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May 13, 2022

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101-2147

**Re: Petition by CenterPoint Energy and the City of Minneapolis to Introduce a
Tariffed-On-Bill Pilot Program**

Reply Comments

Docket No. G008/M-21-377

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company"), and the City of Minneapolis ("Minneapolis" or the "City") (collectively the "TOB Petitioners") respectfully submit the attached Reply Comments and thank the commenters for their thoughtful analysis of the Petition.

Sincerely,

CenterPoint Energy

City of Minneapolis

/s/

/s/

Seth DeMerritt
Manager, Regulatory Affairs

Kim W. Havey
Director, Sustainability

Attachments

c: Attached 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

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition by CenterPoint
Energy and the City of Minneapolis to
Introduce a Tariffed On-Bill Pilot Program

Docket No. G-008/M-21-377

REPLY COMMENTS

CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) and the City of Minneapolis (“Minneapolis” or the “City”) (collectively the “TOB Petitioners”) respectfully submit the following Reply Comments to the Minnesota Public Utilities Commission (“Commission”).

I. Introduction

In the Company’s 2019 rate case,¹ Minneapolis proposed the development of a pilot program to enable more Minneapolis homeowners and renters to invest in making their homes more energy efficient. Under the City’s Tariffed On-Bill (“TOB”) pilot proposal, customers could elect to pay for energy efficiency upgrades via their natural gas bills. As part of the rate case, the Company and Minneapolis stipulated to certain program parameters and a framework for a TOB pilot program based on Minneapolis’s proposal.

In its March 1, 2021, Order in that rate case, the Commission required Minneapolis and the Company to consult with interested parties and submit their TOB pilot proposal in a new docket to allow for a more detailed consideration and development of a TOB pilot. Throughout the spring and summer of 2021, Minneapolis and the Company hosted three large-group meetings and several small or one-on-one consultations with interested parties.

On September 1, 2021, following these discussions, the Company and Minneapolis filed their Petition requesting approval of the TOB Pilot program in this docket.

To date, approximately 40 comments have been filed representing the positions of over 30 organizations plus 20 individuals regarding the September 1 TOB Pilot Petition. Comments revealed that stakeholders remain divided on various aspects of the TOB Pilot. While most commenters support approval of the TOB Pilot with modifications, commenters also raise issues including the TOB Pilot’s compliance with law, the adequacy of its consumer protections,

¹ Docket No. G-008/GR-19-524.

program costs and recovery of program-related costs. The TOB Petitioners requested, and the Commission granted, extensions to consider and evaluate the concerns and proposed modifications presented by commenters.

Minneapolis and the Company remain confident that a TOB mechanism has potential to fill a gap in addressing Minnesotans' energy efficiency needs. Specifically, a TOB mechanism may help address known barriers to accessing energy efficiency resources including:

- Unwillingness to take out a personal loan;
- Poor or no credit score to qualify for financing;
- Rental property owner hesitance to invest in efficiency upgrades;
- Income exceeding levels that would qualify for free income-qualified services; and/or
- Unwillingness to accept income-qualified services.

While existing energy efficiency resources such as Conservation Improvement Programs ("CIP") are reaching more customers as a result of measures such as the passage of Minnesota's Energy Conservation and Optimization ("ECO") Act, there continues to be a need to expand the range of offerings to include even more options to reduce energy burden and tackle the challenges of climate change. Indeed, an increasing number of jurisdictions have either adopted a full TOB program, are currently testing a pilot program, or are considering a pilot or program.²

We believe the time is now to test innovative tools that give utility customers more agency in reducing their energy costs and carbon footprints. We recognize that the scale of our TOB Pilot as proposed on September 1, 2021, was ambitious. Therefore, we are proposing modifications to the scale of the TOB Pilot in response to comments provided in this docket by some commenters who were not comfortable with the level of risk associated with testing an innovative approach like TOB. The TOB Petitioners are aware of the financial pressures on the Company's customers at this time, and anticipate that the modified TOB Pilot presented here will add a total of \$0.90 - \$1.74 to the bills of the Company's residential customers over 15 years of the pilot under our current cost estimates. The TOB Petitioners believe that with the modifications discussed in this filing, the TOB Pilot strikes the appropriate balance between the estimated costs of the TOB Pilot with the benefits of demonstrating new ways to reach people in need of home energy improvements.

In response to concerns raised by commenters, Minneapolis and the Company propose specific modifications to the TOB Pilot as filed September 1, 2021, including:

- a. Reduced TOB Pilot participant goals with earlier attention to analyzing results from the initial participants;

² According to the United States Environmental Protection Agency, there are currently eleven (11) TOB-type programs in the United States, along with two (2) pilot programs. Five (5) additional programs, including the TOB Pilot, are identified as under consideration. See https://www.energystar.gov/products/inclusive_utility_investment (last visited May 7, 2022). TOB activity since the initial filing of the petition is discussed in Attachment B.

- b. Definition and identification of potential participants in consultation with community organizations;
- c. Establishment of pathways directing income-qualifying customers to no-cost CIP and Weatherization Assistance Program (“WAP”) services;
- d. Removal of mandatory co-pay and program charge from participants;
- e. Exploration of methods to reduce capital costs through leveraging third-party resources;
- f. Reduction of initial startup costs by using existing utility systems; and
- g. Removal of the TOB Pilot feature that would have allowed the utility to disconnect the customer for nonpayment of the TOB charge.

These modifications are discussed in greater detail below. Our proposed modifications are significant in nature and may require some time and opportunity for the various interested parties engaged in this process to consider and offer their input. For that reason, the TOB Petitioners believe that it may be appropriate to allow an additional period of time for interested parties to consider these modifications and provide additional comments for the Commission’s consideration.³

The Company and Minneapolis submit the following new, updated, and resubmitted Exhibits from the Initial Petition:

- A: TOB Petitioners’ Response to Comments Exhibit (new)
- B: Metrics for TOB Pilot Monitoring and Evaluation Exhibit (updated)
- C: Summary of Stakeholder Meetings (resubmitted)
- D: Proposed Tariff Exhibit (updated)
- E: TOB Energy Assessment Request Form Exhibit (resubmitted)
- F: Reader-Friendly Description of TOB Rights and Obligations, CIP, and Income-Qualified Offerings Exhibit (updated)
- G: Participant Owner Agreement Exhibit (updated)
- H: Participant Renter Agreement Exhibit (updated)
- I: Successor Owner Notice and Acknowledgement Exhibit (updated)
- J: Successor Renter Notice and Acknowledgement Exhibit (updated)
- K: Implementation Timeline Exhibit (updated)
- L: Pilot Cost Estimate Details Exhibit (updated)
- M: Quantification of Certain Program Benefits Exhibit (updated)
- N: Program Operator Scope of Work Exhibit (updated)
- O: Example Cost-Effectiveness Calculation Exhibit (updated)
- P: List of Eligible Measures Exhibit (resubmitted)
- Q: Proposed Cost Recovery Tracker Format (updated)

³ In their comments filed on March 4, 2022, Center for Energy and Environment, Energy Cents Coalition, and Legal Services Advocacy Project requested that the Commission establish a supplemental Reply Comment period to respond to changes to the TOB Pilot. The TOB Petitioners do not oppose this request.

II. Summary of Modified TOB Pilot

A full description of the original proposed TOB Pilot was included in the TOB Petitioners' September 1, 2021, filing in this docket. Certain key aspects of the TOB Pilot remain unchanged from that initial filing:

- **Program Charge.** The TOB pilot is a mechanism through which CenterPoint Energy pays for the upfront cost of an energy efficiency upgrade at a home and recovers most of its costs for that upgrade from the customer at that home over time. The monthly charge includes the cost of the upgrade and a portion of CenterPoint Energy's rate of return on the capital used to finance the upgrade.⁴
- **Charge Less than Estimated Savings.** As part of the prequalification work, the program operator will conduct an assessment to ensure that annual program charge is 80% or less of the estimated weather-normalized annual electric and natural gas bill savings that will result from the upgrades. In making this calculation, all applicable incentives and any elective upfront payment made by the customer will be considered in determining the annual program charge. If the energy upgrades do not pass this test, then the site will not qualify for the upgrades without an additional upfront payment by the customer.
- **Charge Attached to the Meter.** The charge remains with the meter at the site so that if one customer moves out and a new customer moves in, the customer benefiting from the upgrades pays the charge during their residency.
- **Payment Term Less than Upgrade Life.** The payment term is designed to be at least 20% shorter than the expected life of the energy efficiency upgrades installed, up to 12 years.

While these core components of the TOB Pilot remain unchanged from the September 1, 2021, proposal, the TOB Petitioners have made a numerous changes in response to the comments received in this docket.⁵

The TOB Petitioners provide additional responses to issues raised by commenters in Exhibit A and resubmit or provide updated versions of Exhibits B-Q with tracked changes illustrating proposed modifications discussed in greater detail below.

Pilot Participation Goals

The TOB Pilot is proposed as a three-year program available to residential and multifamily dwelling customers throughout the Company's service area.

The TOB Petitioners propose to reduce the TOB Pilot participant goals from 500 participants per each year for three years to 250-500 participants. The TOB Pilot would be divided into two parts – the initial 1.5 year period would be focused on enrolling participants and installing upgrades, and the second 1.5 year period would be focused on evaluating the results from that

⁴ The TOB charge on the participant's bill will include a 2.5% rate of return. The remaining portion of the Company's rate of return, approximately 4.92%, will be recovered from the Company's ratepayers.

⁵ The TOB Petitioners' additional responses to comments are set forth below in Section V and Exhibit A.

initial group of participants while continuing to enroll participants if early TOB Pilot experience (i.e. energy savings and financial performance) is meeting program objectives. Annual reports will track TOB Pilot progress and aid in proposing modifications to the Pilot if necessary. Evaluation will also include an independent evaluation during the third year of the TOB Pilot and whether to seek approval to continue, discontinue, or modify the TOB offering.

Definition and Identification of Potential Participants

The TOB Petitioners will work with interested parties and use CenterPoint Energy's Minnesota Community Profile Dashboard,⁶ surveys, and other existing tools and data sources to define and identify the target pool of candidates.

Pilot candidates could include the following:

- Customers who are high energy users and may reside in under-insulated properties;
- Renters and rental property owners; and
- Moderate income customers, defined as those customers whose incomes exceed eligibility levels for low-income programs but lack ready funds to invest in upgrades.

TOB Petitioners will work with interested parties to develop quick-reference versions of the Participant Agreements and Successor Notices that will highlight benefits and responsibilities, identify who to call with questions or problems, and be designed to be culturally and linguistically inclusive.

The reduction in participant goals and refinement of customer engagement and outreach activities result in lower TOB Pilot spending estimates. CenterPoint Energy estimates the amount to be spent on the modified TOB Pilot program, including initial outlays for purchase of upgrades and program-related costs, at approximately \$2.6-\$5.2 million instead of the previously estimated \$15-\$26 million.

In order to assure that the Commission and stakeholders are kept apprised of the expenditures during the Pilot, The Company will notify the PUC if total TOB Pilot spending reaches \$4 million during the first year of the Pilot.

⁶ CenterPoint Energy's Minnesota Community Profile Dashboard uses Tableau software to map CenterPoint Energy's Conservation Improvement Program participation data, CenterPoint Energy customer natural gas use data, and Census demographic data.

Table 1 – Spending Estimates in September 1, 2021 Petition

Category	Low Spending Estimate		High Spending Estimate	
	<i>Participant Cost</i>	<i>Ratepayer Cost</i>	<i>Participant Cost</i>	<i>Ratepayer Cost</i>
Energy Upgrades	\$7,500,000		\$15,000,000	
Start-Up Activities:		\$1,756,500		\$1,756,500
Pilot Delivery Costs	\$900,000	\$1,321,500	\$900,000	\$1,321,500
Utility Rate of Return	\$1,125,000	\$2,214,000	\$2,250,000	\$4,429,000
Total before Defaults	\$9,525,000	\$5,292,000	\$18,150,000	\$7,507,000
4% Est. Default	(\$345,000)	\$345,000	(\$690,000)	\$690,000
Total Program Cost	\$9,180,000	\$5,637,000	\$17,460,000	\$8,197,000

Table 2 – Updated TOB Pilot Spending Estimates, May 13, 2022

Category	Low Spending Estimate		High Spending Estimate	
	<i>Participant Cost</i>	<i>Ratepayer Cost</i>	<i>Participant Cost</i>	<i>Ratepayer Cost</i>
Energy Upgrades	\$1,250,000		\$2,500,000	
Start-Up Activities:		\$283,475		\$566,950
Pilot Delivery Costs		\$518,550		\$971,875
Utility Rate of Return	\$187,500	\$369,000	\$375,000	\$738,000
4% Est. Default	(\$57,500)	\$57,500	(\$115,000)	\$115,000
Total Program Cost	\$1,380,000	\$1,228,525	\$2,760,000	\$2,391,825

Establishment of Pathways to CIP and WAP

In response to comments expressing concern that low-income customers could end up participating in the TOB Pilot in lieu of low- or no-cost services that are available to those customers, the Company and Program Operator will work to establish strong pathways to Low Income CIP and WAP early in the process for customers to support interest in and understanding of eligibility for such programs.

Customers that qualify for those low- or no-cost programs will be provided with clear information regarding their eligibility for such programs, but will not be precluded from participating in the TOB Pilot.

Elimination of Mandatory Co-Pay and Program Fee Payment by Participants

The TOB Pilot has also been modified to eliminate the mandatory \$100 upfront customer copay for the initial energy assessment and the \$475 participant charge for program operator costs. These changes were made to address commenter concerns that these charges would add a barrier to participation and including the \$475 amount on the participant's bills as part of the TOB charge would effectively capitalize these expenses. These costs will now be recovered as utility O&M and will not accrue the Company's return on investment.

As stated in the original petition, the TOB Petitioners request that the Commission authorize the Company to defer and establish a tracker for ongoing operations and maintenance ("O&M") costs, depreciation expense, and return on investment less any return on investment costs that are recovered from pilot participants. Qualifying project costs will be added to the tracker as they are incurred.⁷

As shown in the above tables, the Company proposes to recover TOB Pilot costs from TOB Pilot participants and from ratepayers.

Exploration of Third-Party Low- or No-cost Capital Sources

Estimated TOB Pilot spending is based on the Company providing capital at 7.42% for twelve years.⁸ Many commenters expressed concern with the utility serving as the source of the capital for energy efficiency upgrades, citing the high rate of return costs. In an effort to reduce or eliminate this cost, the TOB Petitioners will pursue third party sources of donated capital or grant funding in lieu of utility capital.⁹

If the TOB Petitioners can secure no- or low-cost sources of capital, this approach could further reduce the cost of the TOB Pilot by eliminating the utility rate of return cost component.

The TOB Petitioners have yet to identify available no- or low-cost sources of capital, and are therefore seeking review and approval of the TOB Pilot using utility capital at the Company's Commission-approved rate of return. The Petitioners will notify the Commission and parties in this docket if an alternative source of capital is identified.

⁷ These costs will include the O&M costs associated with operating the TOB Pilot, start-up costs, and the non-participant portion of the Company's rate of return.

⁸ As discussed above, the rate of return would actually be calculated using the Commission-approved rate of return.

⁹ If the TOB Petitioners are successful in locating such sources of capital, the TOB Petitioners envision a reserve of funds that would be administered by a third party that procures and distributes funds for TOB Pilot energy efficiency projects. This reserve would be replenished as participants repay the costs of their energy upgrades through their bills.

Unless and until no- or low-cost capital resources are identified, participant rate of return will be calculated at 2.5% and a ratepayer rate of return will be calculated at the Company's authorized rate of return less 2.5%, as stated in the original petition.

Reduction of Initial Startup Costs by Using Existing Utility Systems

By reducing the initial participant goal, the Company plans to modify existing utility systems to service the billing and tracking functions needed for the TOB Pilot rather than building out new systems. The Company estimates that TOB Pilot startup costs can be reduced to about \$283,475-\$566,950, which will lower the impact to non-participant customers.

Customers Will Not Be Disconnected for Nonpayment of the TOB Charge

The Company will not disconnect TOB Pilot Participants for non-payment of the TOB portion of their utility bill. During the Pilot, the Company and the City will evaluate whether participation in the TOB program reduces a customer's risk of disconnection. As discussed previously, the goal of TOB is to provide a customer with a lower overall bill because energy savings should be more than the TOB charge. Because disconnection for nonpayment is a fundamental element of TOB programming under existing tariff on-bill programs to ensure customers make the required payments, the TOB Petitioners would seek to include this as a component of a potential future TOB offering if the pilot is able to demonstrate that a customer's risk of disconnection is mitigated by their participation in the TOB Pilot through lower overall bills.

IV. Evaluation and Compliance Filings

The TOB Petitioners outline key pilot research objectives including:

- Is the TOB Pilot effectively serving rental properties and renters?
- Is the TOB Pilot effectively serving under resourced customers?
- Is the TOB Pilot effectively reducing customer energy costs as project costs are recovered through customer bills?
- Is the TOB Pilot effective at mitigating customers' energy burden and associated risk of disconnection?
- Is the TOB Pilot effective at referring customers to income qualifying energy efficiency services such as CIP and WAP?
- Is the TOB Pilot effective at leveraging CIP and encouraging the implementation of energy efficiency recommended improvements?

The above research objectives will be addressed during the TOB Pilot. In addition, Commenters provided additional insight into the information that could be gathered through the TOB Pilot. The TOB Petitioners are willing to gather and provide additional information as suggested in those comments, including:

- Tracking and reporting on disputes and dispute resolution;
- Tracking and reporting on the success rate of referral of low-income customers to CIP and WAP;

- Notifying the Commission if spending on the TOB Pilot exceeds \$4 million in the first year, including a comparison of actual to estimated spending along with the TOB Petitioners' recommendations or observations regarding the TOB Pilot and level of spending; and
- Reporting on efforts to locate and secure low or no-cost capital.

Exhibit B provides an update to proposed metrics filed June 1, 2021, in this docket.

V. Response to Comments

The Table below contains the TOB Petitioners' response to comments by topic. More detailed responses can be found at Exhibit A.

Topic	Proposed Modifications from Comments (Summarized)	Commenters	Minneapolis and the Company's Position
Co-payments	<ul style="list-style-type: none"> • Shift the \$100 energy assessment to ratepayers, at least for pilot or remove the \$100 co-pay 	CEOs, Community Power, EACs, Cohort, Public Commenters	<i>Addressed by Modification</i>
Program Cost	<ul style="list-style-type: none"> • Program fee should be eliminated from the calculation of participant rate of return 	DOC ¹⁰	<i>Addressed by Modification</i>
Disconnection	<ul style="list-style-type: none"> • Eliminate option for Company to disconnect customers for non-payment of TOB charge • Study likelihood of disconnection as a result of participation in TOB program through TOB Pilot 	CEOs, OAG ¹¹ , DOC	<i>Addressed by Modification</i>
Disputes	<ul style="list-style-type: none"> • Order the Company to track all participant disputes regarding installed upgrades and include detailed descriptions of the dispute and resolution in the Company's annual reporting. 	CEOs	<i>Addressed by Modification</i>

¹⁰ The Department of Commerce does not support approval of the TOB Pilot.

¹¹ The OAG does not support approval of the TOB Pilot.

Topic	Proposed Modifications from Comments (Summarized)	Commenters	Minneapolis and the Company's Position
Engagement	<ul style="list-style-type: none"> Company should work with stakeholders to develop quick-reference versions of the Participant and Successor Agreements that highlight benefits and responsibilities, identify who to call with questions or problems, and be designed to be culturally and linguistically inclusive. 	Community Power, Cohort	<i>Addressed by Modification</i>
Low Income Customers	<ul style="list-style-type: none"> Require the Company to work with stakeholders to develop a process for facilitating the enrollment of income-eligible potential participants into eligible and possibly lower-cost program offerings Require the Company to work with stakeholders to develop metrics to track whether income-eligible customers are being sufficiently advised of and connected to lower-cost program offerings. 	CEOs	<i>Addressed by Modification</i>
Pilot costs	<ul style="list-style-type: none"> Limit start up and delivery costs 	CEOs	<i>Addressed by Modification</i>

Topic	Proposed Modifications from Comments (Summarized)	Commenters	Minneapolis and the Company's Position
Pilot Evaluation	<ul style="list-style-type: none"> Create a mid-point evaluation with the option to extend/expand and make permanent the pilot if successful; The program should be run as a pilot for only 12 to 18 months before re-evaluation and moving to scale if successful 	Community Power, EACs	<i>Addressed by Modification</i>
Third Party Capital	<ul style="list-style-type: none"> Direct company to evaluate and report on pathways towards long-term low-cost capital 	Community Power, EACs, Cohort	<i>Addressed by Modification</i>
Rate of Return	<ul style="list-style-type: none"> Allow the Company to collect only 2.5% rate of return from participants 	EACs	<i>Addressed in TOB Petition</i>
CIP	<ul style="list-style-type: none"> Recommendation that financial incentives are awarded on the CIP side as usual, but that no finance charge is collected on the portion of TOB project costs from CIP leveraged funds 	Community Power	<i>Addressed in TOB Petition</i>
Co-payments	<ul style="list-style-type: none"> Require landlords rather than tenants to make any co-payments Alternatively, seek co-payment first from landlords and if not possible, limit tenant co-payment to \$1500 	CEOs, EACs, Cohort, OAG	<i>Response:</i> The TOB Pilot is intended to address the renter/owner split incentive by giving renters more agency in making energy efficiency improvements to their home. This provision may create an additional barrier to participation for some renters.
Disputes	<ul style="list-style-type: none"> Consider requiring the Company to engage a third-party dispute resolution service 	CEOs	<i>Response:</i> The TOB Petitioners believe that requiring a third-party dispute resolution service will increase costs, and recommend that dispute data from the TOB Pilot be reviewed before such a requirement is imposed.

Topic	Proposed Modifications from Comments (Summarized)	Commenters	Minneapolis and the Company's Position
Low Income Customers	<ul style="list-style-type: none"> Exclude low-income customers from TOB Pilot participation Changes or additions to CIP may better serve the energy efficiency needs of low-income customers 	OAG, DOC	Response: The TOB Petitioners will establish referral pathways directing low-income customers to services such as CIP and WAP. Low-income customers should have the choice, however, to participate in the TOB Pilot.
Payments	<ul style="list-style-type: none"> Partial payments should be applied first to the balance due for utility service, with any remaining amount applied toward pilot charges Pilot participants should be allowed to prepay unbilled pilot charges 	OAG, DOC	Response: It is fundamental to the operation of TOB programs that TOB charges are treated like payment for any other utility service. TOB does not create a debt that can be prepaid but a tariffed charge. However, the TOB Petitioners propose a modification that will not disconnect TOB Pilot participants for nonpayment of the TOB charge.
Payments	<ul style="list-style-type: none"> Set payments at no larger than 60% of estimated monthly savings 	OAG	Response: Minneapolis and the Company's TOB Pilot proposal requires payments to be no greater than 80% of estimated savings, as is standard for PAYS® programs. The OAG has offered no reason why a larger cushion is necessary, and a larger cushion will exclude potential participants from participation.
PAYS®	<ul style="list-style-type: none"> Align proposal with the PAYS® Tariff and User Agreements 	Community Power, Various Public Commenters	Response: The TOB Pilot proposal has some similarities to PAYS programs and some differences. The most notable difference is that participants will not be disconnected for nonpayment of the TOB charge under the proposed modifications. In program implementation, the Company can solicit requests for proposals from operators that have User Agreements

Topic	Proposed Modifications from Comments (Summarized)	Commenters	Minneapolis and the Company's Position
			developed for PAYS® Programs
Pilot costs	<ul style="list-style-type: none"> Limit these costs as a percentage of overall pilot costs Cap 3-year pilot cost at \$15 million 	CEOs, Community Power, EACs	Response: Minneapolis and the Company propose no budget caps but will notify the PUC if spending reaches \$4 million in the first year.
Deferred Accounting	<ul style="list-style-type: none"> The Commission should deny the Company's request for deferred accounting for the TOB Pilot 	DOC	Response: Deferred accounting is appropriate for the TOB Pilot for the reasons set forth in the TOB Petitioners' September 1, 2021, Proposal at pp. 21-23.
Rate of Return	<ul style="list-style-type: none"> Do not allow the Company to earn its rate-of-return on TOB investments Ratepayers should not be asked to pay the Company's rate of return for moderate income customers or landlords, who may be able to contribute more towards the cost of upgrades Company should not be permitted to earn a rate of return on assets it does not own Prohibit rate of return earned on start-up costs and delivery costs and treat as O&M 	CEOs, Cohort, OAG, DOC	Response: Utilities operating TOB programs in other states are using utility resources to fund them, and where the utility is investor owned, they are recovering their rate of return. ¹² Start-up costs that include technology modifications will be treated as capital, as would any other technology related investment made by the Company. The TOB Petitioners are seeking Commission approval to move forward with the TOB Pilot using utility capital, including recovery of the Company's approved rate of return on that capital.
Renters	<ul style="list-style-type: none"> The Company should require tenants to be customers for property to participate in TOB 	OAG	Response: The TOB Petitioners believe that property owners that operate a single-metered residential building, as defined by Minn.

¹² For example, in Missouri, Ameren splits the rate of return between participants and ratepayers. See the Direct Testimony of Jeffrey R. Berg: "Non-participants will be charged the difference between pre-tax Infrastructure System Replacement Surcharge cost of capital rate and the 4% financing cost (when not transitioned to base rates). In future rate cases, the PAYS® financed regulatory asset will be rolled into rate base with typical cost of capital treatment (i.e., it will be treated like other capital items with amortization based on the makeup of the projects)."

Topic	Proposed Modifications from Comments (Summarized)	Commenters	Minneapolis and the Company's Position
			<p>Stat. § 504B.215, subd. 1, should not be disqualified from participating in the TOB Pilot. A participant's overall utility bill should be lower as a result of participating in the TOB Pilot, and Minn. Stat. § 504B.215, subd. 2a provides that if the landlord bills tenants separately for utility charges, the landlord must include in the lease an equitable method of apportionment of utility billing. Section 504B.215, subd. 2a also provides other protections for tenants in such a setting, including the right to review the total bill along with each apportioned bill.</p>

VI. Conclusion

The TOB Petitioners believe that these modifications strike the appropriate balance in addressing the concerns raised by commenters while taking the opportunity to test, at an appropriate scale, this innovative program designed to ensure access to energy efficiency improvements to Minnesotans that may not otherwise have such access. With the modifications to the proposal provided in these Reply Comments, the Company believes that it may be appropriate to allow for an additional comment period to consider these changes. We look forward to continued progress on unlocking the benefits of the TOB Pilot.

EXHIBIT A

TOB Petitioners' Response to Comments

TOB Petitioners' Response to Comments

The following parties filed comments on the Petition during the comment period:

- Center for Energy and Environment ("CEE")
- The City of St. Louis Park
- The Citizens Utility Board of Minnesota
- Clean Energy Organizations¹ and the Community Stabilization Project ("CEOs")
Climate + Energy Project
- Community Power
- The Energy Access Commenters²
- Energy Cents Coalition ("ECC")
- Legal Services Advocacy Project ("LSAP")
- The Minnesota Department of Commerce, Division of Energy Resources (the
"Department")
- Minnesota Realtors
- The Office of Attorney General – Residential Utilities Division ("OAG")
- The Peer Learning and Energy Efficiency Energy Cohort³
- Renew Missouri
- Resilient Cities and Communities
- The Suburban Rate Authority
- Numerous members of the public

This Exhibit expands on the responses to comments contained in the TOB Petitioners' Reply Comments.

TOB Petitioners' Response to Comments and Proposed Modifications

Comments received in the docket raised a number of concerns with the Pilot as originally proposed and made a number of suggestions as to how to modify the Pilot. As discussed in the TOB Petitioners' Reply Comments, the Company and the City have made numerous changes to the Pilot in response to these comments. This Exhibit provides a detailed response to comments made in this docket by topic.

Policy Comments

¹ Consisting of Fresh Energy, Sierra Club, Minnesota Center for Environmental Advocacy, and the Community Stabilization Project.

² The Energy Access Commenters include the North American Water Office, Minnesota Interfaith Power & Light, MN Renewable Now, the EcoFaith Network of the Minneapolis Area Lutheran Synod, Cooperative Energy Futures, Native Sun, Solar United Neighbors, Solar Bear, MN350, Institute for Local Self-Reliance, HOMELine, Clean Up the River Environment, Minneapolis Climate Action, Vote Solar, SoularScenes, and InquilinXs UnidXs por Justicia.

³ The Cohort consists of more than a dozen community-based organization and individuals across the Twin Cities metro.

a. Refine TOB Pilot Scope, Goals, and Objectives

Some stakeholders voiced concerns that high costs to participants and ratepayers to stand-up the pilot were not worth the perceived level of benefits to participants and society.

The TOB Petitioners propose to reduce the original participant goal from 500 participants per year for three years to 250-500 participants during the TOB Pilot. The first year and a half of the pilot will focus on enrolling customers into the TOB Pilot and installing upgrades while the second year and a half of the pilot will focus on tracking participants' energy savings and payment progress. Enrollment in the TOB Pilot will be available during the second year and a half provided early results show that the TOB Pilot is meeting program objectives.

b. Define and identify target customers in consultation with community organizations

Commenters who supported the Petition with or without modifications emphasized the difficulty certain Minnesotans have in accessing energy efficiency programs such as CenterPoint Energy's Conservation Improvement Program ("CIP").⁴

Other commenters emphasize the potential value of TOB for Minnesotans who rent their homes.⁵ Specifically, commenters noted that TOB programs increase accessibility to renters by addressing the "split incentive" which occurs when a tenant pays the utility bill. In that situation, the landlord has reduced incentives to install energy efficiency upgrades because they do not personally see the savings. Tenants also have little incentive to install upgrades because the payback period on the investment is typically longer than they may occupy the property.⁶

To meet participant goals while at the same time managing costs associated with outreach and engagement, the TOB Petitioners propose to work with community groups to identify a target pool of TOB Pilot candidates who are high energy users that are likely to reside in under-insulated properties. The target pool of candidates will also include renter and rental property owners as well as likely moderate-income customers. The Company will use its Minnesota Community Data Dashboard, surveys, and other existing tools and data sources to define and identify the target pool of candidates.

c. Ensure pathways to refer income qualifying customers to no-cost CIP and WAP

⁴For example, the CEOs write: "While all of the existing programs can and should be fully funded to expand their accessibility, funding of existing programs alone still would not reach all the customers in need of energy efficiency upgrades." Fresh Energy, Sierra Club, Minnesota Center for Environmental Advocacy and the Community Stabilization Project, Initial Comments in the Matter of a Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed On Bill Pilot Program, Docket No. G008/M-21-377, February 4, 2022 ("CEO Comments") at 9.

⁵ Community Power, Comments in the Matter of a Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed On Bill Pilot Program, Docket No. G008/M-21-377, February 4, 2022, at 2.

⁶ CEO Comments at 10.

Some commenters expressed concerns that customers at qualifying income thresholds for no-cost CIP and WAP services may increase their financial risk by engaging in the TOB Pilot.⁷

To ensure that low-income customers are not missing opportunities to access lower cost or free programs that might be available to them, the TOB Pilot program operators will establish pathways to low-income CIP and WAP programs to ensure customers that may qualify are informed about the ability to take advantage of income-qualifying services. We disagree with the OAG's suggestion to prohibit low-income customers from participating in the TOB Pilot,⁸ because low-income customers, like any customer, should be permitted to exercise choice as to which program to use.

The TOB Pilot will also provide the benefits of energy efficiency and lower cost utility bills with sufficient exit ramps if those benefits are not realized, therefore limiting the risk to participants.

d. Reduce capital and utility O&M expenses by leveraging existing and third-party resources

Several commenters raised concerns about the high cost to TOB Pilot participants and ratepayers estimated in the September 1 TOB Pilot filing. Certain commenters also objected to the Company's request for deferred accounting. The Company's proposed modifications to reduce the scope of the TOB Pilot, discussed above, will reduce estimated TOB Pilot program costs to approximately \$2.6-5.2 million instead of the previously estimated \$15-26 million. The Company will notify the PUC if spending reaches \$4 million in the first year.

i. Reduction to utility O&M expenses

The modified TOB Pilot also reduces the estimated costs for start-up activities. With the proposed modification to reduce the scope of the pilot, the Company would leverage existing utility resources to administer the TOB Pilot rather than design and build new business systems. These costs would be capitalized, as would any investment in technology improvements made by the Company.

The TOB Pilot proposed on September 1 assumed CenterPoint Energy's cost estimate to deliver the TOB Pilot is \$2.2 million over a three-year timeframe. These costs include the energy assessment, energy modeling services, TOB pilot program operator services, utility administration, marketing, outreach, and education (ME&O) activities, community partnerships, translation services, and a third-party evaluation. With the proposed modification to reduce the

⁷ For example, ECC commented, "Rather than continue to pursue TOB, a program that imposes financial risk on low-income renter households, any conservation program outreach efforts should direct low-income people to free conservation services." ECC Comments at p. 4.

⁸ Office of the Attorney General (OAG) Initial Comments in the Matter of a Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed On Bill Pilot Program, Docket No. G008/M-21-377, February 4, 2022 ("OAG Comments") at 21.

scope of the pilot, the Company estimates Pilot Delivery to be about \$518,550 to \$971,875 over three years with the majority of spending occurring in the first year and a half.⁹

Some commenters had concerns with the \$100 upfront customer co-pay for the energy assessment and the \$475 program operator services being treated as capital expenses. The Company proposes a modification to the September 1, 2021 filing to cover those expenses using utility O&M.

ii. Rate of Return

Many commenters express concern with the TOB Petitioners' proposal that the Company recover its rate of return on investments made for the TOB Pilot, in part from participants and in part from all customers.

The Department expressed concern with authorizing the use of the Company's approved rate of return because the TOB Petitioners do not propose that CenterPoint Energy own the installed upgrades.¹⁰ We acknowledge that this program is unusual in that CenterPoint Energy would be making investments in upgrades that would be owned by customers or building owners rather than the Company. However, these investments are similar to capital investments the Company regularly makes in that they require an upfront investment and recovery over a long period of time. While the Company does not own the measures, we share responsibility with the building owner for their upkeep – for example, the program operator will be responsible for repairing a broken upgrade, in most cases. We note that investor-owned utilities operating TOB programs in other states are recovering their rate of return on investments made using a similar structure where part of the investment is recovered from participants and part is recovered from other customers.

The OAG argues that allowing recovery of the Company's rate of return is not appropriate because it would duplicate the shared savings incentive that CenterPoint Energy earns for its CIP performance.¹¹ This is not correct, as no rate of return will be recovered from that portion of project cost that is covered by CIP. As discussed above, the investment required for operation of a TOB program is significantly more than is required for CIP. The Company will use both CIP and TOB to encourage pilot program savings and incur costs under both CIP and TOB. We seek to recover separately and appropriately for both our CIP and TOB costs.

The OAG also asserts that the Company and Minneapolis must do more to demonstrate that lower cost sources of capital do not exist.¹² The TOB Petitioners have committed to attempt to locate no- or low-cost sources of capital, and report on their efforts to do so. That said, at this point no such alternative sources of capital have been identified. Utilities operating TOB

⁹ Exhibit L outlines the cost estimates for the TOB Pilot as modified.

¹⁰ Department of Commerce Division of Energy Resources, Comments in the Matter of a Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed On Bill Pilot Program, Docket No. G008/M-21-377, February 4, 2022, (Department Comments) at 9.

¹¹ OAG Comments at 17.

¹² *Id.* at 17.

programs in other states are using utility resources to fund them and where the utility is investor owned, they are recovering their rate of return.¹³

Finally, the OAG asserts that the Company's proposed rate of return is not appropriate because the Company would bear little to no risk if the program is approved.¹⁴ The Company does not bear any less risk in operating this pilot than it incurs when making any other long-term investment. Accordingly, we believe that the rate of return that is generally applied to long-term utility investments is appropriate in this case as well.¹⁵

iii. Deferred Accounting

The OAG and Department both oppose CenterPoint Energy's request for deferred accounting. As described in the Petition at Section VIII, the Company's proposal satisfies the four-part test traditionally applied to deferred accounting requests. Specifically, the pilot is (1) related to the utility operations for which ratepayers have incurred costs or received benefits; (2) significant in amount; (3) unforeseen, unusual, or extraordinary items; and (4) subject to review for reasonableness and prudence.¹⁶ The Department notes this four-part test but does not explain how the proposed pilot does not satisfy these criteria.¹⁷ The OAG claims that the pilot is not the "type of unforeseen and unusual event for which the Commission has typically allowed deferrals."¹⁸

The Commission has regularly granted deferred accounting for programs that serve a strong public policy goal, such as gas pipeline safety, where the company would otherwise be at risk of not recovering the cost of such programs.¹⁹ And, the Commission has previously authorized deferred accounting for pilot projects that are designed to address important public policy goals, such as the TOB Pilot. The Commission granted deferred accounting to Xcel Energy in connection with its proposed electric vehicle pilots. The Commission granted Xcel's request, in part, based on its findings that the investments were intended to serve important public policy objectives and the proposed pilots were of limited scope and duration, which limited the

¹³ For example, in Missouri, Ameren splits the rate of return between participants and ratepayers. See the Direct Testimony of Jeffrey R. Berg: "Non-participants will be charged the difference between pre-tax Infrastructure System Replacement Surcharge cost of capital rate and the 4% financing cost (when not transitioned to base rates). In future rate cases, the PAYS® financed regulatory asset will be rolled into rate base with typical cost of capital treatment (i.e., it will be treated like other capital items with amortization based on the makeup of the projects)."

¹⁴ OAG Comments at 19.

¹⁵ The OAG raises a question about why the Company was requesting a 7.42% rate of return when the Company's last approved rate of return was 6.86%. OAG Comments at 8. We clarify that the Company is requesting only its approved rate of return as it may change from time to time following the resolution of rate cases. Because TOB was originally proposed in the context of a CenterPoint Energy rate case, our initial calculations were completed using the proposed rate of return from that case. We continued to use that figure throughout this docket in the hopes of reducing confusion.

¹⁶ *In the Matter of a Petition for Approval of Deferred Accounting Treatment of Costs Related to the 2016 Storm Response and Recovery*, Docket No. E015/M-16-648, Order Denying Petition for Deferred Accounting Treatment at 2 (Jan. 10, 2017).

¹⁷ Department Comments at 10.

¹⁸ OAG Comments at 20.

¹⁹ *In the Matter of the Petition of Northern States Power Co. for Approval of Deferred Accounting for Costs to Comply with Gas Pipeline Safety Programs*, Docket No. G-002/M-12-248 (January 28, 2013 Order).

potential rate impact.²⁰ These attributes are present with respect to the TOB Pilot. According to the Commission, “[d]eferred accounting is a valuable regulatory tool used primarily to hold utilities harmless when they incur out-of-test-year expenses that, because of their nature or size, should be eligible for possible rate recovery as a matter of public policy. . . .”²¹

The Department requests that the Commission limit deferred accounting to true net incremental costs and not allow any labor costs.²² The Company agrees that deferred accounting should be limited to incremental costs but requests that the Commission not prejudge whether any labor costs that may be incurred are or are not incremental. CenterPoint Energy requests that the Commission allow the Company to justify the inclusion of labor costs in its deferred accounting request at such time as the Company seeks recovery.

e. CEE TOB Pilot Cost-Benefit Analysis

CEE provided an analysis of the proposed pilot’s cost effectiveness as compared to CIP programs.²³ The model used to analyze CIP measure cost and benefit, however, is not well suited to analyze the cost effectiveness of the proposed pilot.

The TOB Pilot is designed to tackle full measure costs rather than the incremental costs addressed by most CIP programs. For example, in the Company’s Home Efficiency Rebates program, which is available to market rate residential customers, the Company provides \$400 rebates for 96% efficient natural gas furnaces. We expect that most participating customers are replacing their furnace when it fails or is near the end of its life, and accordingly will incur a large expense to replace their furnace whether they select an efficient or less efficient model. We estimate that a 96% efficient furnace costs \$950 more than an 80% efficient furnace, so a \$400 rebate along with energy cost savings of the efficient model is a significant incentive to encourage a customer to opt for the more efficient model. The cost/benefit analysis for the Home Efficiency Rebates program reflects this incremental \$950 cost rather than full furnace cost. This is simply not a like-to-like comparison.

It is more appropriate to compare TOB to CenterPoint Energy’s low-income programs, but even in this case, the comparison is not entirely reasonable. Many of the CenterPoint Energy low-income programs are supported by other funding that is not reflected in the cost/benefit results for those programs. For example, the Low-Income Weatherization program utilizes both utility funding and funding from the Weatherization Assistance Program. Because TOB does not leverage such funds, the Company and participants would bear the full costs of the proposed pilot.

²⁰ *In the Matter of Xcel Energy’s Petition for Approval of Electric Vehicle Pilot Programs*, Docket No. E-002/M-18-643 (Minnesota P.U.C. July 17, 2019), *aff’d* No. A19-1785, A20-0116, 2020 WL 5626040 (Minn. Ct. App. September 21, 2020).

²¹ *Re: Interstate Power and Light Co.* Docket No. E,G-001/M-08-728 (April 23, 2009 Order).

²² Department Comments at 10.

²³ Center for Energy and Environment. Initial Comments in the Matter of a Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed On Bill Pilot Program, Docket No. G008/M-21-377, February 4, 2022 (“CEE Comments”).

f. Remove TOB Pilot feature that enables the utility to disconnect the participant for nonpayment of their TOB payment charge

The Company will not disconnect TOB pilot participants for non-payment of the TOB portion of their utility bill. However, disconnection for nonpayment is a fundamental element of TOB programming to ensure customers make the required payments. The TOB Pilot should lower participant’s overall bills, therefore, risk of disconnection should be lower for participants than for other customers; this has been the experience of utilities operating TOB programs in other states. The TOB Petitioners proposes to evaluate the TOB Pilot program’s ability to mitigate a customer’s risk of disconnection.

g. Discussion of Consumer Protections

Several groups that support the proposed pilot, with or without modifications, note that the basic structure of TOB includes a powerful consumer protection – projects are not approved unless TOB program charges will be less than 80% of the estimated bill savings from upgrades installed.²⁴ While this is an important protection it is not the only one built into the proposed program design. Several groups that opposed the TOB pilot seemed to overlook key consumer protections built into the CenterPoint Energy and Minneapolis proposal, including several that go beyond what are normally offered under TOB programs.

For example, the Department criticizes the proposed pilot for a lack of consumer protections, citing the protections associated with the Property Assessed Clean Energy (“PACE”) model.²⁵ While in some cases these listed PACE protections are not applicable to the TOB Pilot, due to differences between how PACE and TOB programs operate, many of the listed protections are features of the TOB Pilot, as shown by the table below. Importantly, the Company will bear ultimate responsibility for the TOB Pilot and will remain subject to Commission jurisdiction.

Table 1: Comparison of TOB and PACE Consumer Protections	
PACE Protection Referenced by the Department	TOB Analog(s)
Setting a maximum interest rate	Proposal is for participants to pay 2.5% towards CenterPoint Energy’s rate of return and no other interest. The remaining portion of the Company’s authorized Rate of Return will be paid by the Company’s customers.
A PACE administrator may not issue a loan to someone the administrator knows to be a	While we believe that the TOB Pilot proposal as described in the Petition does not pose a

²⁴ Climate + Energy Project Comments, CEO Comments at p. 3, Community Power at page 2 of the pdf, Energy Access Commenters at page 5 of the pdf, Peer Learning Energy Efficiency Cohort at page 3 of the pdf, Renew Missouri at page 1-2 of the pdf.

²⁵ Department Comments at p. 12.

Table 1: Comparison of TOB and PACE Consumer Protections

PACE Protection Referenced by the Department	TOB Analog(s)
vulnerable adult or not competent to understand the terms of the loan	risk to vulnerable adults, we would be willing to include this limitation in the TOB pilot as well.
Unscrupulous building contractors	All building contractors will be selected and overseen by the program operator on behalf of CenterPoint Energy and if installed upgrades do not function or fail to deliver savings, the program operator will arrange for repair.
PACE program administrator must file a surety bond with the Department available for the recovery of expenses, fines, or fees levied by the Department against the administrator	CenterPoint Energy will remain ultimately responsible for the program and is subject to the jurisdiction of the Commission.
Prepayment of investment balance	Prepayment is not available, consistent with other TOB programs in operation. The TOB charge is not a debt, but is instead a tariffed charge.
Ensure participants understand key terms/scope of work	CenterPoint Energy and Minneapolis proposed to describe the TOB Pilot in plain language, both verbally and in writing, and to have this plain language description available in English, Spanish, Somali, and Hmong. We are open to suggestions about how to ensure that this plain language description is accessible to potential participants. See Exhibit F to the Petition.
Right to rescind prior to construction/installation	We would be willing to incorporate this right into proposed TOB contracts, if so ordered.
Prohibition on construction cost inflation	Prices with building contractors will be negotiated by the program operator on behalf of CenterPoint Energy, and will be subject to contract.
Prohibition on false, unfair, unlawful, deceptive, abusive, or misleading statements	The Company and Minneapolis have filed proposed contracts and plain language

Table 1: Comparison of TOB and PACE Consumer Protections	
PACE Protection Referenced by the Department	TOB Analog(s)
	description of the program. See Exhibits F to J of the Petition.
Prohibition on claims that improvements will pay for themselves or offset or exceed the investment amount.	The TOB Pilot is premised on the annual cost of the TOB charge not exceeding 80% of estimated energy savings. This test will be applied prior to participant enrollment and confirmed through a billing analysis conducted 1-2 years after measure installation, and at any point during participation upon customer request. If the billing analysis does not demonstrate savings the program operator will investigate and resolve the situation through either repairing the upgrade or releasing the customer from future payments. ²⁶
Screen potential participants for referral to other relevant no-or low-cost programs known to the administrator or contractor	The TOB Petitioners have committed to establishing pathways for income-qualified customers to appropriate CIP and WAP programs.
Plain language disclosures	CenterPoint Energy and Minneapolis proposed to describe the program in plain language, both verbally and in writing, and to have this plain language description available in English, Spanish, Somali, and Hmong. We are open to suggestions about how to ensure that this plain language description is accessible to potential participants. See Exhibit F to the Petition.
Compliance with state and federal laws, rules, and regulations to lending practices and consumer protection	The TOB Pilot is not a loan so is not subject to laws, rules and regulations regarding lending practice. CenterPoint Energy and Minneapolis are unaware of any consumer protection laws, rules, or regulations that would be violated by the TOB Pilot.

²⁶ The only exception to this is if the failure to realize bill savings is clearly the result of customer or occupant behavior rather than a failure of the installed appliances or energy modeling. This is discussed more fully below.

Table 1: Comparison of TOB and PACE Consumer Protections	
PACE Protection Referenced by the Department	TOB Analog(s)
Prioritization of partial payments to utility service	It is necessary to the functioning of the TOB Pilot that the charge related to upgrades be considered related to service, and therefore must be treated as any other service charge. Because participants are not at risk of disconnection for failure to pay their TOB charge, this concern should be mitigated.

Several commenters took issue with one exception to this general rule: if the program operator determines that the savings did not materialize due to a major change in participant behavior or because the participant deliberately or negligently caused damage to upgrades, the Company would not discontinue TOB program charges. We anticipate this could happen if, for example, a customer added additional rooms onto an existing home. It could also happen in cases of severe negligence – for example if a participant does not change their furnace filter for years leading to irreversible damage to the furnace.²⁷

We do not anticipate that this situation will occur often, and as stated in our proposed tariff, “[r]easonable doubt as to the cause of the failure to realize savings shall be resolved in favor of the Customer.” That said, this exception is an important protection for non-participating customers who would absorb costs not covered by participants. While the TOB Petitioners believe that it is appropriate for all of the Company’s customers to support energy savings and achievement of the state’s environmental goals by bearing some of the cost of the TOB Pilot, it is also appropriate for TOB Pilot participants to bear the costs associated with failure to realize the predicted level of energy savings in the event the failure to realize those savings was within their control.

Legal Arguments

Commenters, including in particular, the Department and LSAP, argue that the pilot proposal is legally deficient. The TOB Petitioners briefly respond to each of these arguments in the table below.

²⁷ Some commenters discussed the possibility of a change in occupancy causing a failure to realize savings (OAG, LSAP, Suburban Rate Authority). While this can be a concern with TOB programs operated by electric utilities, most gas measures and the ancillary electric equipment that could be installed through the proposed program (i.e. air conditioners) are not highly susceptible to changes in occupancy. It takes about the same amount of energy to heat (or cool) a home to room temperature whether there are 2 or 7 occupants.

a. The TOB Charge is not related to a “service” and therefore cannot be treated as a “rate.”

The Department and LSAP continue to contend that the TOB charge is not related to a “service” as defined by Minn. Stat. § 216B.02, subd. 6, and is therefore outside the scope of the Commission’s jurisdiction.²⁸ Administrative Law Judge (“ALJ”) Lipman considered this issue in his Findings of Fact, Conclusions of Law, and Recommendation in the Company’s 2019 rate case (“ALJ Report”) and determined that the definition of rate was broad enough to encompass the TOB Pilot.²⁹ The Department raised this issue in its exceptions to the ALJ Report,³⁰ and again during the January 12, 2021 and January 14, 2021 Commission meetings addressing the 2019 rate case. The Commission declined to dismiss the TOB Pilot proposal on legal grounds despite having ample opportunity to do so, and in fact ordered the TOB Petitioners to submit a detailed filing proposing a TOB program.³¹

b. The TOB Pilot does not qualify as a CIP Program under state law.

The TOB Petitioners agree that the TOB Pilot is not a CIP Program. The Department and LSAP contend that because the TOB charge is not related to a “service,” the only way the TOB Pilot could go forward is as a CIP Program.³² The ALJ Report also addressed this issue, with the ALJ determining that CIP programs are not the only energy savings programs that can be approved by the Commission.³³ As with the issue of whether the TOB charge is related to a “service,” the Department raised this issue in its exceptions to the ALJ Report and at the Commission meeting.³⁴ The Commission has already addressed the question of its authority to approve the TOB Pilot by declining to reject the concept underlying the TOB Pilot on this basis.³⁵

c. The transfer of TOB debt violates Minnesota Law, and a utility meter cannot secure a debt obligation

No debt is created when a customer enrolls in the TOB Pilot. Instead, the property and customers at the property become subject to a new Commission-approved tariff that will be applied only to the extent the property continues to receive gas service from CenterPoint Energy. In any event, the successive property owner or tenant receives and is asked to sign a Notice and Acknowledgement that discloses the application of the TOB charge to the premises

²⁸ Department Comments at 5; LSAP Comments at 33.

²⁹ *Findings of Fact, Conclusions of Law, and Recommendation to Approve the Parties’ Settlements*, OAH Docket No. 8-2500-36579/PUC Docket No. G-008/GR-19-524 at 22-25 (Minn. OAH November 20, 2020).

³⁰ Minnesota Department of Commerce, Division of Energy Resources Exceptions to Administrative Law Judge’s Report, OAH Docket No. 8-2500-36579; PUC Docket No. G-008/GR-19-524 at 4 (December 7, 2020) (“Department Exceptions”).

³¹ See In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Natural Gas Rates in Minnesota, Docket No. G-008/GR-19-524, Order Accepting and Adopting Agreement Setting Rates, and Initiating Development of Conservation Programs for Renters, Order Point 8 (Mar 1, 2021). (“PUC 2019 Rate Case Order”)

³² Department Comments at 6; LSAP Comments at 33.

³³ ALJ Report at 24-25

³⁴ Department Exceptions at 7.

³⁵ PUC 2019 Rate Case Order.

and documents the successor's acknowledgement that the TOB charge will apply automatically to the successor.³⁶

The TOB Petitioners do not take the position that the utility meter "secures" a "debt." Additionally, as noted previously, there is no debt created – the TOB Pilot seeks to create a tariffed charge. The statement that the TOB charge "stays with the meter" is used as a shorthand to convey that the charge remains associated with the property receiving the benefits of lower energy bills. The TOB Pilot does not create any sort of security interest in favor of the Company.

d. The proposed TOB tariff contravenes the obligation to serve.

Customer utility charges will be lower as a result of enrolling in TOB. Thus, utility service will be more rather than less accessible for participants.

As a tariffed rate, TOB no more contravenes the obligation to serve than any other charges a utility is authorized to recover for providing ongoing service. The TOB Pilot provides an opportunity for an additional service – if a customer is interested in taking advantage of the TOB Pilot, it may. It is not mandatory.

The comment here seems to assume that if a successor tenant or property owner declines to pay the TOB charge that the Company will decline to provide that new customer gas service at that address. This is not the case. However, the TOB charge will continue to appear on the customer's bill.

e. Issues related to leases and purchase agreements

LSAP makes several arguments related to those provisions of the TOB Pilot requiring owners to notify successor tenants and prospective owners of the obligations associated with the TOB Pilot. Specifically, LSAP argues:

- (1) A tariff cannot create a right to break a lease
- (2) Allowing a tariff to break a lease would violate the United States and Minnesota Constitutions
- (3) The Commission has no legal authority to cancel a purchase agreement.

LSAP's argument ignores that, as part of accepting obligations under the TOB Pilot, property owners enter into a separate agreement with the Company that obligates the owner to take certain steps. Specifically, the building owner agrees in the Participant Owner Agreement to provide notice to future renters or owners of the TOB obligations, and to allow renters out of lease agreements or future owners out of purchase agreements if notice is not provided.³⁷ The terms of that agreement are reiterated in the tariff. It is not the tariff or the Commission that is the source of the requirements regarding leases and purchase agreements, but the property

³⁶ See Exhibits I and J.

³⁷ See Exhibit G (Participant Owner Agreement)

owner's agreement with the Company. Contractual limitations on a property owner's leasing or sale activities do not violate the law.

f. The proposed tariff illegally shifts landlords' statutory burden to tenants

TOB would enable renters to avail themselves of measures that go beyond the landlord's minimum legal requirements to ensure that a property is habitable. Minn. Stat. 504B.161 subd. 1(a)(3) specifically mentions only low-cost measures: weatherstripping, caulking, storm windows, and storm doors. As noted in the comment, many of these improvements could be accessed through CIP at no cost or low cost. The TOB Pilot includes establishment of pathways to CIP and WAP for income-qualifying customers. There is no burden-shifting here.

EXHIBIT B

Metrics for TOB Pilot Monitoring and Evaluation

Metrics for Tariffed On-Bill Financing Pilot Monitoring and Evaluation, Originally proposed June 1, 2021.

The Company and the City developed a process and list of proposed metrics to measure and evaluate a potential TOB pilot program based on stakeholder comments and interests. The proposed annual reporting process envisions the Company working with a program operator implementer to collect data inputs for an approved set of TOB pilot metrics for reporting. The Company also anticipates hiring a third-party program evaluator in year ~~two-three~~ of a proposed TOB pilot offering via a competitive bid process.

The annual Pilot evaluation may include at least the following:

1. Participation ~~by customer demographics by low-income consumers.~~

The Program Operator will collect volunteered information from TOB pilot participants regarding their income status. The Company will track and report this information along with the following information (to the extent such information is available to the Company):

- Referrals to alternative Income-Qualifying CIP Services;
- Participant Renter/Owner status;
- Participant race/ethnicity;
- Participant location in Minneapolis Green Zones or Areas of Concentrated Poverty (ACP); and
- Participation by city, zip-code, and/or census tract.

2. The costs of the program to date.

The Company will track and report TOB pilot spending by category, including:

- Program Marketing & Outreach;
- Program Delivery;
- Program Evaluation;
- Energy Efficiency Project Cost;
- Total/Average Utility Capital Investment for energy efficiency projects;
- Participant Costs, including energy efficiency co-payments, admin fee, and interest paid;
- External funding leverage, including customer co-pays, CIP incentives, external incentives, or financing; and
- Any unforeseen costs including repairs.

3. The number of participants served and the average cost per pilot measure installed.

The Company will track and report the following details regarding participation and costs.

- Count of enrollments, completed Energy Efficiency Plans, and signed Participant/Owner Agreements;
- Count and cost of initiated and completed energy efficiency projects by participant, by project, and by measure; and
- Count and description of any customers that could not be served by the TOB pilot.

4. The greenhouse gas emissions avoided.

The Company will calculate and report the total and average participant metric tons of carbon dioxide equivalent avoided both by first-year and over the life of the measures.

5. The energy saved.

The Company will calculate and report the total and average participant gas and electric pilot savings both by first-year and over the life of the measures. The Company will analyze and report customers weather-normalized energy use in the five years before the energy efficiency project and the year following the project.

6. The cost-effectiveness of the pilot program in achieving these reductions and savings.

The Company will analyze and report customers weather-normalized energy costs in the five years before the energy efficiency project and the year following the project. The Company will track and report the participants median and range of energy bill amounts before and after the energy efficiency project. The Company will describe whether any participants saw increased bills and how their situations were addressed, including the number of projects by type and costs of any associated repairs.

7. Disputes and dispute resolution.

The Company will also report any complaints received regarding the TOB pilot, the nature of the complaint, and any resolution.

8. Viable **modifications or** alternatives that may have become available during the course of the pilot program.

The Company will describe any proposals for TOB pilot modification, expansion, or termination, if any. The Commission will evaluate and make a final determination on the prudence of TOB pilot costs incurred by the Company as part of the annual review.

9. **Efforts to locate and secure low or no-cost capital.**

The Company will report on efforts to use low or no-cost capital as an alternative to using utility capital for the initial energy upgrade investment.

During the ~~second~~ **third** year of TOB pilot program operation, the Company will hire via a competitive bid process a third party evaluator to conduct a review of pilot program operation. This evaluation may include such things as customer and trade ally surveys, field visits to participating homes, and research on similar programs operated by other utilities. The third-party evaluation will be filed with the PUC in the next annual program evaluation report.

The third-party evaluation will seek to address at least the following questions:

- **Is the TOB Pilot effectively serving rental properties and renters?**
- **Is the TOB Pilot effectively serving under resourced customers?**
- **Is the TOB Pilot effectively reducing customer energy costs as project costs are recovered through customer bills, regardless of changes in customer behavior/occupancy?**
- **Is the TOB pilot effective at mitigating customers' energy burden and associated risk of disconnection?**
- **Is the TOB pilot effective at referring customers to income qualifying energy efficiency services such as CIP and WAP?**
- **Is the TOB pilot effective at leveraging CIP and encouraging the implementation of energy efficiency improvements?**

- ~~Whether the Program is successful at encouraging installation of energy saving upgrades;~~
- ~~What barriers exist to Program participation for renters and low- to moderate- income households;~~
- ~~Whether the Program supports energy upgrades that are cost-effective for the utility, excluding initial program startup and pilot evaluation costs;~~
- ~~Whether there are reasonable modifications that would allow more projects to qualify for Program inclusion under the 80% rule; and~~
- ~~Whether it would be prudent to expand the pilot to include additional areas of CenterPoint Energy's service area.~~

EXHIBIT C

Summary of Stakeholder Meetings

TARIFFED ON BILL PILOT – INTERESTED PARTIES MEETING

April 14, 2021 10:00am-12:00pm via Microsoft Teams

Agenda

1. Introductions 10:00am
2. Meeting Purpose (CenterPoint Energy) 10:10am
To consult interested parties in the development of a Tariffed On-Bill (TOB) Pilot
3. Minneapolis Objectives & Model Tariff (City of Minneapolis) 10:20am
4. TOB Community Origins (Community Power) 10:35am
5. TOB Pilot Considerations 10:40am
 - a. What is the proposed scope of a TOB pilot?
 - b. How would regulatory oversight be structured for a TOB Pilot?
 - c. How would a TOB pilot interact with Minnesota's Conservation Improvement Programs?
 - d. How would disconnection for utility bill non-payment work for a TOB pilot participant?
 - e. How would participants and potential participants be properly noticed under a TOB pilot?
6. Next Step Options for Interested Parties 11:50am
 - a. Submit written comments to Minneapolis & CenterPoint Energy by April 21
 - b. Request follow up conversations in 1 on 1 or small group settings as needed.

Meeting Contacts:

CenterPoint Energy

Emma Schoppe, Local Energy Policy Manager

emma.schoppe@centerpointenergy.com

612-321-4318

City of Minneapolis

Stacy Miller, Sustainability Program Coordinator

Stacy.miller@minneapolismn.gov

Ph: 612-673-3110

Meeting Hosts

City of Minneapolis	CenterPoint Energy
Kim Havey, Director, Sustainability	Emma Schoppe, Local Energy Policy Manager
Stacy Miller, Program Coordinator	Erica Larson, Counsel
	Seth DeMerritt, Manager, Regulatory Affairs
	Amber Lee, Director, Regulatory Affairs
	Al Swintek, Manage Local Government Relations

Meeting Participants

No.	Contact	Organization
1	Becky Olson	Center for Energy and Environment
2	Chris Duffrin	Center for Energy and Environment
2	Audrey Partridge	Center for Energy and Environment
3	Annie Levenson-Falk	Citizens Utility Board
4	Brian Edstrom	Citizens Utility Board
5	Holmes Hummel	Clean Energy Works
6	Alice Madden	Community Power
7	Tammy Agaard	EETility
8	Adam Zoet	MN Department of Commerce
9	Anthony Fryer	MN Department of Commerce
10	Chris Davis	MN Department of Commerce
11	Laura Silver	MN Department of Commerce
12	Pam Marshall	Energy Cents Coalition
13	John Farrell	Institute for Local Self Reliance and Minneapolis Energy Vision Advisory Committee
14	Ron Elwood	Legal Aid
15	Stephen Bickel	Liberty Homes
16	Amelia Vohs	MN Center for Environmental Advocacy
17	Peter Scholtz	MN Office of Attorney General
18	Richard Dornfeld	MN Office of Attorney General
19	Patty O'keefe	Sierra Club and Minneapolis Energy Vision Advisory Committee
20	James Owen	Renew Missouri
21	Jim Strommen	Suburban Rate Authority
22	Bridget Dockter	Xcel Energy
23	Jeremy Petersen	Xcel Energy
24	Sara Barrow	Xcel Energy

TARIFFED ON BILL PILOT – MEETING FOR INTERESTED PARTIES ON PARTICIPANT NOTICING & DISCLOSURE

July 16, 2021 10:00am-12:00pm via Microsoft Teams

Agenda

- | | |
|--|---------|
| 1. Introductions | 10:00am |
| 2. TOB Background and Meeting Purpose (City of Minneapolis) | 10:15am |
| 3. Walkthrough TOB Participant Engagement w/ Focus on Noticing and Disclosure (CenterPoint Energy) | 10:20am |
| 4. Questions and Discussion on Noticing & Disclosure | 10:40am |
| 5. Next Steps | 11:50am |
| 6. Meeting Close | 12:00pm |

Meeting Contacts:

CenterPoint Energy

Emma Schoppe, Local Energy Policy Manager

emma.schoppe@centerpointenergy.com

612-321-4318

City of Minneapolis

Stacy Miller, Sustainability Program Coordinator

Stacy.miller@minneapolismn.gov

Ph: 612-673-3110

Meeting Hosts

City of Minneapolis	CenterPoint Energy
Kim Havey, Director, Sustainability	Emma Schoppe, Local Energy Policy Manager
Stacy Miller, Program Coordinator	Erica Larson, Counsel
	Seth DeMerritt, Manager, Regulatory Affairs
	Amber Lee, Director, Regulatory Affairs
	Al Swintek, Manage Local Government Relations

Meeting Participants

No.	Contact	Organization
1	Becky Olson	Center for Energy and Environment
2	Chris Duffrin	Center for Energy and Environment
3	Mike Bull	Center for Energy and Environment
4	Brian Edstrom	Citizens Utility Board
5	Holmes Hummel	Clean Energy Works
6	Alice Madden	Community Power
7	Anthony Fryer	MN Department of Commerce
8	Adam Zoet	MN Department of Commerce
9	Laura Silver	MN Department of Commerce
10	Sue Pierce	MN Department of Commerce
11	Pam Marshall	Energy Cents Coalition
12	Ron Elwood	Legal Aid
13	Stephen Bickel	Liberty Homes
14	Jill Ferguson	Liberty Homes
15	Amelia Vohs	MN Center for Environmental Advocacy
16	Peter Scholtz	MN Office of Attorney General
17	Patty O'keefe	Sierra Club and Minneapolis Energy Vision Advisory Committee
18	Jim Strommen	Suburban Rate Authority
29	Bridget Dockter	Xcel Energy
20	Jeremy Peterson	Xcel Energy
21	Michelle Beaudoin	Xcel Energy

TARIFFED ON BILL PILOT – MEETING FOR INTERESTED PARTIES TO REVIEW DRAFT TARIFF

August 6, 2021 10:00am-11:30am via Microsoft Teams

Agenda

- | | |
|---|---------|
| 1. Introductions | 10:00am |
| 2. TOB Background and Meeting Purpose (City of Minneapolis) | 10:15am |
| 3. TOB Review (City of Minneapolis) | 10:20am |
| 4. TOB Proposed Scope (CenterPoint Energy) | 10:25am |
| 5. Walkthrough Draft TOB Tariff (CenterPoint Energy) | 10:30am |
| 6. Next Steps | 11:20am |
| 7. Meeting Close | 11:30am |

Meeting Contacts:

CenterPoint Energy

Emma Schoppe, Local Energy Policy Manager

emma.schoppe@centerpointenergy.com

612-321-4318

City of Minneapolis

Stacy Miller, Sustainability Program Coordinator

Stacy.miller@minneapolismn.gov

Ph: 612-673-3110

Meeting Hosts

City of Minneapolis	CenterPoint Energy
Kim Havey, Director, Sustainability	Emma Schoppe, Local Energy Policy Manager
Stacy Miller, Program Coordinator	Erica Larson, Counsel
Jocelyn Bremer	Seth DeMerritt, Manager, Regulatory Affairs
	Al Swintek, Manage Local Government Relations

Meeting Participants

No.	Contact	Organization
1	Becky Olson	Center for Energy and Environment
2	Chris Duffrin	Center for Energy and Environment
3	Luke Hollenkamp	City of Minneapolis
4	Brian Edstrom	Citizens Utility Board
5	Holmes Hummel	Clean Energy Works
6	Alice Madden	Community Power
7	Marcus Mills	Community Power and Minneapolis Energy Vision Advisory Committee (EVAC)
8	Timothy DenHerder-Thomas	Cooperative Energy Futures and EVAC
9	Daisy Hernandez	Esperanza United
10	John Farrell	Institute for Local Self Reliance and EVAC
11	Emilie Bouvier	Minneapolis Area Synod
12	Adam Zoet	MN Department of Commerce
13	Laura Silver	MN Department of Commerce
14	Sue Pierce	MN Department of Commerce
15	Jessica Burdette	MN Department of Commerce
16	Becky Timm	Nokomis East Neighborhood Association
17	Pam Marshall	Energy Cents Coalition
18	Phits Nantharath	Lao Assistance Center of MN
19	Amelia Vohs	MN Center for Environmental Advocacy
20	Peter Scholtz	MN Office of Attorney General
21	Jon Kuskie	Piedmont Office Realty Trust and Building Owners and Managers Association (BOMA), EVAC
22	Patty O'keefe	Sierra Club and EVAC
23	Bobby King	Solar United Neighbors
24	Jim Strommen	Suburban Rate Authority
25	Jose Alvillar	Unidos MN
26	Bridget Dockter	Xcel Energy
27	Jeremy Peterson	Xcel Energy
28	Michelle Beaudoin	Xcel Energy
29	Sara Barrow	Xcel Energy
30	Kristen May	Xcel Energy
31	David Hueser	Xcel Energy

EXHIBIT D

Proposed Tariff

TARIFFED ON-BILL FINANCING PILOT

Availability:

Service under this rate schedule is required for residential and multifamily building Customers occupying buildings that are participating in CenterPoint Energy's Tariffed On Bill ("TOB") program. These locations have qualified for and received certain natural gas energy efficiency upgrades ("Upgrades") paid for by CenterPoint Energy through the TOB program.

New Location Participation:

For a new location to be added to the TOB program:

- 1) A Customer living at the location or the property owner must request an on-site energy assessment of cost-effective upgrades and either remit \$100 to CenterPoint Energy's TOB program operator as payment for that on-site assessment or certify that their household income meets current guidelines for the Minnesota Energy Assistance Program eligibility;
- 2) CenterPoint Energy's TOB program operator must determine that eligible Upgrades can be cost-effectively installed at the location;
- 3) All CenterPoint Energy customers living at the location and the property owner, if different, must sign either a Participant Owner Agreement or a Participant Renter Agreement, as applicable;
- 4) The property owner must cooperate with CenterPoint Energy's TOB program operator and any contractors employed by that operator for the installation the Upgrades and a post-installation quality assurance inspection by the TOB program operator.

Program Services Charge:

CenterPoint Energy will recover the costs for its investments, including a portion of its approved rate of return, and a \$475 program operation fee through a fixed monthly TOB program service charge ("Service Charge") assigned to the location where Upgrades are installed and paid by Customers occupying that location until all CenterPoint Energy costs have been recovered. Service Charges will also be set for a duration not to exceed 80% of the estimated life of the upgrades and in no case longer than twelve years. If Program Charges are temporarily suspended for any reason or CenterPoint Energy has no customer at the location for a period of time, the term of recovery may be extended for an equivalent period of time. The portion of the approved rate of return to be recovered from participants is 2.5%.

Successor Customers:

Before a new location may be enrolled in the TOB program, the owner of the property must agree to require any successive owner, or any future tenant who will be a Customer at the location, to sign a Successor Owner Notice and Acknowledgment or Successor Renter Notice and Acknowledgement, as applicable, providing notice to successor customers of that location's enrollment in the TOB program. The property owner agrees that failure to obtain applicable signatures on the Successor Owner Notice and Acknowledgment or Successor Renter Notice and Acknowledgement is grounds for termination of a purchase or lease agreement by the prospective purchaser or renter without penalty and that the owner is subject to any consequential damages resulting from failure to provide the applicable notices. CenterPoint Energy will also inform new customers at a property that their bill will include TOB Service Charges when they sign up for gas service.

Conservation Improvement Program Incentives:

CenterPoint Energy's TOB program operator will use any CenterPoint Energy or electric utility rebates available for energy efficiency projects to reduce its upfront costs for the Upgrades.

Cost-Effectiveness:

Recommended Upgrades shall be limited to those where the estimated Service Charges, are no greater than 80% of the estimated annual savings to a participating Customer based on current retail rates for gas and electricity. In order to qualify a project that is not otherwise cost-effective for the TOB program, Customers and/or the property owner may agree to pay the portion of an Upgrade's cost that prevents it

from qualifying for the TOB program as an upfront payment to CenterPoint Energy's TOB program operator. Funding may also be available from government, non-profit, or other sources to help projects to qualify.

TARIFFED ON-BILL FINANCING PILOT (continued)**Existing Buildings:**

Projects that address upgrades to existing buildings that CenterPoint Energy's TOB program implement deems unlikely to be habitable or to serve their intended purpose for the duration of CenterPoint Energy's cost recovery do not qualify for participation in the TOB program unless the property owner or Customer can demonstrate that other funding is available to affect necessary repairs.

Cost Recovery:

No sooner than 45 days after approval of the upgrades by CenterPoint Energy's TOB program operator, the Customer shall be billed the monthly Service Charge as determined by CenterPoint Energy. CenterPoint Energy will bill and collect Service Charges until cost recovery is complete, except as described below. Prepayment of unbilled charges will not be permitted.

Eligible Upgrades:

A list of eligible Upgrades is maintained on CenterPoint Energy's website. Eligible Upgrades are those that are (1) available for Customers through CenterPoint Energy's Conservation Improvement Plan; (2) listed in the current version of the Minnesota Department of Commerce Technical Reference Manual as a natural gas savings measures; or (3) electric measures that are ordinarily installed along with an eligible gas measures slated to be installed at the location and listed in the current version of the Minnesota Department of Commerce Technical Reference Manual as electric savings measures. Upgrades that are available for no charge to Customers through the Company's Conservation Improvement Program may be installed through the TOB program and their estimated savings may be included in determining cost-effectiveness, but their costs shall not be included in the calculation of Service Charges.

Maintenance of Upgrades:

Participating Customers and building owners (if the Customer is not the building owner) must keep the Upgrades in place for the duration of Service Charges, maintain the Upgrades per manufacturers' instructions, and report any failure of any Upgrades to CenterPoint Energy and/or CenterPoint Energy's TOB program operator as soon as possible. Participating Customers and building owners must also agree to allow CenterPoint Energy and/or CenterPoint Energy's TOB program operator access to make repairs or adjustment to the Upgrades.

Assurance of Savings:

CenterPoint Energy's TOB program operator will conduct at least one billing audit between one and two years after installation of the Upgrades to confirm that the Upgrades are resulting in at least 80% of the estimated savings, on a weather-normalized basis. A Customer at the location and/or the property owner may request additional billing audits.

If a billing audit shows that at least 80% of the estimated energy cost savings are not being realized, CenterPoint Energy's TOB program operator shall investigate the cause of the lower-than-expected savings.

If CenterPoint Energy's program operator determines that the estimated energy savings are not being realized due to a change in behavior by occupants at the location or a change in building characteristics (e.g. a building expansion, new major appliances) CenterPoint Energy shall continue to assess Service Charges. Reasonable doubt as to the cause of a failure to realize savings shall be resolved in favor of the Customer.

If CenterPoint Energy's program operator determines that the estimated energy savings are not being realized due to a malfunction of the Upgrades, the program operator will arrange for repair of the Upgrades or CenterPoint Energy shall suspend future Service Charges or take other appropriate action. If CenterPoint Energy's program operator is unable to determine why the estimated energy savings are not being realized, CenterPoint Energy shall suspend future Service Charges or take other appropriate action.

TARIFFED ON-BILL FINANCING PILOT (continued)**Termination of Service Charge:**

Service Charges will no longer be billed after the Company has recovered the cost of the Upgrades and a portion of its rate of return from Customers at the location, ~~and a \$475 program operation fee~~ or as provided elsewhere in this Tariff or the Participant Owner Agreement or Participant Renter Agreement.

Vacancy:

If a location at which upgrades have been installed becomes vacant for any reason and gas service is disconnected, Service Charges will be suspended until a successor Customer takes occupancy. If a property owner maintains gas service at the location, the property owner will be billed Service Charges as part of any charges it incurs while service is turned on.

Tied to the Location:

Until Service Charges are terminated, as described above, the terms of this tariff shall be binding on any future Customer who shall receive service at the participating location,

Disconnection for Non-Payment:

~~The Service Charges shall be considered an essential part of the Customer's bill for gas service, and CenterPoint Energy may disconnect premise for non-payment of Service Charges, subject to any applicable Minnesota Public Utility Commission rules or policies.~~

Repairs:

If at any point while the location is a participant in the TOB program, CenterPoint Energy's program operator determines that the Upgrades are no longer functioning as intended, the program operator will undertake to determine whether the failure of the Upgrades was caused by the owner, customer, or other occupants at the building.

If the program operator determines that the failure of the Upgrades was not caused by the owner, customers, or other occupants at the building, CenterPoint Energy's program operator will arrange for repair of the Upgrades and CenterPoint Energy shall suspend service charges until repairs are complete.

If the program operator determines that the building owner, a customer, or another occupant at the location deliberately or negligently caused the Upgrades to fail, CenterPoint Energy may, in its discretion, seek to recover the costs of repairs from the property owner. If the program operator determines that the building owner, a customer, or another occupant at the location deliberately caused the Upgrades to fail, CenterPoint Energy may, in its discretion suspend the Service Charges and seek to immediately recover from the property owner all remaining Service Charges to complete cost recovery.

EXHIBIT E

TOB Energy Assessment Request Form

TOB Pilot Energy Assessment Request Form Proposed Content

Thank you for your interest in the CenterPoint Energy [Tariff On-Bill (TOB) Program Name]. Please complete the form to request an energy assessment to see if you qualify.

1. Name
2. Property Address
3. CenterPoint Energy Account Number
4. Mailing Address if different from above
5. Phone Number
6. Email
7. Property Ownership
 - a. Own
 - b. Rent
8. Type of Home
 - a. Single Family
 - b. Duplex
 - c. Triplex/Fourplex
 - d. 5+ Unit Multifamily
 - e. Townhome
 - f. Commercial/Industrial (Not Eligible)
9. Estimated Home Square Footage
 - a. 0-500
 - b. 501-1,000
 - c. 1,001-1,500
 - d. 1,501-2,000
 - e. 2,001-2,500
 - f. 2,501-3,000
 - g. 3,000+
10. What year was your home built?
11. Is your home currently under renovation with missing ceiling/flooring/walls/windows?
12. Which of the following reasons describes why are you interested in participating in TOB?
 - a. To lower energy bills
 - b. Improve value of home
 - c. HVAC replacement
 - d. Weatherization or Insulation
 - e. Uncomfortable Home
 - f. Health/Safety Concerns
 - g. Other

TOB Pilot Energy Assessment Request Form Proposed Content

13. Have you received a Home Energy Squad Visit in the past year?
 - a. Yes
 - b. No
14. Are you interested in learning more about no- or low-cost services for income-qualifying households?
 - a. Yes
 - b. No
15. Please upload an electric usage data release consent form or email a completed form to [email address].
 - a. Xcel Energy:
[https://gastransport.xcelenergy.com/staticfiles/microsites/gastransport/docs/PSCO/No n%20Critical/CO _Billing&Payment-Consent-To-Disclose-Utility-Customer-DataForm-EN%20.pdf](https://gastransport.xcelenergy.com/staticfiles/microsites/gastransport/docs/PSCO/No%20Critical/CO_Billing&Payment-Consent-To-Disclose-Utility-Customer-DataForm-EN%20.pdf)
 - b. Minnesota Power:
<https://www.mnpower.com/CustomerService/ConsentToDiscloseUtilityCustomerData>
 - c. If your electric provider is not listed above, please input their name here and we will contact you about next steps.

EXHIBIT F

**Reader-Friendly Description of TOB Rights and Obligations, CIP,
and Income-Qualified Offerings**

TOB Pilot Participation Check List

Thank you for your interest in the CenterPoint Energy [Tariff On-Bill (TOB) Pilot Name]. This document provides a list of things you should know before deciding to enroll in the program. CenterPoint Energy's Program Operator will describe these items to you in-person or over the phone. *This is not the Participant Agreement, which requires your review and signature prior to enrollment in CenterPoint Energy's TOB Pilot.*

☐ Energy Upgrades

CenterPoint Energy's [TOB Pilot Name] allows you to access CenterPoint Energy capital to invest in energy upgrades like insulation, air sealing, high efficiency appliances, and smart thermostats, at your home. In return, you repay CenterPoint Energy via a service charge on your bill for as long as you are a customer at the property or until the investment is paid in full. The service charge is calculated based on 80% of the estimated energy cost savings from your Energy Upgrade for 80% of the time your Energy Upgrade is expected to be effective. This means that while you are making payments on your energy bills towards the Energy Upgrade, your yearly energy costs will still be lower, and after you finish paying off the cost of the Energy Upgrade you will pay even less.

☐ Cost to Participate

Your cost to participate in CenterPoint Energy's [TOB Pilot Name] is unique to the scope of qualifying Energy Upgrades identified at your property via an On-Site Energy Assessment. The Participant Agreement describes the cost of Energy Upgrades, plus any added charges, and the eligible payment arrangement that can be applied to your utility bill under the terms of the TOB Pilot. You may have the option to make an upfront co-payment, or you may be eligible for co-payment assistance from a governmental entity or non-profit, however, you will not have an option to make partial or full payment once the Participant Agreement is signed.

☐ Moving?

You are only obligated to make payments as part of this program as long as you own or reside at the property or until the Energy Upgrade is paid in full. If you are the owner of the property, you must ensure that any successor owner or renter at the property is made aware of their obligation to make payments toward the Energy Upgrade by submitting a signed Successor Owner or Renter Notice and Acknowledgement form.

☒ ~~Disconnection for Non-Payment-Need Payment Assistance?~~

~~In the event you fall behind on your utility bill payment including the [TOB Pilot Name] Service Charge, you may be at risk of gas service disconnection.~~ If you ever have trouble making payments on your utility bill, contact CenterPoint Energy right away for assistance at: 612-372-4727 or 800-245-2377.

☐ Alternative Options

CenterPoint Energy's [TOB Pilot Name] is just one way to make energy saving improvements to your home. [TOB Pilot Name] Program Operator can help you understand alternative options to achieving your home efficiency goals, some of which may be available at a lower or no cost to customers meeting certain income qualifications. These opportunities are described on the following page in more detail.

Income-Qualifying Programs

If your household income meets the guidelines listed below, you may qualify for no-cost energy saving services including no-cost home energy audits, insulation and air sealing, heaters, boilers, and other major appliances.

HOUSEHOLD	ANNUAL INCOME	3 MONTH INCOME
1	\$ 33,916	\$ 8,479
2	\$ 44,352	\$ 11,088
3	\$ 54,788	\$ 13,697
4	\$ 65,228	\$ 16,307
5	\$ 75,664	\$ 18,916
6	\$ 86,100	\$ 21,525
7	\$ 88,056	\$ 22,014
8	\$ 90,012	\$ 22,503
9	\$ 98,400	\$ 24,600
10	\$ 107,480	\$ 26,870
11	\$ 116,560	\$ 29,140
12	\$ 125,640	\$ 31,410
13	\$ 134,720	\$ 33,680
14	\$ 143,800	\$ 35,950
15	\$ 152,880	\$ 38,220
16	\$ 161,960	\$ 40,490
17	\$ 171,040	\$ 42,760
18	\$ 180,120	\$ 45,030
19	\$ 189,200	\$ 47,300
20	\$ 198,280	\$ 49,570

Records 1-20 of 20

Visit *MN Weatherization Assistance Program website* for full income eligibility guidelines and how to apply for services.

CenterPoint Energy is dedicated to helping our income-qualified customers save energy, save money and live more safely and comfortably. For more information about income-qualified services visit [add url] or call [add phone number].

Document to be provided in Spanish, Somali, and Hmong languages.

EXHIBIT G

Participant Owner Agreement

PARTICIPANT OWNER AGREEMENT

THIS TARIFFED ON BILL PARTICIPANT OWNER AGREEMENT (“Agreement”), is made this ____ day of _____ by and between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“Utility”) and _____ (“Owner”) (collectively the “Parties”), for the property located at _____ (“Property”).

WHEREAS, Owner desires to have certain energy efficiency improvements (“Upgrades”) made to its property;

WHEREAS, Utility is willing to pay for the installation and cost of the Upgrades through its approved Tariffed on Bill Tariff (“[Program Name]”)¹ whereby the Utility is authorized to recover the cost of the Upgrades (“Upgrade Costs”) from the current gas customer(s) at the Property and subsequent gas customers (collectively “Current and Future Customers”) through Service Charges on Customer’s gas utility bill (“Upgrade Service Charges”);

WHEREAS, [Program Name] is delivered by a Program Operator under contract with Utility (“Program Operator”) and the current Program Operator is _____ ;

<WHEREAS, Owner’s tenant(s) is/are the Current Customer at the property and have agreed to enter into the Renter/Customer Agreement appended as Exhibit A;>

WHEREAS, Owner has provided an upfront Co-Payment to the Program Operator to compensate the Utility for a portion of the Upgrade Costs as specified below;

NOW, THEREFORE, each Party acknowledges and agrees as follows:

1. **UPGRADES:** Utility agrees to pay for the installation and cost of the Upgrades at the Property and is authorized to recover Upgrade Costs as set forth in this Agreement and in the tariff for [Program Name]. Owner agrees to allow Utility access to the Property for the installation, repair and inspection of the Upgrades upon reasonable notice.
 - A. The Upgrades to be installed at the Property are:
 - B. The Upgrade Costs are:
 - C. The amount provided by upfront co-payment is:

¹ Found at CenterPoint Energy Minnesota Gas Rate Book, Section X, X Revised Page X.

- D. The monthly Upgrade Service Charge, including the Utility's Cost of Capital,² ~~and a \$475 program operator fee~~ is:
 - E. The total Upgrade Service Charges to be made during the financing term will be:
 - F. The estimated annual natural gas savings is (in therms and dollars):
 - G. The estimated annual electricity savings is (in kilowatt hours and dollars):
 - H. Average natural gas charges at the Property are (per therm):
 - I. Average electricity charges at the Property are (per kilowatt hour):
2. **TERM:** This Agreement will remain in effect until all Upgrade Costs have been recovered by the Utility or until this Agreement is otherwise terminated as set forth below. Upgrade Service Charges are set so that the Utility will recover the Upgrade Costs over XX years of regular payment. If there is no customer at the Property for a period of time, the Term of this Agreement will be extended for an equivalent period of time and the Utility will continue to collect Upgrade Service Charges from Current or Future Customers at the Property during that extended Term.
3. **PAYMENT OBLIGATION TIED TO LOCATION:** Owner acknowledges that pursuant to the tariff for [Program Name], Current and Future Customers at the Property are obligated to pay the Utility Service Charges for cost recovery as provided in this Agreement.
4. **NO PREPAYMENT:** Owner acknowledges that Upgrade Service Charges cannot be pre-paid. Any payment made to the Utility in excess of current charges will be held as a credit on the appropriate customer account and applied to charges as they become due. Utility will provide Owner with an accounting of Upgrade Service Charges received so far and remaining Upgrade Service Charges upon request.
5. **OWNER OBLIGATIONS:** Owner agrees that:
- A. Owner will require any successive owner of the Property to sign a Successor Owner Notice and Acknowledgment in substantially the form attached as Exhibit B prior to of the execution of any purchase agreement and provide the signed Successor Owner Acknowledgement to the Program Operator within 30 days of execution;
 - B. Owner will obtain from any future tenant that will be a customer at the Property a signed Successor Renter Notice and Acknowledgment in substantially the form attached as Exhibit C prior to the execution of a lease or rental agreement and

² The Utility's full Cost of Capital is XX%; 2.5% is recovered through the Upgrade Service Charge.

provide the signed Successor Renter Notice and Acknowledgment to the Program Operator within 30 days of execution; and

- C. Failure to obtain the signature on a Successor Renter Acknowledgment or failure to obtain the signature on a Successor Owner Acknowledgment from a successor if required by the Utility will constitute the Owner's acceptance of consequential damages in any action by a successor renter or owner related to [Program Name] and permission for a tenant or purchaser to break their lease or purchase agreement without penalty.

~~6. **DISCONNECTION FOR NON-PAYMENT:** Subject to any other Minnesota Public Utilities Commission or Utility rules or policies, the Upgrade Service Charges shall be considered as an essential part of the customer's bill for gas service, and the Utility may disconnect the Property for non-payment of Upgrade Service Charges under the same provisions as for any other utility service. Notwithstanding the foregoing, the Utility may not disconnect the Property for non-payment of Upgrade Service Charges if (i) the Customer is not in arrears on any other payment obligations (other than payments for Upgrade Service Charges) owed to the utility, subject to any payment arrangements in effect with that Utility and/or any other applicable regulatory or legislative consumer protections that would protect against disconnections; (ii) the Customer has, in good faith, notified the Program Operator in writing that the Upgrade must be repaired; and (iii) the Program Operator has not yet reached a determination pursuant to section 8 as to whether the Upgrades are functioning as intended and who is responsible for any failure of the Upgrades.~~

- 6. **MAINTENANCE OF UPGRADES:** Owner agrees to keep the Upgrades in place for the term of this Agreement, to maintain the Upgrades per manufacturers' instructions, and report the failure of any Upgrades to the Program Operator as soon as possible.

- 7. **REPAIRS:** Should Program Operator determine that the Upgrades are no longer functioning as intended, Program Operator will undertake to determine whether the failure of the Upgrades was caused by the Owner, Current or Future Customers, or other occupants at the Property.

- A. If the Program Operator determines that the failure of the Upgrades was not caused by the Owner, Current or Future Customers, or other occupants at the Property, the Utility shall suspend the Upgrade Service Charges until such time as the Upgrades are repaired or this Agreement is terminated pursuant to section 11.
- B. If Program Operator determines the Owner, Current or Future Customers, or other occupants at the Property deliberately or negligently caused the failure of the Upgrades, the Utility may, in its discretion, seek to recover the costs of repairs from

Owner. If the Program Operator determines that the Owner, Current or Future Customers, or other occupants at the Property deliberately caused the failure of the Upgrades, the Utility may, in its discretion, suspend the Upgrade Service Charges and seek to immediately recover from Owner all remaining Upgrade Service Charges to complete cost recovery.

8. **AUDITS:** Program Operator shall conduct at least one billing audit between one and two years after installation of the Upgrades to confirm that the Upgrades are resulting in at least 80% of the estimated cost savings, on a weather-normalized basis. Owner may request additional billing audits at any later point during the term of this Agreement. To determine cost savings, the Program Operator will use average natural gas and electricity charges as listed in section 1. If the Upgrades are not resulting in at least 80% of the estimated savings, on a weather normalized basis, Program Operator shall investigate the cause of the lower-than-expected savings.
 - A. If Program Operator determines that the estimated savings are not being realized due to a change in behavior by occupants at the Property or a change in Property characteristics (e.g. a building expansion, new major appliances), Utility shall continue to assess Upgrade Service Charges. Reasonable doubt as to the cause of a failure to realize savings shall be resolved in favor of the Customer.
 - B. If Program Operator determines that the estimated savings are not being realized due to a malfunction of the Upgrades, section 8 will apply.
 - C. If Program Operator is unable to determine why the estimated energy savings are not being realized, the Utility shall suspend the remaining Upgrade Service Charges and the Agreement will terminate pursuant to section 11.
9. **APPEAL TO UTILITY:** In the event Owner disagrees with a determination by Program Operator under sections 8 or 9, Owner may initiate an appeal by providing notice to Utility at [dedicated email address] or by telephone at [dedicated phone number]. The appeal will be considered by Utility and a decision provided within 30 days.
10. **TERMINATION:**
 - A. This Agreement shall terminate when the Utility has fully recovered the Upgrade Costs through Upgrade Service Charges or from Owner pursuant to section 8.B.
 - B. In the event that the Upgrades fail and Program Operator determines that the Owner or Current or Futures Customers, or other occupant at the Property, did not deliberately or negligently cause the failure of the Upgrades, and if, in the Utility's sole discretion, the Upgrades cannot be repaired or replaced in a cost-effective manner, the Utility will waive recovery of any outstanding Upgrade Costs and this Agreement shall terminate.

11. **CONTACT INFORMATION:**

Utility:

[insert central notice recipient here]

Owner:

12. **ENTIRE AGREEMENT AND SEVERABILITY:** This Agreement contains the entire agreement with respect to the subject matter of the Agreement. In the event of a conflict between this agreement and the Utility's Tariff, the Tariff shall govern. Further, the operation and effectiveness of this Agreement shall not continue if such continuance would violate any applicable statute, regulation or other jurisdictional authority.
13. **ASSIGNMENT:** This Agreement shall be assigned to subsequent owners of the Property who sign a Successor Owner Notice and Acknowledgment. Owner shall notify Utility of any change of ownership within 30 days of closing.
14. **MODIFICATION:** Any modification or addition to this Agreement must be in writing and signed by each Party to this Agreement.
15. **CHOICE OF LAW:** This Agreement will be construed in accordance with the laws of the State of Minnesota.
16. **COUNTERPARTS:** This Agreement may be executed in counterparts. Signature by facsimile or PDF shall be deemed an original signature for the purposes of this Agreement.

[SIGNATURE BLOCKS]

22007936v1

EXHIBIT H

Participant Renter Agreement

PARTICIPANT RENTER AGREEMENT

THIS TARIFFED ON BILL PARTICIPANT RENTER AGREEMENT (“Agreement”), is made this _____ day of _____ by and between CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“Utility”) and _____ (“Renter”) (collectively the “Parties”), for the property located at _____ (“Property”).

WHEREAS, Renter desires to have certain energy efficiency improvements (“Upgrades”) made to the Property for its benefit;

WHEREAS, Utility is willing to pay for the installation and cost of the Upgrades through its approved Tariffed on Bill Tariff (“[Program Name]”)¹ whereby the Utility is authorized to recover the cost of the Upgrades (“Upgrade Costs”) from the current gas customer(s) at the Property and subsequent gas customers (collectively “Current and Future Customers”) through Service Charges on Customer’s gas utility bill (“Upgrade Service Charges”);

WHEREAS, [Program Name] is delivered by a Program Operator under contract with Utility (“Program Operator”) and the current Program Operator is _____;

WHEREAS, Renter is a current Customer at the Property;

WHEREAS, the owner of the Property (“Owner”) has entered into a Participant Owner Agreement with Utility agreeing to the installation of the Upgrades and the recovery of Upgrade Costs through Upgrade Service Charges;

NOW, THEREFORE, each Party acknowledges and agrees as follows:

1. **UPGRADES:** Utility agrees to pay for the installation and cost of the Upgrades at the Property and is authorized to recover Upgrade Costs as set forth in this Agreement and in the tariff for [Program Name]. Renter agrees to allow Utility access to the Property for the installation, repair and inspection of the Upgrades upon reasonable notice.
 - A. The Upgrades to be installed at the Property are:
 - B. The Upgrade Costs are:
 - C. The amount provided by upfront co-payment is

¹ Found at CenterPoint Energy Minnesota Gas Rate Book, Section X, X Revised Page X.

- D. The monthly Upgrade Service Charge, including the Utility's Cost of Capital², ~~and a \$475 program operator fee~~ is:
 - E. The total Upgrade Service Charges to be made during the financing term will be:
 - F. The estimated annual natural gas savings is (in therms and dollars):
 - G. The estimated annual electricity savings is (in kilowatt hours and dollars):
 - H. Average natural gas charges at the Property are (per therm):
 - I. Average electricity charges at the Property are (per kilowatt hour):
2. **TERM:** This Agreement will remain in effect until all Upgrade Costs have been recovered by the Utility or until this Agreement is otherwise terminated as set forth below. Upgrade Service Charges are set so that the Utility will recover the Upgrade Costs over XX years of regular payment. If there is no customer at the Property for a period of time, the Term of this Agreement will be extended for an equivalent period of time and the Utility will continue to collect Upgrade Service Charges from Current or Future Customers at the Property during that extended Term.
3. **PAYMENT OBLIGATION TIED TO LOCATION:** Renter acknowledges that pursuant to the tariff for [Program Name], Current and Future Customers at the Property are obligated to pay the Utility Service Charges for cost recovery as provided in this Agreement.
4. **NO PREPAYMENT:** Renter acknowledges that Upgrade Service Charges cannot be pre-paid. Any payment made to the Utility in excess of current charges will be held as a credit on the appropriate customer account and applied to charges as they become due. Utility will provide Renter with an accounting of Upgrade Service Charges received so far and remaining Upgrade Service Charges upon request.
5. **PAYMENT:** Subject to sections 8, 9 and 10, Renter, as Customer, is responsible for payment of all Upgrade Service Charges during the term of Renter's occupancy of the Property.
- ~~6. **DISCONNECTION FOR NON-PAYMENT:** Subject to any other Minnesota Public Utilities Commission or Utility rules or policies, the Upgrade Service Charges shall be considered as an essential part of the customer's bill for gas service, and the Utility may disconnect the Property for non-payment of Upgrade Service Charges under the same provisions as for any other utility service. Notwithstanding the foregoing, the Utility may~~

² The Utility's full Cost of Capital is XX%; 2.5% is recovered through the Upgrade Service Charge.

~~not disconnect the Property for non-payment of Upgrade Service Charges if (i) the Customer is not in arrears on any other payment obligations (other than payments for Upgrade Service Charges) owed to the utility, subject to any payment arrangements in effect with that Utility and/or any other applicable regulatory or legislative consumer protections that would protect against disconnections; (ii) the Customer has, in good faith, notified the Program Operator in writing that the Upgrade must be repaired; and (iii) the Program Operator has not yet reached a determination pursuant to section 8 as to whether the Upgrades are functioning as intended and who is responsible for any failure of the Upgrades.~~

6. **MAINTENANCE OF UPGRADES:** Customer agrees not to interfere with normal operation of or remove the Upgrades and to report the failure of any Upgrades to the Program Operator as soon as possible during the term of this Agreement.
7. **REPAIRS:** Should Program Operator determine that the Upgrades are no longer functioning as intended, Program Operator will undertake to determine whether the failure of the Upgrades was caused by the Owner, Current or Future Customers, or other occupants at the Property.
 - A. If the Program Operator determines that the failure of the Upgrades was not caused by the Owner, Current or Future Customers, or other occupants at the Property, the Utility shall suspend the Upgrade Service Charges until such time as the Upgrades are repaired or this Agreement is terminated pursuant to section 11.
 - B. If Program Operator determines the Owner, Current or Future Customers, or other occupants at the Property deliberately or negligently caused the failure of the Upgrades, the Utility may, in its discretion, seek to recover the costs of repairs from Owner. If the Program Operator determines that the Owner, Current or Future Customers, or other occupants at the Property deliberately caused the failure of the Upgrades, the Utility may, in its discretion, suspend the Upgrade Service Charges and seek to immediately recover from Owner all remaining Upgrade Service Charges to complete cost recovery.
8. **AUDITS:** Program Operator shall conduct at least one billing audit between one and two years after installation of the Upgrades to confirm that the Upgrades are resulting in at least 80% of the estimated cost savings, on a weather-normalized basis. Customer may request additional billing audits at any later point during the term of this Agreement. To determine cost savings, the Program Operator will use average natural gas and electricity charges as listed in section 1. If the Upgrades are not resulting in at least 80% of the estimated savings, on a weather normalized basis, Program Operator shall investigate the cause of the lower-than-expected savings.
 - A. If Program Operator determines that the estimated savings are not being realized due to a change in a change in behavior by occupants at the Property or a change in

Property characteristics (e.g. a building expansion, new major appliances), Utility shall continue to assess Upgrade Service Charges. Reasonable doubt as to the cause of a failure to realize savings shall be resolved in favor of the Customer.

- B. If Program Operator determines that the estimated energy savings are not being realized due to a malfunction of the Upgrades, section 8 will apply.
 - C. If Program Operator is unable to determine why the estimated energy savings are not being realized, the Utility shall suspend the remaining Upgrade Service Charges and the Agreement will terminate pursuant to section 11.
9. **APPEAL TO UTILITY:** In the event Renter disagrees with a determination by Program Operator under paragraphs 8 or 9, Renter may initiate an appeal by providing notice to Utility at [dedicated email address] or by telephone at [dedicated phone number]. The appeal will be considered by Utility and a decision provided within 30 days.

10. TERMINATION:

- A. This Agreement shall terminate when the Utility has fully recovered the Upgrade Costs through Upgrade Service Charges or from Owner pursuant to paragraph 8.B.
- B. In the event that the Upgrades fail and Program Operator determines that the Owner or Current or Futures Customers, or other occupant at the Property, did not deliberately or negligently cause the failure of the Upgrades, and if, in the Utility's sole discretion, the Upgrades cannot be repaired or replaced in a cost-effective manner, the Utility will waive recovery of any outstanding Upgrade Costs and this Agreement shall terminate.
- C. In the event that Renter moves out of the property, this Agreement shall automatically terminate.

11. CONTACT INFORMATION:

If to Utility:

[insert central notice recipient here]

If to Customer:

12. **ENTIRE AGREEMENT AND SEVERABILITY:** This Agreement contains the entire agreement with respect to the subject matter of the Agreement. In the event of a conflict between this agreement and the Utility's Tariff, the Tariff shall govern. Further, the operation and effectiveness of this Agreement shall not continue if such continuance would violate any applicable statute, regulation or other jurisdictional authority.

13. **MODIFICATION:** Any modification or addition to this Agreement must be in writing and signed by each Party to this Agreement.
14. **CHOICE OF LAW:** This Agreement will be construed in accordance with the laws of the State of Minnesota.
15. **COUNTERPARTS:** This Agreement may be executed in counterparts. Signature by facsimile or PDF shall be deemed an original signature for the purposes of this Agreement.

[SIGNATURE BLOCKS]

21967607v2

EXHIBIT I

Successor Owner Notice and Acknowledgement

SUCCESSOR OWNER NOTICE AND ACKNOWLEDGMENT

PROSPECTIVE PURCHASER IS HEREBY NOTIFIED:

1. **TARIFFED ON BILL PROGRAM:** the Property at _____ (“Property”) was entered into the Tariffed On Bill program (“[Program Name]”) provided by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“Utility”), pursuant to a tariff approved by the Public Utilities Commission. Pursuant to the [Program Name], Utility installed certain cost effective energy efficiency improvements (“Upgrades”) at the Property, and is entitled to recover the costs of the Upgrades (“Upgrade Costs”) through charges (“Upgrade Service Charges”) included on the gas utility bill of the current gas customer occupying the Property (“Customer”) until the Upgrade Costs are fully recovered or until the Property Owner Participation Agreement and/or the Renter Participation Agreement related to the Property are terminated.
2. **UPGRADES:** Information about the Upgrades installed, estimated savings, Upgrade Costs, and Upgrade Service Charges are included in the Participation Agreement at Exhibit A. Contact Utility [or Program Operator] at [Contact information] for more information.
3. **AUTOMATIC APPLICATION OF TARIFF TO THE LOCATION:** The tariff for [Program Name] applies automatically to the service location until the Utility’s costs are recovered. Upon purchasing the Property, the rights and obligations of Owner under the Owner Participation Agreement at Exhibit A apply to the new owner.
- ~~4. **DISCONNECTION FOR NON-PAYMENT:** As set forth in the Agreement attached as Exhibit A, the Upgrade Service Charges shall be considered an essential part of the Customer’s bill for service, and the Utility may disconnect the metered structure for non-payment of Upgrade Service Charges under the same provisions as for any other service provided by Utility.~~

ACKNOWLEDGMENT

_____ (Prospective Owner) acknowledges receipt of this Notice as of _____ [date] and agrees that upon purchase of the Property that the rights and obligations set forth in the Agreement attached as Exhibit A will apply automatically to Prospective Owner.

EXHIBIT J

Successor Renter Notice and Acknowledgement

SUCCESSOR RENTER NOTICE AND ACKNOWLEDGMENT**PROSPECTIVE RENTER IS HEREBY NOTIFIED:**

1. **TARIFFED ON BILL PROGRAM:** the Property at _____ (“Property”) was entered into the Tariffed On Bill program (“[Program Name]”) provided by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“Utility”), pursuant to a tariff approved by the Public Utilities Commission. Pursuant to the [Program Name], Utility installed certain energy efficiency improvements (“Upgrades”) at the Property, and is entitled to recover the costs of the Upgrades (“Upgrade Costs”) through charges (“Upgrade Service Charges”) included on the gas utility bill of the current gas customer occupying the Property (“Customer”) until the Upgrade Costs are fully recovered or until the Property Owner Participation Agreement and/or the Renter Participation Agreement related to the Property are terminated.
2. **UPGRADES:** Information about the Upgrades installed, estimated savings, Upgrade Costs, and Upgrade Service Charges are included in the Participation Agreement attached as Exhibit A. Contact Utility [or Program Operator] at [Contact information] for more information.
3. **AUTOMATIC APPLICATION OF TARIFF TO THE LOCATION:** The tariff for [Program Name] applies automatically to the service location until the Utility’s costs are recovered. Upon entering into a lease for the Property and obtaining gas service from Utility, the rights and obligations of Customer under the Renter/Customer Agreement at Exhibit A will apply to the new renter.
- ~~4. **DISCONNECTION FOR NON-PAYMENT:** As set forth in the Agreement attached as Exhibit A, the Upgrade Service Charges shall be considered as an essential part of Customer’s bill for gas service, and Utility may disconnect the metered structure for non-payment of Upgrade Service Charges under the same provisions as for any other service.~~

ACKNOWLEDGMENT

I, _____ (Renter) acknowledge receipt of this Notice as of _____ [date] and agree that upon entry into a Lease for _____ and obtaining gas service from Utility that the rights and obligations set forth in the Agreement attached as Exhibit A will apply automatically to Renter.

EXHIBIT K

Implementation Timeline

Tariff On Bill (TOB) Pilot Implementation Timeline

No.	Activity	Year 0 2022				Year 1 2023				Year 2 2024				Year 3 2025				Year 4 -16 2026- 2037
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Start-Up																		
1	Acquire resources (i.e staffing, project planning/mgmt, etc.)																	
2	Design and build systems and Leverage processes for customer interface (e.g. utility bill print, My Account Online, Interactive voice response system, program webpage and request forms, call center interaction).																	
3	Develop automated Leverage processes for internal and vendor information exchange (e.g. customer eligibility verification, security check, payment processing, payment tracking details, funds transfer, CIP integration, etc.)																	
4	Conduct Program Operator Vendor Selection Process (RFP)																	
5	Implement call center training																	
6	Develop Marketing, Education, and Outreach plans and resources																	
7	Educate and engage community partners and trade allies on outreach and communications																	
Program Delivery																		
8	Implement Marketing, Education, and Outreach Activities																	
9	Enroll and Install 1,500-250-500 Energy Upgrades over 3-years																	
10	Deliver TOB pilot participation services (e.g. track customer payments, billing reviews, coordinate repairs, etc.)																	
Evaluation																		
11	Submit regulatory filings on TOB Pilot Progress																	

[illegible]

EXHIBIT L

Pilot Cost Estimate Details

This document describes the spending estimates of CenterPoint Energy and Minneapolis's proposed TOB pilot.

I. Summary of Spending Estimates

CenterPoint Energy estimates the total TOB Pilot spending to be approximately ~~\$14.8 million~~ \$2.6 to \$5.2 million. ~~If a spending cap is achieved each year we estimate that the TOB pilot will cost a total of \$25.6 million.~~ These total costs are proposed to be recovered in part from ratepayers and in part from TOB pilot participants.

Table 1: Summary of TOB Pilot Spending Estimates

No	Item	Description	Spending Estimate Low (\$)	Spending Estimate High (\$)
1	Energy Upgrades	Capital Investment	1,250,000	2,500,000
2	Start-Up Activities	See Section IV	283,475	566,950
3	Pilot Delivery	See Table 6	518,550	971,875
4	Utility Rate of Return	Estimated at 7.42% over 12 years	556,500	1,113,000
Total			2,608,525	5,151,825

Item	Description	Spending Estimate (\$)	Spending Cap (\$)
Energy Upgrades	Capital Investment	-7,500,000 ¹	-15,000,000
Start-Up Activities	See Table 5	1,756,500	-1,756,500
Pilot Delivery	See Table 6	2,221,500	2,221,500
Utility Rate of Return on Energy Upgrades	4.92% Rate Payers Portion over 12 years	2,214,000	-4,428,000
	2.5% Participant Portion over 12 years	1,125,000	2,250,000
Total		14,817,000	25,656,000

II. Description of Participant Costs

CenterPoint Energy estimates about ~~\$9.2 million~~ \$1.4 to \$2.8 million recovered from participants. ~~If a spending cap is reached each year the TOB Pilot will cost participants about \$17.5 million.~~

Table 2: Participant Cost Recovery Amount

¹ Assumes \$5,000/project based on the average cost of the attic and wall insulation projects rebated by the Company's residential Air Sealing and Insulation CIP project.

	Item	Details	Spending Estimate Low (\$)	Spending Estimate High (\$)
1	Energy Upgrades	Capital Investment	1,250,000	2,500,000
2	Pilot Delivery	See Table 6	518,550	971,875
3	Utility Rate of Return	2.5% Participant Portion	187,500	375,000
4	Total		1,956,050	3,846,875
5	Total Less Defaults ² (4%)		1,380,000	2,760,000

Item	Details	Spending Estimate (\$)	Spending Cap (\$)
Energy Upgrades	Capital Investment	7,500,000	15,000,000
Pilot Delivery	See Table 6	900,000	900,000
Utility Rate of Return	2.5% Participant Portion	1,125,000	2,250,000
Total Less Defaults (4% ³)		9,180,000	17,460,000

² Based on current default rate

³ ~~Based on current default rate~~

III. Description of Ratepayer Costs

CenterPoint Energy estimates about ~~\$5.6 million~~ \$1.2 to \$2.4 million recovered from ratepayers, assuming a 4% default rate. ~~The total amount recovered from ratepayers increases to \$8.2 million if spending caps are achieved in the first three years.~~ In a worst-case scenario, in which 100% of TOB pilot participants are removed from the TOB pilot due to unrealized savings that cannot be programmatically addressed, a maximum of ~~\$14.8 to \$25.7 million~~ \$2.6 to \$5.2 million would be recovered from ratepayers.

Table 3: Ratepayer Cost Recovery Amount

No.	Item	Description	Spending Estimate Low (\$)	Spending Estimate High (\$)
1	Start-Up Activities	See Section IV	283,475	566,950
2	Pilot Delivery	See Table 6	518,550	971,875
3	Utility Rate of Return	4.92% Ratepayer Portion	369,000	738,000
4	Total with Defaults (4%)		1,228,525	2,391,825
6	Total with Unrealized Savings (100%)		2,608,525	5,151,825

Item	Description	Spending Estimate (\$)	Spending Cap (\$)
Start-Up Activities	See Table 5	1,756,500	1,756,500
Pilot Delivery	See Table 6	1,321,500	1,321,500
Utility Rate of Return	4.92% Rate Payers Portion	2,214,000	4,428,000
Total with Defaults (4%) ⁴		5,637,000	8,196,000
Total with Unrealized Savings (100%)		14,817,000	25,656,000

The residential utility bill impact is estimated to be less than \$0.02/month ~~cost about \$0.02-0.06/month or \$0.03-0.10/month~~ \$0.1 if the spending cap is reached, over the 15 years of cost recovery.

Table 4: Residential Rate Impact

	Spending Estimate Low (\$)		Spending Estimate High (\$)	
	Total ⁵	Monthly ⁶	Total	Monthly
Total with Defaults (4%)	0.90	0.005	1.74	0.01
Total with Unrealized Savings (100%)	1.90	0.01	3.75	0.02

⁴ Assumes \$5,000/project based on the average cost of the attic and wall insulation projects rebated by the Company's residential Air Sealing and Insulation CIP project.

⁵ Calculations based on total costs recovered from ratepayers per CenterPoint Energy's volumetric throughput in 2020 (1.23 billion therms) by 2020 average residential annual use (896 therms).

⁶ Residential Rate Impact per 15 years.

	Spending Estimate (\$)		Spending Cap (\$)	
	Total	Monthly	Total	Monthly
-				
Total with Defaults (4%)	4.17	0.02	5.97	0.03
Total with Unrealized Savings (100%)	10.80	0.06	18.70	0.10

Description of Unrealized Savings

The Company provides a worst-case scenario utility customer impact, in which 100% of TOB pilot participants are removed from the program due to unrealized savings. The Company and Minneapolis designed the TOB pilot to hold the participant harmless in the event that the participant experiences higher bills due to failure to accurately predict energy savings and cost-effective TOB pilot payment amounts.

The Company and Minneapolis propose several mechanisms outlined in the filing to predict and verify energy savings and take corrective measures if savings are not achieved. However, without testing this approach, it is difficult to say to what degree predictions will compare to actual energy savings under real world circumstances and to what extent the Company will be successful in remedying a lack of realized savings.

IV. Description of Start-Up Costs

CenterPoint Energy anticipates investing ~~\$1 million~~ ~~\$150,000 to 300,000~~ in capital⁷ to ~~design and build~~ ~~leverage and modify existing~~ systems and processes for customers to interact with the TOB pilot (e.g. utility bill print, My Account Online, Interactive voice response system, program webpage and request forms, call center interaction) and ~~automated~~ internal and vendor information exchange systems (e.g. customer eligibility verification, security check, payment processing, payment tracking details, funds transfer, CIP integration, etc.).

The Company's operations and maintenance (O&M) costs for start-up activities including ~~administration~~ ~~coordination~~ of ~~business~~ systems ~~development~~, program operator acquisition, project installation contractor agreements, and call center training is ~~anticipated~~ ~~estimated~~ to be approximately ~~\$200,000~~ ~~\$50,000 to \$100,000~~.

The cost of start-up activities are proposed to be recovered by ratepayers.

⁷ CenterPoint Energy capitalizes hardware and software improvements. Employee time spent on capital improvements are also considered capital.

Table 5: Summary of Start-Up Costs

Item	Spending Assumption (\$)	
	Low	High
Business Systems Development (capital)	150,000	300,000
Utility Capital Rate of Return (7.42%; 15 years ⁸)	83,475	166,950
Utility Administration (O&M)	50,000	100,000
Total	283,475	566,950

Item	Spending Estimate (\$)
Business System Development (Capital)	1,000,000
Utility Capital Rate of Return (7.42%; 15 years)	556,500
Utility Administration (O&M)	200,000
Total	1,756,500

V. Summary of Pilot Delivery Costs

CenterPoint Energy's cost estimate to deliver the TOB Pilot is ~~\$2.2 million~~ \$518,550 to \$971,875 over a three-year timeframe ~~with the majority of spending anticipated in the first year and a half~~. These costs include the energy assessment, energy modeling services, TOB pilot program operator services, utility administration, marketing, outreach, and education (ME&O) activities and a third party evaluation in Year ~~2~~ 3.

The Company estimates leveraging about ~~\$450,000~~ \$93,600 to 187,500 of CIP Home Energy Squad (HES) services to deliver the TOB pilot which are costs excluded from the totals below.

The spending estimates of TOB pilot delivery services over three years is about ~~\$1.3 million~~ \$518,550 to 971,875 recovered by ratepayers. ~~and \$900,000 \$0 recovered by participants~~. See pilot delivery details in the Table on the next page.

⁸ Useful life of software capital investment.

Table 6: Summary of TOB Pilot Delivery Costs

	Pilot Delivery	Description	Low (\$)	High (\$)
1	Energy Assessment	Site-specific data collection, home performance diagnostic testing, and direct-installation services for 312 to 625 ⁹ participants served per year; Assumes \$400/participant.	124,800	250,000
2	Home Energy Squad Services Leveraged	Data collection, home performance diagnostic testing, and direct installation services for 312 to 625 participants per year; Assumes savings of \$300/participant.	(93,600)	(187,500)
3	Cost-Effective Modeling Services	Site-specific energy savings modeling to determine qualifying cost-effective energy upgrades under the terms of the TOB Pilot and reporting to 312 to 625 participants per year the findings; Assumes \$300/participant.	93,600	187,500
4	Program Operator Services	Coordination of installation of energy upgrades, customer follow-up, post-installation billing analysis, and tracking and reporting program progress for 250 to 500 TOB Pilot participants per year; Assumes \$475/participant.	118,750	296,875
5	Utility Administration	Coordination of contracts and activities related to Program Delivery, Marketing, Education, and Outreach, and Third Party Evaluations and regulatory filings	100,000	200,000
6	Marketing, Education, and Outreach (ME&O)	Development and execution of digital and print campaigns, aligning messaging with CIP and Energy Assistance outreach, and developing and launching targeted marketing engagement strategies, educating and engaging community organizations, and translation services.	50,000	100,000
7	Pilot Evaluation	Third-party TOB Pilot evaluation in year 2 3	125,000	125,000
8	Total		518,550	971,875

⁹ Based on amount necessary to achieve 250 to 500 participant per year goal assuming an 80% participant acceptance rate of TOB pilot projects; 80-90% is the acceptance rate quoted by existing PAYS® providers when there is no upfront co-pay.

Table 6: Summary of TOB Pilot Delivery Costs

Item	Per Participant Amount (\$)	Year 1		Year 2		Year 3		Total	
		Recovered from:		Recovered from:		Recovered from:		Recovered from:	
		Ratepayers (\$)	Participants (\$)	Ratepayers (\$)	Participants (\$)	Ratepayers (\$)	Participants (\$)	Ratepayers (\$)	Participants (\$)
Energy Assessment	400	187,500	62,500	187,500	62,500	187,500	62,500	562,500	187,500
HES Services Leveraged	(300)	187,500	-	(187,500)	-	(187,500)	-	(562,500)	-
Cost-Effective Modeling Services	300	187,500	-	187,500	-	187,500	-	562,500	-
Program Operator Services	475	-	237,500	-	237,500	-	237,500	-	712,500
Utility Admin	137	68,333	-	68,333	-	68,333	-	205,000	-
ME&O Activities	233	150,000	-	100,000	-	100,000	-	350,000	-
Community Partnerships	43	25,000	-	25,000	-	15,000	-	65,000	-
Translation Services	8	4,000	-	4,000	-	4,000	-	12,000	-
Pilot Evaluation	85	-	-	127,000	-	-	-	127,000	-
Total	1,381	434,833	300,000	511,833	300,000	374,833	300,000	1,321,500	900,000
		734,833		811,833		674,833		2,221,500	

EXHIBIT M

Quantification of Certain Program Benefits

Quantification of Certain TOB Pilot Benefits

The following table describes the quantification of certain TOB pilot benefits **assuming a goal of 250 participants by year 2 over 15 years.**

	Normal Baseline Benefit (\$) ¹	Poor Efficiency Baseline Benefit (\$) ²
Social Benefit of Avoided Carbon Emissions ³	182,067	591,786
Benefit of Avoided Natural Gas Commodity Cost ⁴	286,918	932,483
Benefit of Avoided Natural Gas Peak Cost ⁵	102,010	331,534
Electric Avoided Revenue Requirements ⁶	118,788	390,920
Total	689,784	2,246,724

The following table describes the quantification of certain TOB pilot benefits **assuming a goal of 500 participants by year 2 over 15 years.**

¹ Normal Baseline Energy Savings Assumptions: 16 Dth and 55 kwh/project; Assumptions for attic insulation/air sealing measures used in Tariffed On-Bill Financing Feasibility: Assessment of Innovative Financing Structures for Minnesota. The Cadmus Group. (Aug. 2019) available at http://energytransition.umn.edu/wpcontent/uploads/2019/08/Minnesota-TOB-Financing-FINAL_AH-1.pdf

² Poor Efficiency Baseline Energy Savings Assumptions: 52 Dth and 181 Kwh/project; Assumptions for wall insulation measures used in Tariffed On-Bill Financing Feasibility: Assessment of Innovative Financing Structures for Minnesota. The Cadmus Group. (Aug. 2019) available at http://energytransition.umn.edu/wpcontent/uploads/2019/08/Minnesota-TOB-Financing-FINAL_AH-1.pdf

³ Minnesota Public Utilities Commission High Schedule Cost of Carbon, Docket No. E-999/CI-14-643. High Schedule Cost of Carbon approved by City of Minneapolis Ordinance (2019).

⁴ Assumes Commodity Cost of Gas \$3.25/Dth with Escalation Rate of 4.69%; CIP Gas and Electric Utilities - 2021-2023 Cost Effectiveness Review, Docket No. E-999/CIP-18-782 and E-999/CIP-18-783. (Dec 2019).

⁵ Assumes Natural Gas Environmental Benefit Peak Benefit is 1% of Energy Savings at cost of \$115.55/Dth with Escalation rate of 4.69%; CIP Gas and Electric Utilities - 2021-2023 Cost Effectiveness Review, Docket No. E-999/CIP-18-782 and E-999/CIP-18-783. (Dec 2019).

⁶ Provided by Xcel based on Total Electric Savings of 82,500kWh (Normal Baseline) and 271,500 kWh (Poor Efficiency Baseline)

	Normal Baseline Benefit (\$)	Poor Efficiency Baseline Benefit (\$)
Social Benefit of Avoided Carbon Emissions	364,135	1,183,573
Benefit of Avoided Natural Gas Commodity Cost	573,836	1,864,967
Benefit of Avoided Natural Gas Peak Cost	204,021	663,067
Electric Avoided Revenue Requirements	118,788	390,920
Total	1,260,779	4,102,527

	Normal Baseline Benefit (\$)	Poor Efficiency Baseline Benefit (\$)
-		
Social Benefit of Avoided Carbon Emissions	—1,027,630	—3,340,162
Benefit of Avoided Natural Gas Commodity Cost	—1,638,573	—5,325,363
Benefit of Avoided Natural Gas Peak Cost	—582,576	—1,893,371
Electric Avoided Revenue Requirements	—118,788	—390,920
Total	—3,367,567	—10,949,817

EXHIBIT N

Program Operator Scope of Work

CenterPoint Energy
Minnesota Region
Tariff On Bill Pilot
Request for Proposal
Scope of Work

This Request for Proposal (RFP) Scope of Work describes the services requested by CenterPoint Energy to provide Program Operator services in support of our Tariff On-Bill (TOB) Pilot.

Proposals are due on [DATE] by 5:00 p.m. CT

After the release of this Request for Proposal, all questions about content and process should only be directed to CenterPoint Energy's Contact for this RFP _____ at _____ @centerpointenergy.com. No phone calls will be accepted by the Designated Contact regarding this RFP. Any communication by a Proposer, or on a Proposer's behalf, intended to influence this RFP process is not permitted and may result in disqualification of a proposal.

1. INTRODUCTION

1.1 CenterPoint Energy

CenterPoint Energy, Inc., is headquartered in Houston, Texas with regulated natural gas and electric businesses in eight states that serve more than 7 million metered customers and a competitive energy businesses footprint in nearly 40 states. CenterPoint Energy (CNP) and its predecessor companies have been in business for more than 140 years. The combined company has approximately 14,000 employees. Our natural gas distribution business operates in eight states: Arkansas, Indiana, Louisiana, Minnesota, Mississippi, Ohio, Oklahoma and Texas. To promote energy efficiency, CNP offers a variety of programs that encourage customers to use less energy, purchase energy efficient equipment, and become more knowledgeable of their energy usage.

1.2 Program Objectives

The primary objectives for offering the TOB Pilot

- Fulfill regulatory requirements for the TOB Pilot
- Help customers take informed action on energy conservation
- Expand the inclusivity of energy efficiency program offerings

1.3 Program Background

CenterPoint Energy's TOB Pilot allows customers to access CenterPoint Energy capital to invest in residential site-specific energy upgrades like insulation, air sealing, high efficiency appliances, and smart thermostats. Costs are recovered by CenterPoint Energy via a service charge on the bill for as long as they are a customer at the property or until the utility's costs are recovered. The service charge is calculated based on 80% of the estimated energy cost savings from the Energy Upgrade for 80% of the expected life of Energy Upgrade or a maximum of 12 years.

The Program Operator provides the following suite of services to help customers navigate their participation in the TOB Pilot.

Visit Type	Summary of visit activities
-------------------	------------------------------------

On-Site Walkthrough	A visual inspection will be performed to confirm the property is structurally sound and meets basic eligibility for an energy assessment. For example, the property is not under major renovation (missing walls) or there are no signs of roof damage or standing leaks.
On-Site Energy Assessment	<p>Program Operator will coordinate with Home Energy Squad providers to complete an inspection to identify energy savings opportunities. The following services will be completed during this inspection as applicable:</p> <ul style="list-style-type: none">• Attic and wall insulation inspection and data collection• Appliance efficiency inspection and data collection• Home performance diagnostic testing, including but not limited to blower door tests to inspect air leaks and collect data points for energy modeling. <p>The data collected during the on-site energy assessment will be used for energy modeling services (below).</p>
Direct Install (DI)	<p>Program Operator staff will evaluate the home for potential installation of measures/performance of services outlined in the most recent approved Minnesota Technical Resource Manual or otherwise specified. Staff will obtain customer consent to install agreed-upon measures. Measures will be installed at the visit and customer will be educated on proper use of measures and the energy savings they provide. Measures are subject to Company's approval, as well as subject to change, and may include:</p> <ul style="list-style-type: none">• Programmable Thermostat• Programming of customer's existing thermostat (if applicable)• Door Weather Stripping• Attic Hatch Weather Stripping• Low Flow Showerhead – Standard (1.5 GPM)• Low Flow Showerhead – Handheld (1.5 GPM)• Kitchen Aerator (1.5 GPM)• Bathroom Aerator (0.5 GPM)• Water Heater Blanket (CenterPoint Energy Gas Only)• Water Heater Setback

	<ul style="list-style-type: none"> • Domestic Hot Water Pipe Insulation (up to 6 feet) • CO Monitor • Attic and Wall Insulation Inspection
Energy Modeling	Program Operator will use energy modeling software to input building site data collected during the On-Site Energy Assessment and the customer's weather-normalized gas and electric billing data to identify Energy Upgrades that meet the TOB Pilot eligibility thresholds. The Program Operator will educate the customer on their Energy Upgrade options, including alternative no-cost options for income-qualifying customers. The Program Operator will also prepare Participant Agreements and review the customers rights and responsibilities as a participant of the TOB Pilot Program.
On-going customer services	Program Operator will coordinate the installation of Energy Upgrade Scope of Work with contractors and provide post installation verification that the work was completed. The Program Operator will provide a post-install billing analysis 1-2 years after project installation, upon customer requests, and if a customer is at risk of disconnect. The Program Operator will serve as the point of contact with the customer and coordinate any follow up service or repairs related to the TOB Program Scope of Work. The Program Operator will track and report to CenterPoint Energy agreed upon progress metrics.

1.4 Participation ~~and Savings~~ Goals

The program has the ~~goal~~-of reaching 250 to 500 participants in the first year and a half of the pilot. ~~following annual participation and savings goals for the approved timeline.~~

~~CenterPoint Energy Goals~~

Region/Utility		2023	2024	2025
CenterPoint Energy Natural Gas	Participants	500	500	500
	Budget	TBD	TBD	TBD

1.5 RFP Schedule

Milestone	Date
RFP Release Date	TBD
Deadline for Notice of Intent to Propose	TBD
Deadline for Submission of Written Questions via email to Designated Contact	TBD
Responses to Written Questions Posted	TBD
Proposals Due	TBD
Notification for Request to Interview	TBD
Interview Period	TBD
Award Notification to Winning Proposal	TBD
Contract Executed	TBD
Program Transition (If Required)	TBD
Program Start Date	TBD

Please note the above dates are subject to change. Notification of any changes to the RFP timeline prior to interviews will be sent via email to those parties who have submitted a Notice of Intent to Propose.

2. Program Implementation

2.1 Contract Term

This Program contract will extend from [DATE], depending on the transition plan, to [DATE]

2.2 Regions

- CenterPoint Energy natural gas service territory in Minnesota

2.3 Company

The Company is responsible for providing appropriate customer information and billing data to Program Operator an agreed upon frequency. Also, the Company will work closely with Program Operator to ensure our customer service and brand standards are followed.

2.4 Program Operator

Program Operator is responsible for the deployment of the TOB Pilot and related services to Company's customers including:

- Core Program Implementation
 - Deliver suite of services (shown in section 1.3),
 - Educate interested customers about TOB, CIP, and no-cost efficiency options for income qualified customers;
 - Conduct home audits using software to model energy savings potential to determine TOB program eligibility;
 - Work with customers who qualify for TOB and wish to move forward to ensure customer understanding of the program terms;
 - Work with customers wishing to move forward to execute all required contracts and obtain all necessary consent forms;
 - Arrange for installation of all qualifying energy efficiency measures in participating properties;

- Conduct billing analyses one-to-two years after measure installation to confirm realization of savings, upon customer request, and if customer is at risk of disconnect;
- Investigate any situations in which savings are not being realized to determine the cause, may include on-site inspections and participant surveys; and
- Working with the installation contractors and warranties as applicable, arrange for the repair of malfunctioning measures installed through the TOB program.

Additionally, Program Operator will support community-based marketing and outreach activities as agreed upon with the Companies.

After the program roll out, Program Operator will facilitate weekly, biweekly or monthly operational meetings, quarterly planning meetings and ad-hoc meetings as deemed necessary by either Company or Program Operator. Program Operator is expected to adhere to all applicable brand, design and promotional protocols and standards of the Company. Additionally, all data transfer and storage must adhere to the Company's security protocols and requirements.

2.5 Invoicing

On a monthly basis, Program Operator will invoice the Company for completed work for the preceding period. Invoicing must be submitted as individual invoices to each utility, separated based on the Company's regions if applicable.

2.6 Reporting

Each month/quarter, Program Operator will deliver to Companies the following information in an agreed-upon format:

- Participation, including low-income participants
- Measures Installed
- Energy savings by month (reported in Th/Dth, kW, and kWh)
- Participants referred to other Programs

- Cost of Projects (including TOB pilot service charge, CIP Incentives, co-pay amounts)

Additional ad-hoc reporting may be required to support information requests. All data collected during program activities must be provided to the utility upon request.

3. Proposal

The following sections must be addressed in Proposer's response to this RFP.

3.1 Executive Summary of the Proposal

Proposers are required to provide an executive summary of the Proposal documenting the application and eligibility of the proposed TOB program, the proposed program advantages and innovations, the overall schedule for transition and implementation and any contingencies specific to the Proposal deemed to be important by Proposer.

3.2 Proposer Experience

Proposers are required to demonstrate management capability, experience, and meeting program goals implementing similar programs successfully for utilities similar in size to Companies.

Proposals are required to provide the following information:

1. An organizational chart that identifies the corporate structure and lists Proposer's leadership. Any partnerships and or subcontractors Proposer intends to involve in the Program implementation should also be similarly documented.
2. A management chart that lists the key personnel dedicated to this Program, their roles and responsibilities for this Program, their resumes and their roles and responsibilities with substantially similar programs.
3. A listing of similar programs Proposer has successfully developed and/or implemented. Provide the following information for each program as part of the response:
 - Name of the program
 - Utility or statewide program contracting entity
 - Location of the program
 - Program size and targeted fuel usage
 - Program metrics planned and actual for a minimum of a three-year time period
 - Program overview and innovative attributes
 - Evaluation results and either a copy or link to evaluation report

- References including the name and contact information of the program manager of the contracting entity.

3.3 Program Technical Requirements

- Describe approach to all program elements from bulleted list in section 2.4 above.
- Provide a sample customer On-Site Energy Assessment Report
- Describe Energy Modeling software and input assumptions that will be used to identify cost-effective TOB energy upgrades and payment terms,
- Address how the following components are incorporated in their proposed TOB Pilot:
 - Compling with the terms of the terms of the TOB pilot tariff
 - Hiring and training of program staff to ensure quality of services delivered
 - Contingency plans for fluctuations in demand for program services, including staffing capabilities
 - Customer journey from inspection of home to completion of identified improvements
 - Innovative elements to improve program cost-effectiveness
 - Real time reporting (or agreed upon frequency) capability of program metrics (i.e. savings and participation), including any online platform or portal which is accessible by the Companies
 - Customer satisfaction and experience metrics approach and reporting frequency

3.4 Deployment Strategy for Customer Recruitment

While the Company will direct general marketing and customer recruitment activities, describe approach to any proposed community-based marketing and outreach activities. In addition, describe approach to track and report source of customer leads for marketing optimization.

3.5 Data Security and Cyber Liability Insurance

The safety of our customer's data is a predominate concern for the Company. Attached with this SOW are the Company's Terms and Conditions documents which list the data privacy and

insurance requirements for implementation of the Program. Program Operator is expected to adhere to all of Company's Technology Operations policies and requirements for data sharing and storage. Please discuss your organization's data privacy protocols and processes for data security and cyber liability insurance to ensure they meet Companies' security and accessibility requirements.

EXHIBIT O

Example Cost-Effectiveness Calculation

Example TOB pilot participant cost-effectiveness calculation

Under CenterPoint Energy's proposed Tariff On-Bill (TOB) pilot, customers can access the utility's capital to complete home energy efficiency upgrades and repay the utility via a charge on their utility bills. The TOB pilot conducts site-specific Energy Assessments and uses energy modeling software to determine property specific energy efficiency upgrade opportunities and cost recovery terms under the TOB pilot. The following provides an example of a TOB pilot project and describes the calculation to determine cost-effective TOB pilot charges on the utility bill.

Table 1 describes the example TOB pilot project details. In this example, the total Example TOB Project is valued at ~~\$6,055~~¹6,530 with eligible Conservation Improvement Program incentives valued at \$1,385.

Table 1: Example TOB Pilot Participant Project Details

	TOB Pilot Project Details	Useful life (years)	Base Details	Upgrade Details	Natural Gas Savings (Dth/yr)	Natural Gas Saving (\$/yr)	Electric Savings (kWh/yr)	Electric Cost Savings (\$/yr)	Project Value (\$)	CIP Incentive (\$)
1	On-Site Energy Assessment	0	0	0	0.00	0	0	0	700	250
2	Bathroom aerators (0.5 GPM)	10	0	2	0.98	7	0	0	15	15
3	Showerheads (1.5 GPM)	10	0	2	3.52	25	0	0	30	30
4	Kitchen aerator (1.5 GPM)	10	0	1	0.56	4	0	0	10	10
5	Water heater piping insul.	13	0	6ft	1.22	9	0	0	10	10
6	Water heater blanket	7	0	1	1.07	7	245 ² 99	32 ² 13	20	20
7	Tier 3 Thermostat w/ DI	10	Unknown	Tier 3	3.80	27	64	8	170	50
8	Air sealing + attic insulation	20	R=18.9	R=51.8	17.00	126	119	24	2,200	500
9	Wall insulation	20	R=.9	R=15.2	41.00	350	287	31	2,900	500
10	Program Operator Admin								\$475	0
	Totals				69.15	484	631	485	8263	1,385

¹ The \$475 Program Operator Charge was added to this table.

² Correction to input error filed Sept. 1 2022.

Example TOB pilot participant cost-effectiveness calculation

The TOB pilot participant's cost-effective payment amount is capped at 80% of the total estimated annual energy cost savings of the energy upgrade project. In the Example, the total annual estimated energy savings is ~~\$566,547~~. Therefore, the total allowable TOB payment amount is ~~\$453,438~~ or ~~\$3836~~/month.

Table 2: Example TOB pilot participant cost-effectiveness calculation

1	Natural Gas Savings (\$/yr)	\$484
2	Electric Savings (\$/yr)	\$8263
3	Total Energy Cost Savings (\$/yr)	\$566,547
4	TOB Pilot Participation Charge cap	80%
5	Total TOB Pilot Payment Amount (\$/yr)	\$453,438
6	Average Monthly TOB Pilot Payment Amount (\$/month)	\$3836

The Example TOB pilot participant is eligible for a ~~\$3836~~/month TOB payment charge for a maximum term of 12 years or ~~\$5,434,522~~ total.

Table 3 calculates the total TOB Pilot Project Costs payment over the maximum 12 year payment term and the remaining upfront co-payment ~~needed~~ to participate in the TOB Pilot, ~~if necessary~~.

Continues on the next page

Example TOB pilot participant cost-effectiveness calculation**Table 3: Example TOB Pilot Participant Cost Breakdown**

Upon agreeing to the terms of TOB pilot participation, the Example TOB pilot participant would make an upfront co-payment of \$455 to the program operator. Then \$36/month would be charged to the customer bill(s) associated with the location of the upgrade until costs are fully recovered. Under the proposed modifications, the Example TOB Pilot Participant would be eligible for a payment term of less than 12 years at the maximum allowable service charge amount of \$36/month or qualify for a reduced payment amount for the maximum term of 12 years; no upfront copayment is necessary in this updated example.

		Participant Portion of Cost (\$)	
	TOB Cost Assessment	TOB Pilot - Sept 1 (\$)	TOB Pilot w/ Modifications - May 13 (\$)
1	On Site Energy Assessment	100 ³	0
2	Energy Upgrades less incentives	4,220	4,220
3	TOB Pilot Program Operator Services	475	0
4	Utility Rate of Return - Participant Portion (2.5%)	719	614
5	Total	5,514	4,834
6	Total Allowable TOB Utility Investment/Service Charge	5,252	5,252
7	Participant Upfront Copay	262	0

1 ~~TOB Energy Upgrade Cost~~ \$6,055
2 ~~CIP Incentives~~ (\$1,385)

³ The Sept 1 TOB Pilot Filing incorrectly included \$350 in Energy Assessment cost in the Participant calculation, this has been corrected to demonstrate the intended \$100 copayment.

Example TOB pilot participant cost-effectiveness calculation

3	TOB Pilot Program Operator Services	\$475
4	Total TOB Pilot Project Cost (lines 1-3)	\$5,145
5	Total rate of return (2.5%; 12 years)	\$744
6	Net TOB Pilot Project Cost	\$5,889
7	Total Eligible TOB Pilot Participation Charge	(\$5,434)
8	Participant Upfront Co-payment Required	\$455

EXHIBIT P

List of Eligible Measures

Description of Eligible Measures

Under CenterPoint Energy's proposed Tariff On-Bill (TOB) Pilot, customers can access the utility's capital to cover the cost for home energy efficiency upgrades and repay the utility via a service charge on their utility bill. The TOB Pilot conducts site-specific Energy Assessments and uses energy modeling software to determine property specific energy efficiency upgrade opportunities and determine eligible payment plans under TOB Pilot requirements.

The TOB Pilot's eligible energy efficiency measures include any residential or multi-family application of natural gas saving measures listed in the Minnesota Technical Resource Manual or otherwise included in a current version of CenterPoint Energy's Conservation Improvement Program (CIP) Triennial Plan. The proposed TOB Program also includes the ancillary electric energy savings from these eligible natural gas measures to calculate customer TOB payment plans. In addition, the TOB Program may include services and equipment needed to safely install natural gas efficiency measures or electric savings measures installed with eligible natural gas heating equipment.

The following sections provides a lists of energy efficiency measure types that are eligible under the TOB Pilot.

I. Direct Installation Measures

1. Low-flow showerheads
2. Low-flow kitchen faucet aerator
3. Low-flow bathroom aerators
4. Hot Water Pipe Insulation
5. Rope Caulk
6. EDPM weather stripping
7. Outlet gaskets
8. Window film
9. Door weatherization
10. Attic hatch weatherization
11. Water heater setback
12. Water heater blanket

II. Residential/Multi-family Natural Gas Measures

1. Air Sealing and Insulation (wall, attic, and rim joist)
2. High Efficiency Furnaces and Boilers
3. Programmable or Smart Thermostats
4. Furnace and Boiler Tune Ups
5. High Efficiency Water Heaters
6. ENERGY STAR clothes washers and dryers
7. HRV/ERV

III. Other Natural Gas Efficiency Measures

1. Commercial measures, in multifamily buildings,
2. Hearth with Electronic Ignition
3. Combo unit (tankless water heater + air handling unit)
4. High-Efficiency Single Package Vertical Unit (gas heating and electric cooling)
5. Duct Sealing, only for unconditioned spaces
6. Low E Storm Windows
7. Drainpipe heat exchanger
8. AC Cover

IV. Other Eligible Measures including Electric Measures

1. Services or equipment necessary to safely complete CIP rebate-eligible air sealing or insulation such as:
 - a. ventilation,
 - b. bath fans,
 - c. electrical upgrades, and
 - d. asbestos and radon mitigation.
2. Modifications to or cleaning of venting or duct work necessary to safely install rebate-eligible water heaters or heating equipment,
3. Measures installed along with eligible natural gas heating equipment that also meet minimum efficiency standards, including:
 - a. Central air conditioners,
 - b. mini-split systems, or
 - c. heat pumps.

EXHIBIT Q

Proposed Cost Recovery Tracker Format

Participant TOB Tracker					
	Item	Definition	Year 1	Year 2	Year 3
1	Beg Bal		\$ -	\$ 726,975	\$ 1,164,999
2	Program Assets Adds		\$ 750,000	\$ 500,000	
3	Participant Return	(Row 1 + (Row2/2))*.025	\$ 9,375	\$ 24,424	\$ 29,125
4	Ratepayer Return	(Row 1 + (Row2/2))*.0492	\$ 18,450	\$ 48,067	\$ 57,318
5					
6	Program Participant O&M	Schedule J			
7	Program Ratepayer O&M	Schedule J	\$ 342,243	\$ 176,307	
8					
9	Participant Revenue	Revenue Collected	\$ (32,400)	\$ (86,400)	\$ (108,000)
10					
11	Participant Uncollectible Expense				
12					
13	Ratepayer Revenue	Row 20 * -1	\$ (360,693)	\$ (224,374)	\$ (57,318)
14					
15	End Balance		\$ 726,975	\$ 1,164,999	\$ 1,086,124
16					
17					
18	Ratepayer Current Costs	Row 4 + Row 7 + Row 11	\$ 360,693	\$ 224,374	\$ 57,318
19	Ratepayer Over/Under	Actual Over/Under Collection			
20	Total Ratepayer Expense	Row 18 + 19	\$ 360,693	\$ 224,374	\$ 57,318

CERTIFICATE OF SERVICE

On Friday, May 13, 2021, Melodee Carlson Chang certifies that she served the attached Reply Comments and Exhibits of CenterPoint Energy to all persons at the addresses indicated on the attached service list by having the document delivered via electronic filing.

/s/

Melodee Carlson Chang
Senior Regulatory Paralegal
CenterPoint Energy

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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_21-377_Official

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Audrey	Partridge	apartridge@mncee.org	Center for Energy and Environment	212 3rd Ave. N. Suite 560 Minneapolis, Minnesota 55401	Electronic Service	No	OFF_SL_21-377_Official
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_21-377_Official
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206 St. Paul, MN 551011667	Electronic Service	No	OFF_SL_21-377_Official
Kyle	Samejima	kyle@mplsclimate.org	Minneapolis Climate Action	N/A	Electronic Service	No	OFF_SL_21-377_Official
Joseph L	Sathe	jsathe@kennedy-graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-377_Official
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-377_Official
Peter	Scholtz	peter.scholtz@ag.state.mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota Street St. Paul, MN 55101-2131	Electronic Service	No	OFF_SL_21-377_Official

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Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-377_Official
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Gary	Van Winkle	gvanwinkle@mylegalaid.org	Mid-Minnesota Legal Aid	111 N Fifth St Ste 100 Minneapolis, MN 55403	Electronic Service	No	OFF_SL_21-377_Official
Amelia	Vohs	avohs@mncenter.org	Minnesota Center for Environmental Advocacy	1919 University Avenue West Suite 515 St. Paul, Minnesota 55104	Electronic Service	No	OFF_SL_21-377_Official
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Jonathan	Wolfgram	Jonathan.Wolfgram@state. mn.us	Office of Pipeline Safety	445 Minnesota St Ste 147 Woodbury, MN 55125	Electronic Service	No	OFF_SL_21-377_Official