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June 2, 2020

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 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**

**In the Matter of Periodic Gas Affordability Program Evaluation Reports for
CenterPoint Energy Compliance Filing – Quarterly Reporting on Outreach
Activities**

Docket Nos. G-008/M-20-399, G-008/M-19-367

Supplemental Comments

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy” or the “Company”) respectfully submits these Supplemental Comments in response to the Reply Comments of the Energy Cents Coalition (“ECC”) filed on May 21, 2020 in the above-referenced dockets.

If you have any questions regarding the information provided in this filing, please contact me at Seth.DeMerritt@centerpointenergy.com or (612) 393-6216.

Sincerely,

s/
Seth DeMerritt
Regulatory Services
Manager Regulatory Affairs

C: Service List

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Katie Sieben
Valerie Means
Matt Schuerger
Joseph Sullivan
John Tuma

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Commissioner
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Commissioner
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

In the Matter of Periodic Gas Affordability Program
Evaluation Reports for CenterPoint Energy
Compliance Filing – Quarterly Report on
Outreach Activities

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

SUPPLEMENTAL COMMENTS

Introduction

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) respectfully submits the following Supplemental Comments to the Minnesota Public Utilities Commission (“Commission”) in response to the May 21, 2020 Reply Comments of the Energy Cents Coalition (“ECC”).

ECC made a variety of recommendations. For purposes of these Supplemental Comments, the Company is grouping its discussion of the recommendations as follows:

- 1) Recommendations about changing outreach activities;
- 2) Recommendations regarding Conservation Improvement Program (“CIP”) and Gas Affordability Program (“GAP”) Coordination;
- 3) Recommendations about GAP costs; and
- 4) Recommendations regarding additional reporting.

I. Changing Outreach Activities

Below the Company addresses ECC's recommendations relating to the Company's GAP and Low-Income Home Energy Assistance Program ("LIHEAP") outreach efforts.

- i. Focus Outreach Efforts Primarily and more extensively on increasing the number of LIHEAP customers in order to expand the number of potential GAP participants; and increase the volume and frequency of mailings (avoiding the Holiday season), calls, and e-mails to prospective LIHEAP customers (payment troubled customers)**

In its January 17, 2020 Order in Docket No. G-008/M-19-367, the Commission required the Company to communicate regularly with payment-troubled customers by directing them to financial resources and to report on LIHEAP outreach activities quarterly during 2020. ECC questions whether CenterPoint Energy is completing sufficient LIHEAP outreach in response to this Order.

Last fall, Company representatives met with ECC on October 16, 2019 to discuss what additional LIHEAP outreach would be helpful. As reported in the Company's February 28, 2020 filing in Docket No. G008/M-19-367 the Company increased its outreach activities to the following:

- Customers who were deactivated from GAP in 2019, received LIHEAP for the 2019/2020 heating season, and were in arrears.
- Customers with past due amounts greater than \$500 and who had not previously received LIHEAP and to disconnected customers who had not previously received LIHEAP.

The Company is in the process of increasing its LIHEAP outreach efforts, and it is premature to make a judgment regarding whether the Company's increased efforts are sufficient; CenterPoint Energy has so far submitted only one quarterly report. However, in addition to the activities reported in the first quarterly report, the Company is performing additional outreach activities and will report in future quarterly reports on the following outreach to:

- Customers who did not receive LIHEAP in the 2019/2020 season, but had previously received LIHEAP
- Customers who indicated they were low income during the Cold Weather Ruel period but did not receive LIHEAP
- Customers with high delinquent balances
- Customers who were denied LIHEAP prior to the April 2020 when program eligibility changes were made
- Customers who have received LIHEAP, but are not currently enrolled in GAP

The Company cautions that additional LIHEAP outreach by CenterPoint Energy may not necessarily result in tremendous growth in LIHEAP enrollments. Because the Company and

other utilities have suspended disconnections and collection activities as a result of COVID-19, customers that are falling behind may not feel the same urgency to find a solution for paying their utility bills and this may dampen LIHEAP enrollment. In addition, the Company notes that LIHEAP is administered by the Department of Commerce in conjunction with Community Action Partnership agencies. While the Company is pleased to promote LIHEAP to its customers, the Company is not ultimately responsible for or in control of the LIHEAP program and there may be barriers to increasing enrollment that the Company is not able to address.

- ii. **Shift resources from those outreach activities and events that are too broadly construed and 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**

The Company is always happy to discuss modification or elimination of outreach efforts that are no longer serving a useful purpose. However, we caution that it is not always easy to determine which outreach efforts are effective. If ECC meant this recommendation to relate to the list of CIP/GAP cross-promotional items included on page 4 of their Reply Comments, the Company notes that these items are low-cost ways to increase energy efficiency awareness among low-income customers, and low-cost Do-It-Yourself projects may be of particular importance to low-income renters who do not have authority to make more substantial energy efficiency upgrades.

- iii. **Proactively Contact GAP Customers after they miss one payment**

It is already a part of the Company's ordinary process to proactively contact GAP customers who miss payments.¹

II. CIP and GAP Coordination

ECC recommends that the Commission require CenterPoint Energy to "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."

The Company and ECC are in agreement that putting together data on low-income status with data about natural gas usage to more effectively target low-income CIP efforts is worthwhile. The Company is developing a process to map information about customers' natural gas usage, CIP participation, and demographic data by census tract. The information generated from this process will help inform CIP targeted marketing and implementation strategies to connect more income-qualifying customers to CIP resources.

However, even without this new process, the Company has already made great strides in targeting CIP resources, including major measures, such as HVAC and insulation upgrades, to low-income customers. In 2019, the Company spent more than five million dollars on CIP measures for the benefit of low-income customers, more than double its statutory low-income

¹ The Company's ordinary process is to proactively reach out to GAP customers who accrue balances sent to collections. This process has been upset by the suspension of collection activities, but the Company is working through how to ensure that GAP customers in arrears are not falling through the cracks.

spending requirement. 2019 low-income spending includes funding for more than two hundred new heating systems and more than five hundred insulation jobs in one-to-four unit homes, as well as major upgrades to several large low-income multi-family buildings.

III. GAP Costs

Below the Company addresses the requests ECC makes regarding GAP administrative costs.

i. Explain if costs for expanded outreach efforts are included or excluded from GAP administrative costs

Direct costs associated with expanded outreach activities are included in GAP administrative costs.

ii. Explain why GAP administrative costs continue to increase at the same time that participation levels decrease

Administrative costs do not scale directly with participation. The Company must continue to maintain personnel and processes to administer GAP even if participation dips. Increased labor costs are the primary driver for increased costs in 2019 as compared to 2018.

iii. Clarify if CenterPoint Energy will seek general cost recovery for incremental GAP administrative costs even if they are excluding those costs in the GAP tracker specifically

The Company has not sought general cost recovery for GAP administrative costs in excess of those included in the GAP tracker and has no plans to seek recovery for such costs in the future. To the extent administrative costs exceed 5% of total GAP expenditures the excess amount is written-off as a shareholder expense.

IV. Additional Reporting Requirements

1. Provide the costs associated with each outreach activity listed in the Company's quarterly reports;
2. Provide the annual natural gas usage levels of CenterPoint Energy's LIHEAP and GAP customers in the Company's annual report;
3. Standardize the method for reporting allowable, incremental and total administrative costs in annual reports, using the 2020 report as the format and continue to provide the percentage of program costs represented by administrative costs;
4. Report the specific number of LIHEAP promotional calls, mailings, and emails made or sent to payment troubled customers in quarterly reports;
5. Report the monthly number of LIHEAP and GAP customers compared to those numbers in the same months for the previous three years in quarterly reports; and
6. Report the number of LIHEAP and GAP customers that participate in the Company's CIP in quarterly reports.

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The Company has no objection to providing the requested information. However, regarding the second item, we caution that usage information alone, without other information such as housing type and/or square-footage, may not be a useful statistic for drawing conclusions about the efficiency of low-income customer homes. Regarding the fifth item, the Company administers GAP, and can report on that, but notes LIHEAP is a state administered program and would be in a better position to report this information on a timely basis. Finally, for the sixth item, the Company's CIP program does not see even participation throughout the year a large amount of CIP spending happens late in the year after building professionals finish warm season work and submit rebate applications before the Company's end-of-year deadline. In addition, low-income service providers often use federal funds early in the year, until they are exhausted, and then switch to utility funding late in the year. The Company's quarterly CIP reporting should be read in this context.

V. Conclusion

The Company appreciates the opportunity to submit these Supplemental Comments and thanks the Commission for its consideration.

CERTIFICATE OF SERVICE

Erica Larson served the above Supplemental Comments CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/ _____

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Regulatory Analyst
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