these reasons, ECC asks the Commission to accept these Reply Comments.

These comments address both CPE's 2020 GAP Annual Compliance Filing (Docket # 20-399) and the Company's first quarterly outreach report required in Docket #19-367. ECC appreciates the Company's efforts to promote both LIHEAP and GAP. However, ECC believes those efforts, thus far, have been inadequate to increase participation in either of those programs.

## **III. OUTREACH DISCUSSION**

In response to the Company's 2018 GAP evaluation, ECC expressed concerns about the persistent downward trend of the number of CPE's LIHEAP customers and GAP participants. In those comments, ECC recommended that the Commission require the Company to implement new LIHEAP and GAP outreach efforts and to provide reports regarding those efforts. The Commission's Order required CPE "to communicate regularly with payment-troubled customers by directing them to financial resources for assistance and reporting on LIHEAP outreach activities [and to] provide a detailed description on how they have enhanced

GAP outreach efforts to customers with past due amounts, customers receiving service disconnection notices, and current LIHEAP customers.”<sup>1</sup>

The following table shows that the downward trend in GAP participation follows the downward trend in the number of CPE LIHEAP customers:

	2014	2015	2016	2017	2018	2019
LIHEAP	33,984 <sup>2</sup>	29,565	28,220	25,975	25,602	25,215
GAP*	13,309	10,769	8,558	8,720	8,616	7,935

\*participants at year-end

ECC recommends that the Commission require CPE to focus primarily and more extensively on increasing the number of LIHEAP customers. The only way to increase GAP participation is to first increase LIHEAP participation. Unfortunately, the Company’s first quarterly outreach report includes eight specific outreach activities, only three of which were directed at promoting LIHEAP. Only two of the three LIHEAP activities were directed at customers who had not received LIHEAP *in the past*. The Company states that LIHEAP outreach efforts included:

- Mailing (one on December 23, 2019), including LIHEAP applications, to 2,436 past-due or disconnected customers who had not previously received LIHEAP;
- Calls to promote LIHEAP to customers who received LIHEAP *in the previous heating season* and who are pending disconnect (unspecified number);
- Emails to promote LIHEAP to active customers with an email address on file, no LIHEAP assistance, and arrearage balances greater than \$500 (unspecified number).

The Company and ECC discussed the efforts outlined above but, ECC’s concern about the decreasing number of both LIHEAP and GAP customers persists. Given that the number of customers who exhibit inability to pay problems far exceeds the number reached by CPE’s reported outreach efforts, CPE should expand those efforts. For example, CPE reports that they mail an *average of 22,785* disconnection notices each month and that a monthly average of 93,981 customers are past due.<sup>3</sup> Particularly since the number of disconnected CPE

<sup>1</sup> Order Approving Periodic Gas Affordability Program Evaluation Reports and Other Action, January 17, 2020, Docket No. G-008/M-19-367.

<sup>2</sup> In 2010, the total number of CPE LIHEAP customers was 40,532. See ECC Comments in Docket No. 19-367.

<sup>3</sup> 2019 Annual Service Quality Report, Docket No. 20-453. ECC will provide additional comments about service disconnections and related topics in this Docket on August 12, 2020.

customers (30,455 in 2019) is even greater than the total number of LIHEAP customers from that same year (25,215), ECC recommends that the Commission require the Company to increase the volume and frequency of mailings (avoiding the Holiday season), calls, and e-mails to prospective LIHEAP customers.<sup>4</sup>

At the December 19, 2019 Commission Agenda Meeting, ECC's representative, Pam Marshall, stated that CenterPoint was willing to "provide quarterly reports showing the *affect* of the various *new* outreach efforts on the ability of those efforts to increase the LIHEAP population and, therefore, the GAP participation (emphasis added)." The only way to evaluate if any of these outreach methods is effective is to examine the extent to which they actually result in increased LIHEAP and GAP participation.

Therefore, in all subsequent quarterly filings, ECC recommends that the Company provide the monthly number of LIHEAP and GAP customers in subsequent quarterly reports and compare those numbers to the same months in the previous three years. ECC also recommends that CPE report the specific number of LIHEAP promotional calls and emails made or sent to payment troubled customers. In addition, ECC recommends that CPE provide the costs associated with each outreach activity listed below:

- Total cost for all events included in the 2020 Annual GAP report
- CIP conservation calendars distributed to low income and non-profit agencies
- More Comfort, Less Energy booklets distributed to low income agencies
- Window kits
- The incremental (additional cost) of material production and mailing to LIHEAP customers, the information beyond GAP applications, that, according to the Company's report, include "detailed energy efficiency tips, and information about CenterPoint Energy's rebate and other programs, including the Home Energy Squad, and weatherization service."

CPE should limit LIHEAP and GAP outreach to specifically promote participation in those programs.

All of the other ancillary services outlined in the example of the Company's mailing, described above, should not be included in the same mailing because the focus on bill payment assistance programs is diluted. ECC also recommends that the Company shift resources from those activities that are too broadly construed, have been replicated for years with no discernable results, and have not resulted in increased LIHEAP or GAP participation.

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<sup>4</sup>*Id.*

Further, ECC recommends that CPE target meaningful CIP resources (HVAC upgrades, insulation, etc.) to high natural gas usage LIHEAP and GAP customers and to actually coordinate *participation* in these programs rather than merely listing what is *potentially* and *theoretically* available to low income customers as the Company does in its Annual GAP report. In other words, the Commission should require the Company to report, consistent with a prior Commission Order, how “conservation measures . . . could be *implemented* in the households of GAP participants [and] CenterPoint’s *plans* to encourage GAP participants *to increase their use of these measures* (emphasis added).”<sup>5</sup> This recommendation is also consistent with the Commission Order requiring utilities to coordinate GAP “with other available low income and conservation resources, including ... the *accomplishments* resulting from the coordination (emphasis added).”<sup>6</sup> Therefore, ECC recommends that the Commission require the Company to report how many LIHEAP and GAP customers participate in the Company’s CIP, including Low Income Home Energy Squad, Multi-family programs, Low Income Weatherization, and Low Income Rental Efficiency programs. To aid in the more targeted CIP outreach efforts, the Commission should require the Company to provide the annual natural gas usage levels of CPE’s LIHEAP and GAP customers.

#### **IV. CURRENT ANNUAL GAP REPORT**

##### Participation

The Company reports that, at some point in 2019, 11,067 customers were enrolled in GAP, but that only 7,935 remained in GAP for the entire year. Since 26% of all customers who did not remain in GAP in 2019 were removed for payment delinquency, and because customers are removed from GAP after missing two monthly payments, ECC recommends that CPE proactively contact GAP customers after they miss one monthly payment. This kind of intervention can encourage customers to make a payment in order to remain on the program and continue to receive the substantial financial benefit that GAP provides.

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<sup>5</sup> Order Evaluating Gas Affordability Program, Extending and Modifying Pilot Program, Authorizing Cost Recovery, and Requiring Future Reporting, Nov. 22, 2010, Docket No. G-008/GR-05-1380.

<sup>6</sup> Order Accepting Compliance Filings Regarding Gas Affordability Programs and Requiring Further Action, Nov. 18, 2009, Docket No. G-008/GR-05-1380.

### Administrative Costs

It seems that the Company's GAP administrative costs continue to increase even as participation decreases. The GAP reports for 2018 and 2019 do not portray these costs in exactly the same way but, it appears that the total of the five percent allowable administrative costs and incremental (above 5%) administrative costs accounted for 7.8% of total program costs in 2018 and 8.3% in 2019. From what ECC can discern, administrative costs above the allowable five percent totaled \$88,433 in 2018 and \$148,183 in 2019.

	5% Allowable Admin Costs	Incremental Admin Costs	Total Admin Costs	Total Admin Costs as % of program funding
2018	\$193,418	\$88,433	\$281,851	7.8%
2019	\$224,093	\$148,183	\$372,277	8.3%

With respect to CPE's GAP administrative costs, ECC makes the following recommendations:

- 1) Require the Company to standardize the way they report allowable, incremental and total administrative costs, using the 2020 report as the format, and continue to provide the percentage of program costs represented by administrative costs;
- 2) Require the Company to explain if costs for expanded outreach efforts are included or excluded from the administrative costs outlined above;
- 3) If costs for expanded outreach costs are not included in GAP administrative costs, provide the dollar amounts spent on the outreach activities;
- 4) Explain why GAP administrative costs continue to increase at the same time that participation levels decrease.
- 5) Ask the Company to clarify if they will seek general cost recovery for incremental GAP administrative costs even if they are excluding those costs in the GAP tracker specifically.

### **V. CONCLUSION**

While ECC appreciates the Company's willingness to involve ECC in discussions about enhancing and expanding LIHEAP and GAP outreach activities, ECC still has concerns about the effectiveness and scope of those efforts and recommends that the Commission require the Company to:

- 1) Focus outreach efforts primarily and more extensively on increasing the number of LIHEAP customers in order to expand the number of potential GAP participants;
- 2) Increase the volume and frequency of mailings (avoiding the Holiday season), calls, and e-mails to prospective LIHEAP customers (payment troubled customers);
- 3) Provide the costs associated with each outreach activity listed in the Company's reports;
- 4) Shift resources from those outreach activities and events that are too broadly construed, have been replicated for years with no discernable results, and have not resulted in increased LIHEAP or GAP participation to focus on more targeted outreach efforts;

- 5) Target meaningful CIP resources (HVAC upgrades, insulation, etc.) to high natural gas usage LIHEAP and GAP customers and to actually coordinate *participation* in these programs;
- 6) Provide the annual natural gas usage levels of CPE's LIHEAP and GAP customers;
- 7) Proactively contact GAP customers after they miss one monthly payment;
- 8) Standardize the method for reporting allowable, incremental and total administrative costs, using the 2020 report as the format and continue to provide the percentage of program costs represented by administrative costs;
- 9) Explain if costs for expanded outreach efforts are included or excluded from GAP administrative costs;
- 10) Provide the dollar amounts spent on outreach activities in each subsequent quarterly report;
- 11) Explain why GAP administrative costs continue to increase at the same time that participation levels decrease;
- 12) With respect to CPE's GAP administrative costs, ECC makes the following recommendations:
  - a) Require the Company to standardize the way they report allowable, incremental and total administrative costs, using the 2020 report as the format, and continue to provide the percentage of program costs represented by administrative costs;
  - b) Require the Company to explain if costs for expanded outreach efforts are included or excluded from the administrative costs outlined above;
  - c) If costs for expanded outreach costs are not included in GAP administrative costs, provide the dollar amounts spent on the outreach activities;
  - d) Explain why GAP administrative costs continue to increase at the same time that participation levels decrease;
  - e) Ask the Company to clarify if they will seek general cost recovery for incremental GAP administrative costs even if they are excluding those costs in the GAP tracker specifically.
- 13) Report the following in all subsequent quarterly filings:
  - a) The specific number of LIHEAP promotional calls, mailings, and emails made or sent to payment troubled customers;
  - b) the monthly number of LIHEAP and GAP customers compared to those numbers in the same months for the previous three years;
  - c) The number of LIHEAP and GAP customers that participate in the Company's CIP, including Low Income Home Energy Squad, Multi-Family, Low Income Weatherization, and Low Income Rental Efficiency programs.

Respectfully submitted,

May 21, 2020

/s/ Pam Marshall  
Energy CENTS Coalition

**AFFIDAVIT OF SERVICE**

Pam Marshall certifies that on the 21<sup>st</sup> day of May 2020, she served, by electronic filing, the Reply Comments of the Energy CENTS Coalition In the Matter of the Annual Compliance Submission of CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources, Corp., for its Gas Affordability Service Program PUC Docket Number/s: G-008/M-20-399 and In the Matter of Periodic Gas Affordability Program Evaluation Reports for CenterPoint Energy Compliance Filing – Quarterly Reporting on Outreach Activities Docket No. G-008/M-19-367, to the individuals on the attached service list.

*Pam Marshall*

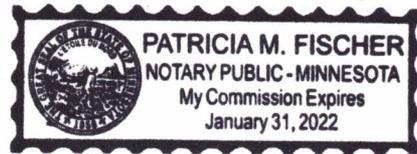
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Pam Marshall

*Patricia M. Fischer*

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Patricia Fischer



Subscribed and sworn to before me  
this 21<sup>st</sup> day of May 2020

Notary Public

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street  Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_20-399_M-20-399
James J.	Bertrand	james.bertrand@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-399_M-20-399
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-399_M-20-399
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-399_M-20-399
Marie	Doyle	marie.doyle@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall P O Box 59038 Minneapolis, MN 554590038	Electronic Service	No	OFF_SL_20-399_M-20-399
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-399_M-20-399
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St  Saint Paul, MN 55102	Electronic Service	No	OFF_SL_20-399_M-20-399
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East  St. Paul, MN 55101	Electronic Service	No	OFF_SL_20-399_M-20-399
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-399_M-20-399
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_20-399_M-20-399

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_20-399_M-20-399
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-399_M-20-399
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351  Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_20-399_M-20-399
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-399_M-20-399
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-399_M-20-399
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350  Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-399_M-20-399
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190  Richfield, MN 55423	Electronic Service	No	OFF_SL_20-399_M-20-399
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-399_M-20-399
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-399_M-20-399

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_20-399_M-20-399