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August 12, 2019

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

**RE: In the Matter of CenterPoint Energy's Evaluation of its Gas Affordability Program (GAP)**

**Reply Comments**

**Docket No. G-008/M-19-367**

Dear Mr. Wolf:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") respectfully submits reply comments to the Comments of the Minnesota Department of Commerce ("Department") and the Comments of the Energy CENTS Coalition ("ECC") in the above-referenced docket.

The Company appreciates the commenters' review of the Company's 2019 Gas Affordability Program ("GAP") Evaluation Report and the Department's recommendation that the Commission accept the Report. Both commenters ask for additional information related to the Company's GAP program. Specifically, the Department requests that the Company discuss factors that may be impacting the reduction in participation/spending, and both the Department and ECC requested additional information about what the Company does to promote participation. ECC also requested that the Company provide information in future annual GAP reports about the total number of disconnection notices sent and accounts disconnected (as opposed to disconnections only during the non-Cold Weather Rule months). The Company addresses each of these requests for information below.

**I. Factors Contributing to the Decrease in Participation**

The Department requested that the Company discuss factors that may be impacting the reduction in participation/spending.<sup>1</sup>

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<sup>1</sup> The Company discusses factors that may have resulted in a decrease in participation since 2014. In the Company's 2019 GAP Evaluation Report, the Company only listed participation and spending for 2017 and 2018; there was an increase in both spending between 2017 and 2018 and participation was relatively steady. However, Table 11 in the Company's 2018 Annual GAP Compliance Report (Docket No. G-008/M-19-255) shows a decrease in both spending and participation over the longer timeframe since 2014.

While many factors outside of the Company's control could impact participation and spending, the Company suspects the decrease the Company has experienced may be related to (1) steady-to-declining gas bills; and (2) improved economic conditions.

Table 1 below shows average actual monthly residential gas bills for the years 2014 to 2018. The table shows that during the 2014-2018 period, 2014 was the high point for residential bills, with a large decrease between 2014 and 2015. Since 2015, the average residential monthly bill has remained essentially stable, with some increase in 2018. Despite this recent increase, the average residential monthly gas bill is approximately 16 percent lower than the average 2014 monthly bill. Throughout this period, inflation has been positive, and, adjusting for inflation, the average monthly residential bill has decreased by approximately 20 percent.<sup>2</sup>

**Table 1: Average Actual Monthly Residential Gas Bill**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$79.34	\$55.61	\$51.90	\$57.77	\$66.99

At the same time that residential gas bills have been steady or declining, economic conditions in the state of Minnesota have improved. In 2014, the average annual unemployment rate for Minnesota was 4.2 percent; in 2018 it was 2.9 percent.<sup>3</sup> The median household income in Minnesota increased from \$67,244 to \$71,920 between 2014 and 2017.<sup>4</sup> This general economic upturn may also help explain the general reduction in average customer arrearages that the Company has experienced since 2014, shown in Table 2 below.

**Table 2: Average Arrearage Per Residential Customer<sup>5</sup>**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$29.25	\$25.88	\$14.14	\$11.08	\$15.34

The Company suspects that improved economic conditions, coupled with steady-to-declining monthly gas bills, have decreased the number of customers that are unable to afford their gas

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<sup>2</sup> To calculate this figure, the Company used the Bureau of Labor Statistics calculator at <https://data.bls.gov/cgi-bin/cpicalc.pl> to calculate the buying power of \$79.34 in 2018 as \$83.75.

<sup>3</sup> Local Area Unemployment Statistics, Bureau of Labor Statistics, <https://www.bls.gov/lau/#tables> (last visited Aug. 5, 2019).

<sup>4</sup> U.S. Census Bureau, Median Household Income by State: 1984-2017, <https://www2.census.gov/programs-surveys/cps/tables/time-series/historical-income-households/h08.xls> (last visited Aug. 5, 2019. Adjusted for inflation, this is an increase of approximately 5 percent.).

<sup>5</sup> To calculate this figure, the Company first divided the total residential arrearage amount per month by the number of residential customers per month, then the Company averaged the monthly quotients over the calendar year. These figures are not adjusted for inflation.

bills. The Company notes that other Minnesota gas utility affordability programs have also experienced participation decreases.<sup>6</sup>

## II. Company's Efforts to Promote GAP and LIHEAP

ECC questioned the extent of the Company's efforts to promote the Low Income Home Energy Assistance Program ("LIHEAP") and GAP, and the Department requested that the Company discuss what efforts CenterPoint Energy makes to promote GAP.

The Company makes a variety of efforts to promote LIHEAP and GAP to eligible customers, and coordinates with the Department of Commerce regarding LIHEAP promotion. The Company notes that because customers must receive LIHEAP to be eligible for GAP, there are fewer customers eligible for and not receiving GAP than customers eligible for and not receiving LIHEAP. Customers eligible for and not receiving GAP often receive more than one GAP promotion per year. Some of the Company's efforts to promote LIHEAP and GAP are described below.

- **Call Center Promotion and Guided Process:** CenterPoint Energy trains its customer service agents to promote LIHEAP to qualifying customers as long as the Community Action Partnership ("CAP") agencies are continuing to accept applications. During the Cold Weather Rule months, when a residential customer calls in to discuss a past due balance, recent receipt of a disconnection notice, or to reestablish service, agents use a guided process to inquire about customer income and household size in order to determine if a customer is eligible for low-income payment plans. If a customer is eligible for a low-income payment plan, the customer service agent will also promote LIHEAP.
- **Brochures Left on Field Visits:** During Cold Weather Rule months, before disconnecting service at any residential address, the Company completes a site visit to discuss the situation with residents in compliance with Minn. Stat. § 216B.096, Subd. 7(d). The Company leaves behind a brochure summarizing bill pay assistance programs including GAP and LIHEAP.
- **Annual Telephone Outreach Campaigns:** Each year, the Company conducts LIHEAP and GAP telephone outreach campaigns. The annual LIHEAP promotional campaign targets customers that have received LIHEAP in the past or indicated to a call center

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<sup>6</sup> See *In the Matter of Northern States Power Company d/b/a Xcel Energy-Gas 2019 Gas Affordability Program Evaluation Report*, Docket No. G-002/M19-380, Evaluation Report, Table 1 (showing 2018 participation as 8,224); *In the Matter of Xcel Energy's Evaluation of its Gas Affordability Program*, Docket No. G-008/M-16-493, GAP Evaluation Report, p. 4 (May 31, 2016)(showing 2014 participation as 10,620); *In the Matter of Minnesota Energy Resources Corporation 2019 Gas Affordability Program Evaluation Report*, Docket No. G-011/M-19-369, Petition, Table 1 (May 31, 2019) (showing participation at year end in 2018 as 1,302 and 2015 participation at year end as 1,546).

agent that their income would qualify for LIHEAP. The GAP campaign targets customers that are receiving or have recently received LIHEAP. In the 2019 annual LIHEAP campaign, which ran from January to June, the Company called 11,393 customers. In the 2018 annual GAP campaign, which ran from April to August of 2018, the Company called 696 customers. So far for the 2019 GAP campaign, the Company has called 1,408 customers.

- **Annual Direct Mail and Email Promotional Campaigns:** Each year, the Company conducts direct mail and email campaigns targeting customers that may be eligible for LIHEAP and GAP. In 2018, the company sent 31,563 direct mail promotions to 19,285 customers and 31,543 email promotions to 10,268 customers.
- **Community Events:** Company employees attend community events to provide customers with information about LIHEAP and GAP and how to apply for both programs. A list and description of community events attended in 2018 is attached as Exhibit A.
- **New Web Application Process:** In collaboration with ECC, the Company introduced a new web application process for GAP in December of 2018. Promotional emails now contain links directly to the online application and brochures and mailings contain the web address. The Company still distributes and accepts paper applications for customers that prefer to mail their application in.

### III. Disconnection Information

ECC requested that the Company include the number of disconnection notices sent and the number of accounts disconnected in each month of the year in subsequent GAP evaluation reports. The Company had provided the number of disconnections and disconnected notices sent during non-Cold Weather Rule months in Schedule B of the Company's GAP evaluation report, page 3.

The Company has provided the requested information as Exhibit B to this attachment, including information for Cold Weather Rule months. As noted by ECC, the Company has already provided this information as part of its annual Service Quality Report (Docket Nos. G-008/M-18-312 and G-008/M-19-300, Schedule 3).

The Company notes that for the purpose it is used in the GAP Evaluation, it is appropriate to exclude the Cold Weather Rule month figures. The number of disconnection notices mailed and disconnections performed are used in the GAP Evaluation to calculate the avoided costs of GAP resulting from fewer disconnection notices. The Company starts by calculating the ratio of disconnection notices to disconnections in the non-Cold Weather Rule months and then multiplies that ratio by the number of avoided disconnections, calculated on page 2 of Schedule B. The number of avoided disconnections is calculated by comparing the disconnection rate of LIHEAP-only customers, to the disconnection rate of LIHEAP customers also receiving GAP, with the goal being to determine the incremental effect of GAP above-and-beyond LIHEAP.

The Cold Weather Rule months are excluded from this calculation for two reasons: (1) the Company does not disconnect LIHEAP and GAP customers during the Cold Weather Rule months; and (2) the ratio of disconnection notices sent to disconnections completed is significantly higher during Cold Weather Rule months.<sup>7</sup> Because the Company does not disconnect LIHEAP or GAP customers during Cold Weather Rule months no disconnection notices are sent to those customers. Therefore, GAP has no incremental effect, above-and-beyond LIHEAP, on decreasing disconnection notices in Cold Weather Rule months. Then, because the ratio of disconnection notices sent to disconnections completed is significantly higher during Cold Weather Rule months, including those months in the calculation would distort the results.

#### **IV. Conclusion**

The Company thanks the Department and ECC for their Comments on the Company's GAP Evaluation Report, and respectfully requests that the Commission approve the Report, as recommended by the Department.

Please feel free to contact me at 612-321-4334 or [erica.larson@centerpointenergy.com](mailto:erica.larson@centerpointenergy.com) with any questions.

Sincerely,

/s/ Erica Larson

Erica Larson  
Regulatory Analyst

C: Service List

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<sup>7</sup> This is likely because there are more protections afforded to all residential customers during Cold Weather Rule months.

Event	Purpose	Date	CNP Attendees	# consumer contacts	NOTES
PICA Community Leaders Roundtable	Engage with leaders of the minneapolis community, gain information on upcoming events, introductions of all parties, share information on CWR, EA and GAP	Wednesday, February 7, 2018	Sherry Kemmetmueller Subrena Duncan	20 community leaders	GAP fliers, GAP applications, CWR brochures, EA brochure
PWNO Winter Social Phillips West Neighborhood Organizaition	purpose of this event is to provide a great meal and venue for Neighbors to netowrk with one another and get informaiton on available Neighborhood Resouces	Thursday, February 22, 2018	Sherry Kemmetmueller Subrena Duncan	200+ families in attendance, Cen	GAP fliers, GAP applications, CWR brochures, "I make a difference" pens, water heater gauges Networked with Hennepin County Human Services and Public Health Department (20+ GAP applications for that department to use for their customers
Community Connect	One-day stop event that provides a broad range of free services and resources for people in need living in Sherburne County	Thursday, October 18, 2018	Sherry Kemmetmueller Subrena Duncan	50-75	The turn out this year wsa not as high as it was last year. In some conversations with the United Way team, we're thinking it may be attributed to a better economy, less need, and more people being at jobs during the day that may not have been able to attend. All speculation, but does seem appropriate. Last year guests were waiting outside the entrance through noon, today it was a trickle of guests throughout the day. United Way (Dan) will report out the numbers in attendance.  We went through about 90 window kits, Lori from Tri-CAP is going to take the remaining boxes back to the office with her to use for EA "Walk-Ins" and their Weatherization programs. I will make sure I note that on the tracking for the window kits.  Handouts: weatherization letter, phone sanitizer and screen cleaner. GAP applications. BPA insert, window kits and HES brochures
PICA Advisory Meeting	Social Service Advisory Committee	Friday, October 19, 2018	Sherry Kemmetmueller	Leaders in the Community approx 10	This event was attended with CNP as an advisory committee member. The purpose of the education of the advisory committee is to give inpute, learn more share ideas with PICA staff to improve wha they do.
Energy Expo Salvation Army	Energy Assistance Sign Up Day, with CAP-HC, Excel and Salvation Army, CNP was available to assist customers with billing questions and low-income programs and resources	Wednesday, October 31, 2018	Sherry Kemmetmueller Subrena Duncan	approx 10	Energy Assistance Sign Up Day, with CAP-HC, Excel and Salvation Army, CNP was available to assist customers with billing questions and low-income programs and resources  we handed out 7-8 window kits, left 45 kits for Salvation Army, have stored the rest at Nicollet.  Handouts: weatherization letter, phone sanitizer and screen cleaner. GAP applications. BPA insert, window kits and HES brochures
PICA Family Connect Event PICA McKingh Center 4225 Third Avenue S. Minneapolis, MN 55409	This annual event brings low-income Head Start families together with numerous local resources, employers, and service providers in a one-stop shop environment.	11/03/2017 10am-1pm (set up at 9:00)	Sherry Kemmetmueller Subrena Duncan	166 families	Cheryl Morgan Spensor facilitates this event  Handouts: weatherization letter, phone sanitizer and screen cleaner. GAP applications. BPA insert, window kits (200) and HES brochures
American Swedish Institute (ASI) Neighborhood Open House 2600 Park Avenue Minneapolis 55407	Invitation from ASI to assist customers with EA if needed	Dec. 12, 2018, 5-8 pm (leave at 4:00, set up by 5:00)coordinate courier for window kits.	Sherry Kemmetmueller Subrena Duncan	approx 50	We have a few boxes of window kits here to bring, I am going to see if it's too late to coordinate a courier with the other window kits from Linden. I have a whole box of calendars from Mary Sarah Schaffer, we still have some phone cleaning kits, and the water heater testers. I have the HES and EA brochures and GAP applications. I am checking to see if they have WIFI – if they do, then I'll bring a laptop, if they don't we'll do it old school and take notes and call them back on Thursday if necessary.

**Disconnections**

	<b>2017</b>	<b>2018</b>
January	1,700	1,584
February	1,681	1,040
March	1,146	1,083
April	3,238	3,699
May	6,162	5,626
June	5,728	5,030
July	4,261	3,741
August	3,461	3,714
September	489	2,368
October	1,510	1,595
November	987	534
December	514	441
<b>Total</b>	<b>30,877</b>	<b>30,455</b>

**Disconnection Notices**

	<b>2017</b>	<b>2018</b>
January	31,613	39,117
February	10,290	12,809
March	30,918	35,985
April	32,138	38,200
May	33,059	31,903
June	27,479	31,819
July	20,098	18,505
August	15,239	15,586
September	6,890	13,992
October	18,302	14,539
November	16,208	16,121
December	29,685	19,689
<b>Total</b>	<b>271,919</b>	<b>288,265</b>

**AFFIDAVIT OF SERVICE**

STATE OF MINNESOTA    )  
   ) ss.  
 COUNTY OF HENNEPIN   )

Kristen Ruud, being first duly sworn on oath, deposes and says she served the above Reply Comments of CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing or by placing in the U.S. Mail at the City of Minneapolis, Minnesota.

/s/ \_\_\_\_\_  
 Kristen Ruud  
 Regulatory Analyst  
 CenterPoint Energy

Subscribed and sworn to before me  
 this 12th day of August 2019

/s/ Melodee S. Carlson Chang  
 Melodee S. Carlson Chang  
 Notary Public (Commission Expires January 31, 2024)



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_19-367_M-19-367
James J.	Bertrand	james.bertrand@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-367_M-19-367
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-367_M-19-367
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-367_M-19-367
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_19-367_M-19-367
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St  Saint Paul, MN 55102	Electronic Service	No	OFF_SL_19-367_M-19-367
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_19-367_M-19-367
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-367_M-19-367
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-367_M-19-367
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_19-367_M-19-367

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-367_M-19-367
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_19-367_M-19-367
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_19-367_M-19-367
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No	OFF_SL_19-367_M-19-367
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-367_M-19-367
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