

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

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Chair  
Vice-Chair  
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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

**COMMENTS OF THE OFFICE OF  
THE ATTORNEY GENERAL**

**INTRODUCTION**

The Office of the Attorney General – Residential Utilities Division (“OAG”) respectfully submits the following Comments in response to the Commission’s September 17, 2021 Notice of Comment Period regarding the joint petition of CenterPoint Energy (“CenterPoint” or “the Company”) and the City of Minneapolis (“the City”) to establish a pilot program for financing energy conservation improvements (“tariffed on-bill financing” or “the pilot”).

The City first proposed a tariffed on-bill financing pilot in CenterPoint’s 2019 rate case. In that proceeding, the OAG expressed its view that the pilot was not utility service subject to the Commission’s jurisdiction and that it should be considered by the Minnesota Department of Commerce for inclusion in CenterPoint’s conservation improvement program. The OAG’s views on this topic have not changed. The OAG therefore recommends that the Commission dismiss the petition and require the pilot’s proponents to advance it through the normal channels for evaluating conservation programs. Should the Commission disagree with the OAG’s legal analysis and decide to approve the pilot in some form, it should make changes to protect participating and nonparticipating ratepayers. These changes are detailed below.

## **BACKGROUND**

### **I. PROCEDURAL HISTORY**

On July 15, 2020, the City proposed a tariffed on-bill financing pilot in CenterPoint's then-pending rate case.<sup>1</sup> The City advanced the pilot to further its Climate Action Plan, which includes a goal of weatherizing 75 percent of Minneapolis homes by 2025.<sup>2</sup>

On September 2, 2020, following discussions with CenterPoint, the City filed a stipulation outlining updated terms for the pilot.<sup>3</sup> The updated proposal named CenterPoint the sole capital provider for the pilot and would have allowed the Company to earn its full cost of capital on upgrades financed through the pilot.

On March 1, 2021, the Commission ordered CenterPoint to work with stakeholders to further develop the pilot and to file an updated proposal in a new docket.

On September 2, 2021, CenterPoint and the City filed their joint petition ("Petition") in the above-captioned docket.

### **II. MINNESOTA'S ENERGY-CONSERVATION FRAMEWORK**

Cost-effective energy savings are a preferred energy resource in Minnesota.<sup>4</sup> The Minnesota Legislature has established a statewide goal of saving at least 2.5 percent of annual retail electric and natural gas sales.<sup>5</sup> The Legislature has also set minimum energy-savings goals

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<sup>1</sup> See *In the Matter of the Application by CenterPoint Energy Resources Corp. for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-008/GR-19-524, Direct Testimony of Kim Havey (July 15, 2020).

<sup>2</sup> *Id.* at 12.

<sup>3</sup> See Docket No. G-008/GR-19-524, Stipulation Between CenterPoint Energy Minnesota Gas and City of Minneapolis (Sept. 2, 2020).

<sup>4</sup> See Minn. Stat. § 21B.2401(a).

<sup>5</sup> *Id.*

for public utilities<sup>6</sup> and charged the Minnesota Department of Commerce (“the Department”) with overseeing utilities’ efforts to meet these goals.<sup>7</sup>

Utilities achieve the bulk of their energy savings through energy conservation improvements. An “energy conservation improvement” is “a project that results in energy efficiency or energy conservation.”<sup>8</sup> These projects typically take the form of utility-customer property upgrades such as insulation and air sealing, high-efficiency appliances, LED lightbulbs, low-flow showerheads, and programmable thermostats. Through their conservation improvement programs, or “CIP,” utilities offer rebates to incentivize the installation of energy conservation improvements (also known as “measures” in CIP parlance). Utilities count the estimated energy savings from CIP measures toward their statutory energy-savings goals.

Utilities generally take the lead in developing and proposing conservation-improvement programs. But the CIP statute also allows political subdivisions, nonprofit corporations, or community organizations to propose additional energy-conservation programs to be included in a utility’s CIP.<sup>9</sup> The Department must consider such proposals and may require the utility to incorporate them into its CIP.

While the Department is charged with reviewing and approving utilities’ CIP, the Commission holds the responsibility for authorizing recovery of Department-approved CIP costs

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<sup>6</sup> See Minn. Stat. § 216B.241, subd. 1c(b) (setting a minimum savings goal of 1.75 percent for electric utilities and 1 percent for gas utilities).

<sup>7</sup> See *id.*, subds. 1c(a) (“The [Department] shall establish energy-saving goals for energy conservation improvements and shall evaluate an energy conservation improvement program on how well it meets the goals set.”), 2(a) (“The [Department] may require a public utility to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers.”), 2(b) (“A public utility shall file an energy conservation and optimization plan by June 1, on a schedule determined by order of the [Department], but at least every three years.”), 2(c) (“The [Department] shall evaluate the plan on the basis of cost-effectiveness and the reliability of technologies employed.”), 2(d) (“The [Department] may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the [Department] finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy.”).

<sup>8</sup> Minn. Stat. § 216B.2402, subd. 6.

<sup>9</sup> Minn. Stat. § 216B.241, subd. 2(f).

through utilities' rates.<sup>10</sup> The Legislature has also given the Commission authority to award utilities incentives to encourage “the vigorous and effective implementation” of CIP.<sup>11</sup> Under the Commission’s current “shared savings” incentive mechanism, utilities can receive up to ten percent of the net benefits realized through their CIP.<sup>12</sup>

### **III. THE PROPOSED PILOT**

#### **A. Purpose**

The primary goal of the pilot is to reach customer segments that the City believes are underserved by CenterPoint’s existing CIP offerings. CIP rebates generally only cover part of the cost of major efficiency upgrades, so a substantial portion of these projects must be covered by the participating customer, either out-of-pocket or through financing. To address these costs, CenterPoint offers on-bill loan repayment through its EZ Pay program, as well as low-income programs that cover the full cost of upgrades for qualified customers. The City, however, believes that certain customers may have incomes too large to qualify for no-cost upgrades, yet have insufficient credit scores to qualify for financing.<sup>13</sup> Additionally, the City states that landlords’ unwillingness to pay to upgrade their properties is another obstacle that could be overcome by the pilot.<sup>14</sup>

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<sup>10</sup> See Minn. Stat. §§ 216B.241, subd. 2b (providing that the Commission “shall allow a public utility to recover expenses resulting from an energy conservation and optimization plan approved by the department under this section”), .16, subd. 6b (providing that “all investments and expenses of a public utility . . . incurred in connection with energy conservation improvements shall be recognized and included by the commission in the determination of just and reasonable rates as if the investments and expenses were directly made or incurred by the utility in furnishing utility service”).

<sup>11</sup> Minn. Stat. § 216B.16, subd. 6c(c).

<sup>12</sup> See *In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241, Subd. 2c*, Docket No. E,G-999/CI-08-133, Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan at 28 (Aug. 5, 2016); Order Approving 2021–2023 Parameters for Shared Savings Demand-Side Management Financial Incentive at 3, 6 (Dec. 9, 2021).

<sup>13</sup> Docket No. G-008/M-21-377, Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed on Bill Pilot Program at 6 (Sept. 1, 2021) (hereinafter “Petition”).

<sup>14</sup> *Id.*

## **B. Customer Eligibility**

The proposed pilot would be open to customers throughout CenterPoint’s service area. The Company, however, intends to target its marketing at Minneapolis Green Zones and Areas of Concentrated Poverty.<sup>15</sup> Because some customers will qualify for free efficiency upgrades under CIP or federal weatherization programs, the Company proposes to take steps to inform prospective participants about income-qualified offerings and encourage eligible customers to take advantage of no-cost options rather than the pilot.<sup>16</sup>

For rental properties, CenterPoint would require a tenant–customer to obtain the property owner’s consent to participate.<sup>17</sup> If the utility account is in the landlord’s name, however, the landlord could enroll the property without obtaining tenants’ consent.<sup>18</sup>

## **C. Available Upgrades**

The types of upgrades that CenterPoint would offer through the pilot are largely the same measures that the Company already offers through CIP.<sup>19</sup> Unlike CIP, however, the upgrades chosen for a particular property would be tied to an estimate of the energy savings *for that property*.

For each property, the Company would conduct an initial assessment to determine a package of energy-efficiency measures that would be cost-effective for that property. For purposes of the pilot, a “cost-effective” upgrade package is one whose cost could be financed over a 12-year period through a fixed monthly charge capped at 80 percent of one month’s worth of the estimated annual savings at then-prevailing utility rates.<sup>20</sup> In other words, the energy savings from pilot upgrades would “pay for” those upgrades as the savings are being realized, with the participant

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<sup>15</sup> *Id.* at 10, 14.

<sup>16</sup> *Id.* at 10.

<sup>17</sup> *Id.* at 17.

<sup>18</sup> *See id.* (describing requirement that “any renters at the location *who are CenterPoint Energy customers* will sign Participant Renter Agreements” (emphasis added)).

<sup>19</sup> *Id.* at 18 and Ex. P.

<sup>20</sup> *See id.* at 18 and Ex. N at 2. Both gas and electric savings would be included in this calculation.

retaining at least 20 percent of the financial benefit, assuming savings projections are accurate.<sup>21</sup> This cost-effectiveness test is also referred to as the “80-20 rule.”

Pilot projects would be eligible for any applicable CIP rebates, which would be applied upfront to reduce the total costs financed.<sup>22</sup> A customer could still implement a project that did not meet the 80-20 rule after applying CIP rebates, provided that the customer were willing to contribute an additional upfront “copayment” sufficient to reduce the monthly payment to 80 percent of the estimated savings.<sup>23</sup>

#### **D. Participant Charges**

CenterPoint would recover the costs remaining after any CIP rebates or copayments, plus 2.5 percent interest, through an on-bill charge tied to the location of the upgrades.<sup>24</sup> This charge would appear on the original participant’s natural gas bill, and on the bills of any successive customers at the property, until all upgrade costs and interest were recovered.<sup>25</sup> The cost-recovery period would generally be limited to 12 years or less.<sup>26</sup> However, this period could be extended under certain circumstances, such as a gap in payments due to vacancy.<sup>27</sup>

During the recovery period, the Company would treat pilot charges as an essential part of the bill for utility service and would disconnect participants for nonpayment under the same protocols applicable to normal utility service.<sup>28</sup> Because tariffed on-bill financing is

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<sup>21</sup> Because energy use varies throughout the year, however, the actual savings realized in a particular month could be less than the fixed charge, which could be as high as 80 percent of the *average* monthly savings. Thus, some pilot participants’ bills would be higher in summer months—when gas usage and associated energy savings are low—than they were before enrollment.

<sup>22</sup> Petition at 21. Additional CIP funds would be leveraged to defray the cost of the initial energy assessment. *Id.*

<sup>23</sup> *Id.* at 11 & n.22.

<sup>24</sup> *Id.* at 11–12.

<sup>25</sup> *Id.*, Ex. D (proposed tariff) at page 31.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*, page 31.b.

<sup>28</sup> *Id.*

conceptualized as a utility service, there would be no ability to “pay off” the financing early or otherwise prepay unbilled charges to reduce interest accrual.<sup>29</sup>

Any successor residents of the property would have to keep paying the on-bill charge until the upgrades were fully paid for or the residents moved out. The original property owner would be required to notify future renters or purchasers of the on-bill payment obligation associated with the premises.<sup>30</sup> Successive owners, however, would not be under any obligation to provide such notice because they would not have been party to the original enrollment agreements.

#### **E. Confirmation of Savings**

CenterPoint proposes to review a participant’s bills to determine whether the upgrades are generating energy savings on three occasions: (1) one year after installation, (2) anytime during the recovery period at a customer’s request, and (3) when a customer is in arrears and being processed for disconnection.<sup>31</sup> If the participant’s bills are found to be higher on a weather-normalized basis than before enrollment, the Company would investigate to determine the cause.<sup>32</sup>

If CenterPoint determined that savings did not materialize due to a malfunction of the measures installed, it would arrange to have the equipment repaired at ratepayers’ expense.<sup>33</sup> If the Company could not determine why savings did not materialize, it would terminate the location’s participation and waive remaining charges, which would be covered by ratepayers.<sup>34</sup> If the Company determined that savings failed to materialize because of a change in a customer’s behavior, however, the customer would have to continue paying the pilot charges.<sup>35</sup>

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<sup>29</sup> *Id.*, page 31.a.

<sup>30</sup> Petition at 12.

<sup>31</sup> *Id.* Could also be completed any point during repayment at customer request, and would automatically be completed if a TOB participant is in arrears and being processed for disconnection. *Id.* & n.26.

<sup>32</sup> *Id.* at 12.

<sup>33</sup> *Id.* at 19.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

## **F. Scope and Costs**

The pilot would operate for three years, with the goal of enrolling 1,500 residences during that period, or 500 per year.<sup>36</sup> Participation would not be capped at these levels, although there would be an annual investment cap of \$5 million.<sup>37</sup>

CenterPoint estimates that the total cost of a three-year pilot would be in the range of \$14.8 to \$25.7 million, depending on whether the investment cap were reached. The Company further estimates that ratepayers would experience costs of \$5.6 to \$23.9 million over a 15-year cost-recovery period, with the total impact depending in part on how many properties enrolled and how many pilot participants defaulted on their payments.<sup>38</sup>

In addition to covering participant defaults, ratepayers would fund pilot startup and delivery costs and the portion of CenterPoint's capital cost that exceeds the 2.5 percent recovered from participants.<sup>39</sup> CenterPoint calculates this ratepayer-funded portion to be 4.92 percent, based on a total rate of return of 7.42 percent. It is unclear, however, why the Company is seeking a 7.42 percent return when the capital cost approved in its last rate case was only 6.86 percent.<sup>40</sup>

## **G. Deferred Accounting**

CenterPoint requests that the Commission approve deferred accounting of all pilot costs not covered by participant charges.<sup>41</sup> The Company argues that doing so would be consistent with criteria that the Commission has used in the past to approve deferred accounting.

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<sup>36</sup> *Id.* at 13.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 14, 15–16 and Ex. L at 2.

<sup>39</sup> Petition at 15 & n.37.

<sup>40</sup> See Docket No. G-008/GR-19-524, Settlement at 3 (Sept. 17, 2020) (adopted by Commission on March 1, 2021).

<sup>41</sup> Petition at 21.



## ANALYSIS

### **I. THE COMMISSION SHOULD DISMISS THE PETITION AND ALLOW THE PILOT TO BE ADVANCED AND EVALUATED THROUGH THE APPROPRIATE CHANNELS.**

Expanding access to energy efficiency is a laudable goal, and both the City and the Company are to be commended for exploring new ways to intensify weatherization efforts within Minneapolis and throughout CenterPoint's service area. At the same time, utility-driven conservation efforts are governed by an existing regulatory framework, and tariffed on-bill financing does not fit neatly into that framework.

Three things are clear about the proposed pilot: First, it would not offer utility service as defined by Minnesota law. Second, what the pilot *would* offer is energy conservation improvements, which are subject to evaluation and approval by the Department. And third, the return that CenterPoint seeks for financing pilot projects would mark a significant departure from the existing shared-savings incentive that the Commission allows utilities to earn for promoting energy conservation. For all these reasons, and as further explained below, the Commission should dismiss the Petition and allow it to proceed through the normal processes for approving utility conservation programs and financial incentives.

#### **A. The Proposed Pilot Would Not Offer Utility Service.**

The tariffed on-bill financing model conceives of energy-efficiency upgrades as utility service: Participant charges are tariffed, the payment obligation remains with the premises served by the upgrades, the costs cannot be prepaid, and participants are subject to disconnection for nonpayment. While this model is certainly a creative way to finance energy conservation improvements, it is not consistent with Minnesota law.

The Legislature has established a clear dividing line between utility "service"—energy, or facilities for delivering it—and "energy conservation improvements"—projects that reduce the

need for energy.<sup>42</sup> Conservation improvement programs are subject to approval by the Department, and only after approval can utilities recover these programs' costs in rates "as if" they were incurred in furnishing service.<sup>43</sup> And, unlike with utility service, CIP participants cannot have their energy cut off due to failure to pay for conservation improvements.<sup>44</sup>

**B. The Pilot Is a CIP Proposal and Should Be Reviewed by the Department.**

As discussed above, the upgrades that would be offered under the proposed pilot are energy conservation improvements. This interpretation is bolstered by the fact that CenterPoint is proposing to use CIP rebates to buy down the upfront cost of pilot upgrades. This means that the pilot, if approved, would be part of the Company's CIP, or at least very closely intertwined with it. Therefore, the appropriate way to seek approval of the pilot is through a CIP proposal presented to the Department. Not only would doing so be consistent with the statutory scheme, but it would also be the most prudent course of action because the Department is the agency with expertise in evaluating energy-conservation programs.

The CIP statute allows for on-bill financing programs. Section 216B.241, subdivision 5d, provides that a utility "may include as part of its conservation improvement plan an on-bill repayment program to enable a customer to finance eligible projects with installment loans originated by an eligible lender."<sup>45</sup> CenterPoint has established such a repayment program—its EZ Pay on-bill repayment program, which allows for streamlined repayment of third-party energy-

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<sup>42</sup> See Docket No. G-008/GR-19-524, OAG Initial Br. at 5–9 (Oct. 7, 2020), OAG Reply Br. at 1–3, 5–6 (Oct. 23, 2020); OAG Exceptions at 2–3 (Dec. 7, 2020).

<sup>43</sup> See Minn. Stat. § 216B.16, subd. 6b (providing that "all investments and expenses of a public utility . . . incurred in connection with energy conservation improvements shall be recognized and included by the commission in the determination of just and reasonable rates as if the investments and expenses were directly made or incurred by the utility in furnishing utility service").

<sup>44</sup> See Minn. Stat. 216B.241, subd. 5d(g) (providing that a utility may not suspend or terminate a customer's utility service for "delinquency or default on a loan that is being serviced through the public utility's on-bill repayment program").

<sup>45</sup> *Id.*, subd. 5d(b).

efficiency loans and utility service on a single CenterPoint bill. Furthermore, subdivision 5d makes a point of noting that it “does not prohibit a utility from establishing an on-bill financing program in which *the utility* provides the financing capital.”<sup>46</sup>

Thus, the existing CIP statute allows for on-bill financing programs similar to the proposed pilot. Rather than propose this pilot to the Commission, proponents should go through the proper channels and bring it to the Department for review and potential approval. If, however, proponents believe that only a program with the pilot’s specific features (i.e., utility-service-style financing mechanisms) will meet their needs, there may not be a way to achieve their aims under the existing law. In that event, the appropriate course of action is to seek a change to the law.

**C. CenterPoint’s Proposal to Earn a Return on Energy Conservation Improvements Has Major Implications for All Utilities’ CIP and Should Not Be Approved in this Docket.**

In addition to authorizing rate recovery of Department-approved CIP costs, the Commission has authority to approve financial incentives to encourage “the vigorous and effective implementation” of utility CIP.<sup>47</sup> The Commission has done so, in the form of the shared-savings financial incentive.<sup>48</sup> The shared-savings incentive formula applies equally to all investor-owned utilities in Minnesota, including CenterPoint.

In the current docket, CenterPoint proposes to earn, in addition to the existing shared-savings incentive, an *investment return* on conservation improvements. The Company’s proposal represents a major departure from the existing incentive formula that the Commission has developed over many years with input from numerous stakeholders. As discussed in greater detail below, a utility return would greatly add to the cost of CenterPoint’s CIP—and to those of other

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<sup>46</sup> *Id.*, subd. 5d(j) (emphasis added).

<sup>47</sup> Minn. Stat. § 216B.16, subd. 6c(c).

<sup>48</sup> See generally Docket No. E,G-999/CI-08-133.

utilities if applied more broadly. Such an important change to the CIP incentive should be considered in a generic docket applicable to all utilities, with notice to all potential stakeholders, to ensure that the Commission has a fully developed record for decision.

In sum, CenterPoint's Petition is not an appropriate vehicle for bringing forward tariffed on-bill financing. This financing model should be examined in a different forum—either before the Department or before the legislature, or both. Moreover, any changes to the incentive that CenterPoint and other utilities earn for CIP projects should be examined more broadly in a generic docket. For these reasons, Commission should dismiss the Petition and allow pilot proponents to bring their proposal through the proper channels.

## **II. IF THE COMMISSION DOES NOT DISMISS THE PETITION, IT SHOULD MODIFY THE PILOT TO PROTECT PARTICIPATING AND NONPARTICIPATING RATEPAYERS.**

The Commission should not approve the proposed pilot in this docket. But if the Commission does consider approving the pilot in some form, it should make several changes to protect participants and nonparticipating ratepayers.

### **A. Pilot Charges Are Not Rates for Utility Service and Should Not Be Treated as Such.**

As discussed above, under Minnesota law, the proposed pilot involves energy conservation improvements, not utility service. Therefore, until the law changes, pilot charges should not be treated like charges for utility service. Instead, to protect pilot participants, the Commission should impose several conditions on pilot charges to protect participants.

First, pilot participants should not be disconnected for failing to pay pilot charges. It is a fundamental principle that utility customers may not be disconnected for failing to pay for products or services that are not an essential utility service.<sup>49</sup> As discussed earlier, the pilot is not a utility

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<sup>49</sup> See Minn. R. 7820.1300(A) (prohibiting disconnection for failure to pay for “merchandise, appliances, or services not approved by the commission as an integral part of the utility service”).

“service” and does not become so merely because CenterPoint offers *other* services that *are* utility services. Because the pilot does not offer utility service, participants should not be subject to disconnection if they are unable to make the payments assessed under the pilot.

As a corollary to this condition, any participant payments that do not satisfy the total bill due for both utility service and pilot upgrades should be applied first toward the balance due for utility service. After payments are applied to satisfy utility-service charges, any remaining portion can be applied to satisfy accrued pilot charges.

Finally, customers should have the option to prepay some or all of the unpaid balance of pilot upgrades, thus reducing both the total interest and the repayment term. In prior discussions, the City has suggested that allowing prepayment would cause buyers of a participating property to demand that pilot upgrades be paid off as condition of the purchase. This fear is speculative considering the high current demand for housing. And in any event, it is unclear why this scenario would be problematic: If a buyer demands that upgrades be paid off, this can be accomplished with proceeds from the sale, and the new owner would enjoy the benefits of the upgrades free from any tariffed payment obligation.

**B. Properties Owned or Rented by Low-Income Customers Should Not Be Part of the Pilot.**

CenterPoint’s existing CIP offerings include no less than five programs serving low-income customers: Low-Income Weatherization, Low-Income Rental Efficiency, Low-Income Heating System Tune-ups, Non-Profit Affordable Housing, and Low-Income Multi-Family Housing Rebates.<sup>50</sup> These programs provide various low- and no-cost services to eligible low-income customers, including weatherization upgrades similar to the upgrades proposed to be

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<sup>50</sup> Petition at 7.

offered under the pilot.<sup>51</sup> The Low-Income Weatherization program, for example, offers no-cost weatherization services to customers with household incomes below 50 percent of the state median income or 200 percent of federal poverty income guidelines, whichever is higher.<sup>52</sup>

It would be against the public interest for customers who qualify for free weatherization upgrades to be ushered into a program where they would be required to pay for those same upgrades, with interest, or face disconnection. CenterPoint proposes to inform prospective participants about income-qualified offerings and to encourage eligible customers to take advantage of no-cost options.<sup>53</sup> The Commission, however, should go further and require the Company to limit the pilot to customers who do not meet the criteria for no-cost upgrades through the Low-Income Weatherization program. Limiting eligibility is the only way to ensure that low-income customers are not taken advantage of.

This does not mean that the pilot could never be opened to more customers, but it should not be “tested out” on vulnerable customers. If, after the pilot has operated for a year or two, CenterPoint can demonstrate a significant unmet demand for weatherization services by low-income customers, funding for the Low-Income Weatherization CIP program could be increased or, as a secondary option, the income threshold for on-bill financing could be lowered.

**C. Rental Properties Should Be Allowed to Participate Only If Additional Conditions Are Imposed to Protect Tenants.**

Rental properties are one of the key market segments the City hopes to reach with the pilot. Yet there is inherent inequity in a model where tenants finance property upgrades for their landlord. A landlord whose property is enrolled in the pilot would benefit from a more valuable and desirable

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<sup>51</sup> See *In the Matter of CenterPoint Energy's 2021–2023 Conservation Improvement Program Triennial Plan*, Docket No. G-008/CIP-20-478, CenterPoint Filing at 67–95 (July 1, 2020) (describing low-income programs).

<sup>52</sup> *Id.* at 67

<sup>53</sup> Petition at 10.

rental investment. And while tenants should theoretically benefit from lower energy payments, there is no guarantee that tenants will receive this benefit. In part, this is because projected bill savings are just that—a projection. But tenants could also be harmed if their landlord is the CenterPoint customer of record and re-bills them for utility service. In that situation, the landlord would be in control of how much benefit is returned to tenants, without any regulatory oversight to protect tenants from being taken advantage of.

Experience with Xcel Energy’s solar garden program illustrates that the risk of tenants being taken advantage of by unscrupulous landlords is not a theoretical one. In a recent petition, Xcel and a group of consumer advocates alleged that landlords of large apartment buildings were taking control of tenants’ utility accounts, involuntarily enrolling them in solar gardens, and possibly depriving tenants of the full benefit of their subscriptions.<sup>54</sup>

As currently structured, the pilot requires a tenant’s consent to participate only if the tenant is a CenterPoint customer.<sup>55</sup> This means that if the landlord is CenterPoint’s customer and pays the utility bill, she could unilaterally decide to enroll in the pilot, forcing her tenants to finance property upgrades. To prevent this, the Commission should consider requiring that the tenant be the natural gas customer of record in order for a property to participate. At a minimum, the Commission should require CenterPoint to obtain the informed consent, before enrollment, of any tenants who reside at a participating property but are not CenterPoint customers.

There is another important risk associated with rental properties. Because of these properties’ high turnover rates compared to owner-occupied properties, there is a greater risk that successive occupants will fail to realize forecasted bill savings. This is because the participant

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<sup>54</sup> *In the Matter of Xcel Energy’s Tariff Revisions Updating Community Solar Garden Tariff Providing Additional Customer Protections in Subscription Eligibility*, Docket No. E-002/M-21-695, Joint Petition at 4–5 (Sept. 23, 2021).

<sup>55</sup> See Petition at 17.

charge is based on the original tenant's usage, and any change in customer behavior (i.e., due to a new tenant moving in) is not a basis to adjust the charge.<sup>56</sup>

A simple example illustrates how this could happen: Assume that an apartment is occupied by family of four with 1,000 dekatherms ("Dth") of annual usage. After upgrades, the family's usage is projected to decrease by one-fifth, or 200 Dth. Assume that current rates are \$3/Dth. At this rate, a 200 Dth usage reduction yields an estimated savings of \$600 per year, or \$50 per month, so the tariffed on-bill charge for the property is set at 80 percent of \$50, or \$40.

Now assume that the family of four moves out of the property and a couple moves in. Assume that this couple would have used 700 Dth/year prior to the upgrades, but the upgrades reduce their usage by a fifth, or 140 Dth. This yields a financial benefit of \$420 per year, or \$35 per month. Because the on-bill charge is set at \$40, the couple would be saving less than they are paying. Yet a change in customer behavior is not grounds to adjust the tariffed on-bill charge, nor does the program provide for adjusting the charge when new occupants move into a property.

To minimize this risk, the Commission should consider modifying the cost-effectiveness requirement for rental properties so that the participant charge can consume, at most, 60 percent of the estimated savings. This change would make fewer projects financeable, but it would also create a larger savings "cushion" to protect tenants of rental properties that turn over frequently. Moreover, projects could still be financed under a 60/40 rule with a larger upfront copayment. The Commission could require the landlord to make this copayment in recognition of the benefit she receives by having her property upgraded. Alternatively, the copayment could be split between the landlord and any unit of local government that has an interest in seeing properties made more energy efficient.

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<sup>56</sup> See *id.* at 19.



**D. CenterPoint Should Not Be Allowed to Profit on CIP Projects.**

As discussed above, CenterPoint's proposal to earn a return on CIP projects should be examined in a generic docket with broader utility and stakeholder involvement. But if the Commission reaches the issue in this docket, it should reject the proposal for several reasons. First, the Company's proposal would greatly and unnecessarily increase the cost of its CIP. Second, forcing ratepayers to bear CenterPoint's rate of return is not reasonable because lower-cost capital sources exist but have not been fully explored. And third, the pilot is not sufficiently risky to warrant giving the Company's investors a return of over seven percent. For all these reasons, granting CenterPoint's requested return would not be just or reasonable.

**1. CenterPoint's rate of return would greatly increase the cost of CIP.**

Tariffed on-bill financing, if applied broadly, would vastly increase the cost of CIP. An example CIP project described in the Petition illustrates how allowing CenterPoint to earn its full rate of return on projects financed through the proposed pilot would greatly inflate the cost of CIP for both participating and nonparticipating ratepayers.

Figure 1, below, depicts the costs of a sample set of upgrades described in Exhibit O of the Petition,<sup>57</sup> comparing their cost with and without pilot financing. In both scenarios, the upfront cost of the project is \$6,055, of which \$1,385 is offset by CIP rebates. Both scenarios also include the maximum incentive available to CenterPoint under the Commission's existing shared-savings incentive formula, or \$199. But the "CIP + Pilot" scenario adds \$475 in pilot operator services—and \$2,130 in CenterPoint return split between ratepayers and participants:

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<sup>57</sup> The Project includes an on-site energy assessment, wall insulation, attic insulation and air sealing, a programmable thermostat, and several smaller measures. See Petition, Ex. O.

**Figure 1: Sample Project Cost Comparison**

	<b>CIP-Only Scenario</b>		<b>CIP + Pilot Scenario</b>	
	Ratepayer Costs	Participant Costs	Ratepayer Costs	Participant Costs
Cost of upgrades	\$1,385	\$4,670	\$1,385	\$4,670
Pilot operator services				\$475
Shared-savings incentive <sup>58</sup>	\$199		\$199	
CenterPoint return <sup>59</sup>			\$1,411	\$719
Subtotal	\$1,584	\$4,670	\$2,995	\$5,889
Grand total	\$6,254		\$8,884	

Note that layering pilot costs onto CIP nearly doubles ratepayers’ costs for the same CIP project—from \$1,584 to \$2,995. And \$2,995 is just the cost directly linked to an individual project; it does not count any startup or ongoing administrative costs for the pilot as a whole.

## **2. Lower-cost financing sources exist but have not been explored.**

Granting CenterPoint a return of more than seven percent is not just and reasonable when lower-cost sources of capital are available. In CenterPoint’s last rate case, the City’s original proposal was to obtain financing at 2.25 to 4 percent from “a banking syndicate of 3-4 banks that would be able to provide a line of credit to the utility for the proposed tariffed on-bill program.”<sup>60</sup> The City was in discussions with these banks, but then reached a settlement with CenterPoint that allowed the Company to become the sole financier for the pilot, receiving its full cost of capital.<sup>61</sup> That proposal remains unchanged in the current Petition.

Despite great interest from stakeholders, including the City, in using lower-cost third-party financing, the Petition gives just a cursory nod to “explor[ing] . . . opportunities to use lower cost

<sup>58</sup> CenterPoint’s Response to OAG IR 3 (attached hereto as Attachment 1).

<sup>59</sup> CenterPoint’s Response to OAG IR 2 (attached hereto as Attachment 2).

<sup>60</sup> Docket No. G-008/GR-19-524, City’s Response to OAG IR No. 6010 (attached hereto as Attachment 3).

<sup>61</sup> Docket No. G-008/GR-19-524, Stipulation Between CenterPoint Energy Minnesota Gas and City of Minneapolis (Sept. 2, 2020).

capital” at an unspecified point in the future.<sup>62</sup> The Commission should decline to grant CenterPoint a rate of return unless and until the Company demonstrates that it has pursued and exhausted all opportunities to leverage lower-cost capital.

**3. The investment risk of the pilot does not justify a seven percent return.**

Finally, CenterPoint’s rate of return is inappropriate because the Company would bear little to no risk if the program is approved. And if there is little or no risk, then there is little or nothing to compensate the Company’s investors for.

The risk of participant defaults under a tariffed on-bill financing program is extremely low. According to the Energy Efficiency Institute, which has trademarked an on-bill financing model called “Pay As You Save,”<sup>®</sup> or “PAYS,”<sup>®</sup> utilities with experience making PAYS investments have reported an average cost recovery rate of 99.9%, resulting in a charge-off rate that is lower than for regular unpaid bills.<sup>63</sup> Not only is the risk of participant defaults minimal, but CenterPoint has designed the pilot so that ratepayers will bear the cost of any projects whose savings fail to pan out.<sup>64</sup> Additionally, to the extent that the pilot succeeds in saving more energy, CenterPoint’s earnings will not suffer because the Company has decoupling in place for its residential customer class. This means that if sales of natural gas decrease due to the pilot, the Company can automatically increase rates to make up the lost revenue.

Given these facts, it is difficult to envision a scenario in which CenterPoint’s investors would experience a loss related to the pilot. If the Company is allowed to provide capital for the

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<sup>62</sup> Petition at 16.

<sup>63</sup> See ENERGY EFFICIENCY INSTITUTE, INC., PAYS<sup>®</sup> AND PARTICIPANT SAVINGS 2 (June 2020), available at <http://www.eeivt.com/wp-content/uploads/2020/07/Participant-Savings-June-2020-final.pdf>.

<sup>64</sup> See CenterPoint Response to CEE IR 13 (“The cost of projects with unrealized savings that cannot be remedied will be paid by ratepayers, as described in the TOB pilot petition Exhibit L – Pilot Cost Estimate Details, page 2.”) (attached hereto as Attachment 4).

pilot, therefore, it should receive a much lower return that is reflective of the actual risks that its investors would be bearing.

### **III. THE COMMISSION SHOULD NOT APPROVE DEFERRED ACCOUNTING OF PILOT COSTS.**

CenterPoint seeks approval to track and defer pilot costs for recovery in a future rate proceeding. The Commission authorizes deferred accounting “sparingly” because “[c]onsidering one expense in isolation, without considering where costs may have declined” increases the risk the utility will over-recover its costs.<sup>65</sup> The Commission has most often allowed deferred accounting when a utility incurs costs that are unforeseen, unusual, and large enough to have a significant impact on the utility’s financial condition. It has also allowed deferred accounting when utilities have incurred sizeable expenses to meet important public policy mandates.<sup>66</sup> The Company has not shown that these factors are present in this case, and the Commission should not allow it to defer accounting of pilot costs.

The pilot is not the type of unforeseen and unusual event for which the Commission has typically allowed deferrals. These types of events are exemplified by natural disasters,<sup>67</sup> environmental cleanup,<sup>68</sup> or new regulations<sup>69</sup>—unanticipated occurrences beyond a utility’s

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<sup>65</sup> *In the Matter of Minnesota Power’s Petition for Approval of Deferred Accounting Related to Pension Plan Contributions and Expenses*, Docket No. E-015/M-11-1264, Order Denying Petition at 2 (Mar. 11, 2013).

<sup>66</sup> *In the Matter of Otter Tail Power Company’s Request for Approval of Electric Vehicle Charging and Infrastructure Programs*, Docket No. E-017/M-20-181, Order Approving Pilot Program, Granting Deferred Accounting, and Setting Additional Requirements at 8 (Oct. 27, 2020).

<sup>67</sup> *See In the Matter of Interstate Power and Light Company’s Petition for Deferred Accounting Treatment of Costs Related to the 2008 Flood*, Docket No. E,G-001/M-08-728, Order Authorizing Deferred Accounting Treatment Subject to Conditions (Apr. 23, 2009).

<sup>68</sup> *See In the Matter of the Application of Northern States Power Company Gas Utility for Approval of Deferred Accounting for Certain Manufactured Gas Plant Site Cleanup Costs*, Docket No. G-002/M-94-104, Order Granting Request for Deferred Accounting (Sept. 6, 1994).

<sup>69</sup> *See, e.g., In the Matter of the Petition of Northern States Power Company for Approval of Deferred Accounting Treatment of Emission Allowance Transactions under the Clean Air Act Amendments of 1990*, Docket No. E-002/M-94-13, Order Allowing Request for Deferred Accounting (May 12, 1994); *In the Matter of the Petition of Northern States Power Company for Approval of Deferred Accounting for Costs to Comply with Gas Pipeline Safety Programs*, Docket No. G-002/M-12-248, Order Granting Deferred-Accounting Request (Jan. 28, 2013).

control that force it to incur substantial new costs to serve customers. Nor is CenterPoint proposing the pilot pursuant to a public policy “mandate.” It is true that energy-efficiency is an important public policy goal in Minnesota. But neither the Legislature nor the Commission has mandated tariffed on-bill financing. In fact, as discussed in these Comments, tariffed on-bill financing is in many ways *inconsistent* with Legislative policies on conservation programs. For these reasons, the Commission should reject CenterPoint’s request to authorize deferred accounting of pilot costs.

### CONCLUSION

For the reasons explained in these Comments, the Commission should dismiss the petition and allow proponents of tariffed on-bill financing to either propose the pilot as a CIP program or seek a legislative change that would give the Commission or Department authority to approve it.

If the Commission disagrees with this recommendation and approves the pilot in some form, it should only do so after making the following modifications to the proposal:

1. Pilot charges should not be treated as charges for utility service:
  - a. Participants should not be disconnected for failing to pay pilot charges;
  - b. Partial payments should be applied first to the balance due for utility service, with any remaining amount applied toward pilot charges; and
  - c. Pilot participants should be allowed to prepay unbilled pilot charges.
2. Properties owned or rented by customers who meet the criteria for no-cost Low-Income Weatherization services under CIP should be excluded from the pilot. If after the first year of pilot operation there has been a documented demand by low-income customers for weatherization services that cannot be met under CenterPoint’s current Low-Income Weatherization budget, that budget should be increased. If after two years of pilot operation there is a documented demand by low-income customers for weatherization services that cannot be met even with an increased CIP budget, then the Commission may reconsider whether participation by low-income customers is in the public interest.
3. Rental properties should be allowed to participate only under the following conditions:
  - a. The tenant must be a CenterPoint customer; and

- b. The on-bill charge for a rental property can be no larger than 60 percent of the estimated average monthly savings, with any necessary upfront copayments to be contributed by the landlord and/or local government.
4. CenterPoint should not earn a return on CIP projects unless the Commission determines, in a generic docket, that it is appropriate to expand the shared-savings incentive. If the Company is to be allowed a return on pilot projects, it must (1) prove that it has pursued and exhausted all opportunities for lower-cost third-party financing and (2) accept a lower rate of return commensurate with the minimal investment risks presented by the pilot.

Dated: January 14, 2022

Respectfully submitted,

KEITH ELLISON  
Attorney General  
State of Minnesota

/s/ **Peter G. Scholtz**

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PETER G. SCHOLTZ  
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ATTORNEYS FOR OFFICE OF  
THE ATTORNEY GENERAL—  
RESIDENTIAL UTILITIES DIVISION

**State of Minnesota**  
**Minnesota Office of the Attorney General**

**Utility Information Request**

Docket Number: G008/M-21-377 - Tariffed On Bill Pilot Program

Date of Request: 12/16/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 12/28/2021

Analyst Requesting Information: Peter Scholtz

Type of Inquiry: Other

***If you feel your responses are trade secret or privileged, please indicate this on your response.***

Request No.	
OAG 003	<p>Reference: Petition, Exhibit O (example TOB project cost-effectiveness calculations)</p> <p>What is the maximum shared-savings incentive the example project could earn under the formula approved in docket 08-133? Explain your assumptions and provide all calculations in a live Excel spreadsheet.</p> <p><b>Response:</b></p> <p>The financial incentive mechanism in 08-133 is based on net benefits calculated through a BENCOST model not developed for evaluating the cost-effectiveness of TOB. Therefore, CenterPoint Energy has interpreted the OAG's question to be asking the Company to estimate the maximum shared-savings incentive associated with completing the CIP measures listed in the TOB example.</p> <p>A customer who participates in CenterPoint Energy's Home Energy Squad and Home Insulation Rebates program would receive equivalent energy efficiency measures as those included in the TOB example. Attached are BENCOST models for individual CIP programs from the 2021-2023 Triennial Plan and combined across Home Energy Squad and Home Insulation Rebates. The combined cost-benefit analysis indicates a utility cost test result of net benefits of -\$28.8 per dekatherm saved or -\$1,991 for 69.15 Dth (from the TOB example). The maximum financial incentive achievable based on net benefits is 10% so the max achievable financial incentive is -\$199.10. See the attached spreadsheet for assumptions and calculations.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

**State of Minnesota**  
**Minnesota Office of the Attorney General**

**Utility Information Request**

Docket Number: G008/M-21-377 - Tariffed On Bill Pilot Program

Date of Request: 12/16/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 12/28/2021

Analyst Requesting Information: Peter Scholtz

Type of Inquiry: Other

*If you feel your responses are trade secret or privileged, please indicate this on your response.*

Request No.	
OAG 002	<p>Reference: Petition, Exhibit O (example TOB project cost-effectiveness calculations)</p> <p>What is the total return associated with the example project (\$744 paid by the participant plus the portion paid by ratepayers)? Provide your calculations in a live Excel spreadsheet.</p> <p><b>Response:</b></p> <p>The total return associated with the example in Exhibit O is \$2,133. The participant portion at 2.5% is \$719 (corrected in CEE IR No. 16) and the ratepayer portion calculated at 4.92% is \$1,411. See attached spreadsheet for calculation details.</p>

Response By: Emma Schoppe  
Title: Local Energy Policy Manag  
Department: Mng Smr Reg Svc Enrgy Prog  
Telephone: 612-321-4318



OAG No. 6010

**State Of Minnesota  
Office Of The Attorney General  
Utility Information Request**

*In the Matter of the Application of* **MPUC Docket No.**  
*CenterPoint Energy Resources Corp dba*  
*CenterPoint Energy Minnesota Gas for*  
*Authority to Increase Natural Gas Rates in*  
*Minnesota*

G-008/GR-19-524

**Requested from:** City of Minneapolis

**Requested By:** Peter Scholtz  
**Telephone:** (651) 757-1473

**Date of Request:** July 28, 2020  
**Due Date:** August 7, 2020

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Reference: City of Minneapolis's Tariffed On-Bill Proposal

The following questions pertain to the financing of the program:

- a. **What are the anticipated financing costs under this program and how do they compare to the financing cost of a property-assessed clean energy ("PACE") loan?**

A major difference between the two programs is that PACE is a consumer loan program while a Tariffed On-Bill Program is not.

Based on the terms of the tariff, the utility's cost for capital are included in the Program Services Charges billed to customers at upgraded locations.

While capital for the tariffed on-bill investments has not been formally secured for the utility, the City of Minneapolis has been in discussions with local and national financial institutions. The cost of funds discussed would be in the range of 2.25-4%. These rates are equal to or less than what the PACE program's financing charges are for participating borrowers who qualify for a PACE loan.

- b. **Who will be providing the financing? What alternative funding sources were considered, and what were their costs?**

The City of Minneapolis is in discussions with banks and a banking syndicate of 3-4 banks that would be able to provide a line of credit to the utility for the proposed tariffed on-bill program.

**Responses by Stacy Miller**

**Title Coordinator**

**Department Division of Sustainability**

**Telephone (612) 673-3110**

CenterPoint equity was considered. Its cost of capital includes a regulated rate of return that would increase the cost of the upgrades, and it was agreed that lower cost capital could result in more cost-effective upgrades.

- c. Assume that a \$12,000 efficiency investment is repaid over 10 years. How much interest would accrue during the repayment period? Provide all calculations supporting your answer. Do the portions of a payment earmarked for principal and interest vary during the repayment period?**

A tariffed on-bill program does not provide consumer loans. The Program Service Charge does not have portions that are earmarked for principal and interest paid for a loan. The amount of the Program Service Charge does not vary during the cost recovery period.

As noted in OAG No. 6010 “a” and “b” above, the utility’s cost of capital for the tariffed on-bill program has not yet been determined and is unlikely to be finalized until Commission approval of the City’s proposed tariff to implement the Clean Energy Partnership resolution of June 2019.<sup>8</sup>

The City will work with the utility to structure the capital similar to a line of credit in which there are no costs to the program until upgrades have been installed, inspected, and contractor payment is approved. The utility draws down capital to make a payment for upgrades only after the work is complete and approved by the program operator.

While the City does not expect project scopes to reach \$12,000 or cost recovery to be confined to 10 years, the requested calculation with a cost of capital at 3% is produced by the same Annual Percentage Rate (APR) calculation in OAG No. 6009 part “a”.

Cost Recovery Summary with 3% Cost of Capital:

Improvement Cost	\$12,000
Cost Recovery Period (mo)	120
Total Cost of Capital	\$ 1,699

- d. If a customer stops paying the service charge for any reason, do the utility’s payments to the financier also pause? Does the answer depend on the reason that the service charge is not being paid (e.g., vacancy, upgrade failure, or delinquency)?**

The utility must meet obligations to its creditors regardless of collections. This obligation does not depend on the reason for a Program Services Charge not being paid by a customer in a particular billing cycle. Section 7.7 of the tariff assures that the utility can extend the cost recovery period to account for missed billing cycles.

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<sup>8</sup> [Inclusive Financing Board Resolution](#), June 2019.

**Responses by Stacy Miller**

**Title Coordinator**

**Department Division of Sustainability**

**Telephone (612) 673-3110**

Of note, utilities that have reported more than 5,000 projects capitalized under a PAYS tariff in the last two decades have also reported average uncollectables of less than 0.1 percent, which is lower than the typical charge-off rate for other utility services.

- e. **If the service charge is not being paid, do finance charges accrue on the balance until the customer resumes paying? Does the answer depend on the reason that the service charge is not being paid (e.g., vacancy, upgrade failure, or delinquency)?**

As long as the upgrades continue to function, the utility can extend the number of billing cycles to recover all costs, including costs associated with deferred capital recovery. This is one of the reasons for the 80 percent rule described in OAG No 6007 above, and it is facilitated by Section 7.7 Extension of Program Service Charges, which is not conditional on the reason that the service charge was not paid.

Responses by Stacy Miller  
Title Coordinator  
Department Division of Sustainability  
Telephone (612) 673-3110

**State of Minnesota**  
**Center for Energy and Environment (CEE)**

**Utility Information Request**

Docket Number: G008/M-21-377 - Tariffed On Bill Pilot Program

Date of Request: 11/1/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 11/24/2021

Analyst Requesting Information: Audrey Partridge

Type of Inquiry: Other

***If you feel your responses are trade secret or privileged, please indicate this on your response.***

Request No.	
CEE 13	<p>National evaluations of residential energy modeling tools often site a margin of error between 10-30% in predicted energy savings or energy consumption. Errors in predicted savings could easily be the most common reason that expected energy savings are not realized for TOB program participants. Does CenterPoint Energy intend to investigate or determine instances where energy savings are not realized due to energy modeling errors? Who will pay for the cost of projects for which energy savings are not realized due to energy modeling errors?</p> <p><b>Response:</b></p> <p>CenterPoint Energy and Minneapolis agree that it will be important for estimates to be as accurate as possible, so a key consideration in selecting the Program Operator will be the quality of the energy modeling software and estimating protocols that the Program Operator will propose, as described on page 18 of the TOB pilot petition. The Company will attempt to determine and investigate instances of energy modeling errors that contribute to unrealized savings.</p> <p>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. The cost of projects with unrealized savings that cannot be remedied will be paid by ratepayers, as described in the TOB pilot petition Exhibit L – Pilot Cost Estimate Details, page 2.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

Note that a project is not eligible for inclusion in TOB unless expected energy savings will result in energy costs that are 20% lower or more than the pre-project baseline including TOB program charges. Accordingly, there is some cushion built into program design to protect against unpreventable errors in estimation and project modeling.



The Office of  
**Minnesota Attorney General Keith Ellison**  
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February 4, 2022

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

**Re: *In the Matter of a Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed on Bill Pilot Program***  
**MPUC Docket No. G-008/M-21-377**

Dear Mr. Seuffert:

Enclosed and e-filed in the above-referenced matter please find Comments of the Minnesota Office of the Attorney General—Residential Utilities Division.

By copy of this letter all parties have been served. A Certificate of Service is also enclosed.

Sincerely,

/s/ **Peter G. Scholtz**

PETER G. SCHOLTZ

Assistant Attorney General

(651) 757-1473 (Voice)

(651) 296-9663 (Fax)

[peter.scholtz@ag.state.mn.us](mailto:peter.scholtz@ag.state.mn.us)

## CERTIFICATE OF SERVICE

**Re:   *In the Matter of a Petition by CenterPoint Energy and the City of Minneapolis to  
Introduce a Tariffed on Bill Pilot Program***  
**MPUC Docket No.   G-008/M-21-377**

I, JUDY SIGAL, hereby certify that on the 4th day of February, 2022, I e-filed with eDockets *Comments of the Minnesota Office of The Attorney General—Residential Utilities Division* and served a true and correct copy of the same upon all parties listed on the attached service list by e-mail, electronic submission, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

*/s/ Judy Sigal*  
JUDY SIGAL

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Generic Notice	Commerce Attorneys	commerce.attorneys@agate.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-377_M-21-377



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Janice	Owens		NARUC Nuclear Waste Program Office	1101 Vermont Avenue, NW Suite 200 Washington,, DC 20005	Paper Service	No	OFF_SL_21-377_M-21-377
Greg	Palmer	gpalmer@greaternmgas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_21-377_M-21-377
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 5510212131	Electronic Service	Yes	OFF_SL_21-377_M-21-377
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_M-21-377
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_M-21-377
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_M-21-377

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Emma	Schoppe	emma.schoppe@centerpointenergy.com	CenterPoint Energy Minnesota Gas	505 Nicolette Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_21-377_M-21-377
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7 h Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-377_M-21-377
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-377_M-21-377
James M	Strommen	jstrommen@kenedy-graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-377_M-21-377
Andrew	Sudbury	Andrew.Sudbury@CenterPointEnergy.com	CenterPoint Energy Minnesota Gas	505 Nicollet Mall PO Box 59038 Minneapolis, MN 55459-0038	Electronic Service	No	OFF_SL_21-377_M-21-377
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_21-377_M-21-377
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_M-21-377
Samantha	Williams	swilliams@nrdc.org	Natural Resources Defense Council	20 N. Wacker Drive Ste 1600 Chicago, IL 60606	Electronic Service	No	OFF_SL_21-377_M-21-377
Joseph	Windler	jwindler@winthrop.com	Winthrop & Weinstine	225 South Sixth Street, Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-377_M-21-377

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jonathan	Wolfgang	Jonathan.Wolfgang@state.mn.us	Office of Pipeline Safety	Minnesota Department of Public Safety 445 Minnesota Street 147 St. Paul, MN 55101-1547	Electronic Service Suite	No	OFF_SL_21-377_M-21-377