

Appendix:
All Information Requests

- Community Power**
- OAG**
- Commerce**
- CEE**
- CUB**
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State of Minnesota
Community Power Minnesota

Utility Information Request

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

Date of Request: 12/9/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/5/2022

Analyst Requesting Information: Alice Madden

Type of Inquiry: Other

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

Request No.	
CPMN-AM 001	<p>Is 3rd party capital from a source other than the utility being explored for the pilot program?</p> <p>Has Centerpoint or the City of Minneapolis considered requesting that the Commission evaluate the debt-to-equity rules so that a lower interest rate than the Company's approved rate of return could be applied to the program? Please also discuss any other explorations (loss reserve, special entity, etc.) This was referenced in many stakeholder meetings and is important for transparency, public knowledge, and record development.</p> <p>Response:</p> <p>On June 1, 2021, CenterPoint Energy and the City of Minneapolis submitted an Initial Filing and Progress Report in reference to the development of the TOB Pilot Petition (Docket No. G008/M-21-377). On page 5 of the June 1 filing, the Company and Minneapolis describe stakeholder interest in evaluating third-party capital sources with lower interest rates to use in place of the Company's cost of capital. The Company and Minneapolis consulted with a financial institution, with experience in utility TOB programs about the possibility of developing a third-party funded, utility TOB program, however we did not find a path forward for lower cost third party capital as part of the TOB pilot petition filed September 1, 2021. The Company and Minneapolis are interested in exploring the option of third party capital once a pilot program is in place.</p> <p>CenterPoint Energy did not consider asking the PUC to revise a prior</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

order in docket G-008/CI-02-1368 to lower the Company's approved rate of return for the TOB Pilot Petition. Docket No. G-008/CI-02-1368 requires the Company to recognize capitalization structure and applicable cost of financing that is typical of an A-rated utility.

The Company and Minneapolis also explored options for a loss reserve to mitigate the impact to ratepayers if TOB pilot participants default on payments. Minneapolis had a fruitful conversation with a potential funder of a loss reserve but did not want to commit to incur the costs of due diligence until a pilot program is approved by the PUC.

The Company and Minneapolis will continue to explore ways to reduce pilot costs for TOB pilot participants and ratepayers once a pilot program is in place.

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Request No.	
CPMN-AM 002	<p>Please confirm that this proposed pilot is service territory-wide. Has CenterPoint or the City of Minneapolis had other local jurisdictions express interest in the pilot program? Please share any detail about the interest from St. Louis Park, Suburban Rate Authority, and others and the Commission order if it included requirements to explore service-territory wide; add any detail about the equity considerations that caused Centerpoint and the City to expand the proposal.</p> <p>Response:</p> <p>In its March 1, 2021, Order in Docket No. G-008/GR-19-524, Order Point J, the Minnesota Public Utilities Commission required the Company to describe plans to expand the pilot program beyond Minneapolis. CenterPoint Energy and Minneapolis considered equity in expanding the geography of Minneapolis's initial pilot proposal to all eligible residential or multi-family participants across CenterPoint Energy's service area, described on page 13 of the September 1 TOB Petition.</p> <p>Minneapolis staff visited with the City of St. Louis Park Environment and Sustainability Commission on October 6, 2021, to discuss the pilot program. On December 6, 2021, the City of St. Louis Park submitted a letter supporting the TOB pilot petition. The Suburban Rate Authority participated in meetings for interested parties to engage in the development of the TOB pilot petition. City of Minneapolis staff also received a call from a municipal utility in Minnesota that is exploring energy efficiency program options in 2021.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

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Request No.	
CPMN-AM 003	<p>Please clarify that income-eligible customers are *NOT* the target demographic. “Low-income” ratepayers and specific areas like the Green Zones are mentioned throughout, which has led many readers who understand that Inclusive Financing is for the folks in the “missing middle” to wonder what is meant and concern by some who fear this program is targeting income-eligible customers as the main demographic. Please confirm how LI programs will be marketed before anyone signs up for IF as a participant as well as the important feature the income-eligible folks will not be barred from participating if that is their choice.</p> <p>Response:</p> <p>As described on page 13 of the September 1 TOB Petition, as part of the TOB pilot, outreach and engagement activities will be aligned with CIP and Energy Assistance services with an emphasis in educating the customers on all the resources available to them. The Company and Minneapolis will focus outreach and engagement among high energy users and high energy burden customers, particularly in the Minneapolis Green Zones. We will take steps in the marketing of the TOB pilot and in participant disclosures to inform customers about income-qualified offerings and encourage income-qualified customers to take advantage of no-cost options rather than the TOB pilot.</p>

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

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Request No.				
CPMN-AM 004	<p>Please combine Cost/Benefit tables into in one net residential rate impact table so stakeholders are able to see what the per household impact is in order to have the full picture.</p> <p>Response:</p> <p>As described in Exhibit L – Pilot Coast Estimate Details, the Company estimates the total cost of the TOB pilot recovered by ratepayers to be in the range of \$5.6 to \$25 million or \$0.02-0.10/residential customer/month over 15 years.</p> <p>As described in Exhibit M – Quantification of Certain Benefits, the Company quantified certain benefits to be in the range of \$3.3 to \$10.9 million or about \$0.01-0.04/residential customer/month over 15 years. Please note that TOB benefits expressed in this IR would not appear to ratepayers through utility bills. The benefits quantified for TOB and in the attached spreadsheet included benefits to society such as greenhouse gas emissions, but don’t appear on a utility bill.</p> <p>Based on the Company’s assumption for costs and benefits, a net residential cost/benefit could range between a benefit of \$0.02/resident/month and a cost of \$0.09/resident/month as shown in the combined table below.</p> <p>Net TOB Pilot Cost/Benefit Estimate</p> <table><tr><td></td><td>Low Ratepayer Cost Estimate</td><td>High Rate Payer Cost Estimate</td></tr></table>		Low Ratepayer Cost Estimate	High Rate Payer Cost Estimate
	Low Ratepayer Cost Estimate	High Rate Payer Cost Estimate		

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Title: Local Energy Policy Manager

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Telephone: 612-321-4318

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Low Benefits Estimate	-\$0.01	-\$0.09
High Benefits Estimate	\$0.02	-\$0.06

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Request No.	
CPMN-AM 005	<p>Please include a comparison of overall impact of CIP and LI-CIP on ratepayers for the most recent 10 years CIP has been available, including:</p> <p style="padding-left: 40px;">total cost per ratepayer over total years in operation with both the total cost AND the background assumptions (e.g. total # ratepayers, total years in operation, what is included in cost, whether cost is net of any benefits or if the costs are before benefits. If benefits are factored in to the total cost, please list each benefit and the associated amount in \$);</p> <p style="padding-left: 40px;">annual number of participants in the first 3 years, by year;</p> <p style="padding-left: 40px;">annual number of participants in the most recent 3-10 years by year;</p> <p style="padding-left: 40px;">Startup costs and yearly administrative costs with both the total cost and the background assumptions and/or itemized costs for comparison;</p> <p style="padding-left: 40px;">total participants served during the full # of years in operation. Please note the total years assumed in operation.</p> <p>Response:</p> <p>Please reference the attached spreadsheet ‘Madden IR 005’ for the estimated residential bill impact of the Company’s Conservation Improvement Programs (CIP) by year from 2010-2020. This table includes the following items:</p> <p style="padding-left: 40px;">Year</p> <p style="padding-left: 40px;">Total CenterPoint Energy Customers</p> <p style="padding-left: 40px;">Total CIP Spending</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

CIP Financial Incentive
Societal Gross Benefits
Total CIP participants
Dedicated Low Income Program Spending
Dedicated Low Income Program Participants
CIP Rate (as of Jan. 1)
Average Residential Customer Use
Average Annual Residential Bill Impact
Average Monthly Residential Bill Impact

Please refer to the Company's Annual Conservation Improvement Program Status Reports for more information on itemized costs and participation. Please note that TOB net benefits expressed in this IR would not appear to ratepayers through utility bills. The benefits quantified for TOB and in the attached spreadsheet included benefits to society such as greenhouse gas emissions, but don't appear on a utility bill. The Company does not track "start-up costs" as a part of CIP, so it was unable to report that metric for its CIP programs. In addition, the Company was not able to find a record of CIP participation in the first three years of CIP, 1994-1997. The Company provided participation metrics but notes that the definition of a "participant" in CIP differs among programs and even within a program over time as program design evolves. Common definitions of a program participant include unique customer account, measure, and building.

See spreadsheet Madden IR #5

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Type of Inquiry: Other

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Request No.	
CPMN-AM 006	<p>If the data is available, how many Minnesota households that are more than 10 years old and/or are under-insulated (or other data showing the scale of potentially leaky dwellings). This is important context to demonstrate the scale of need.</p> <p>Response:</p> <p>As TOB programs provide particular benefits for market segments that face barriers to participating in rebate and loan-based energy efficiency programs (such as low-and-moderate income households and renters), CenterPoint Energy and the City of Minneapolis considered the scale of these customer segments in the development of the TOB pilot petition. Statewide, 50% of households qualify as low-to-moderate income, and 28% are rental households.^[1] Regionally, the rental population is far greater in the Twin Cities (51%) than the state as a whole.^[2] Moreover, lower income populations are more likely to reside in older, under-insulated, housing stock^[3] and due to the split incentive, renters and rental property owners are less likely to take advantage of energy efficiency opportunities.</p> <p>As of December 15, 2021, of the approximately 12,000 Minneapolis homes for sale since January 2020 subject to the Minneapolis Truth-in-Sale-of-Housing (TISH) program, only about 500 homes (7%) were built since 1980,^[4] and almost 9,000 homes (74%) are under-insulated (meaning they had an attic and/or wall insulation improvement recommendation). Please see the attached document, "Madden IR 006 MPLS Wall and Attic Insulation Recommendations.docx" for additional</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

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Telephone: 612-321-4318

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detail. This data was compiled by the Center for Energy and Environment on behalf of the City of Minneapolis.

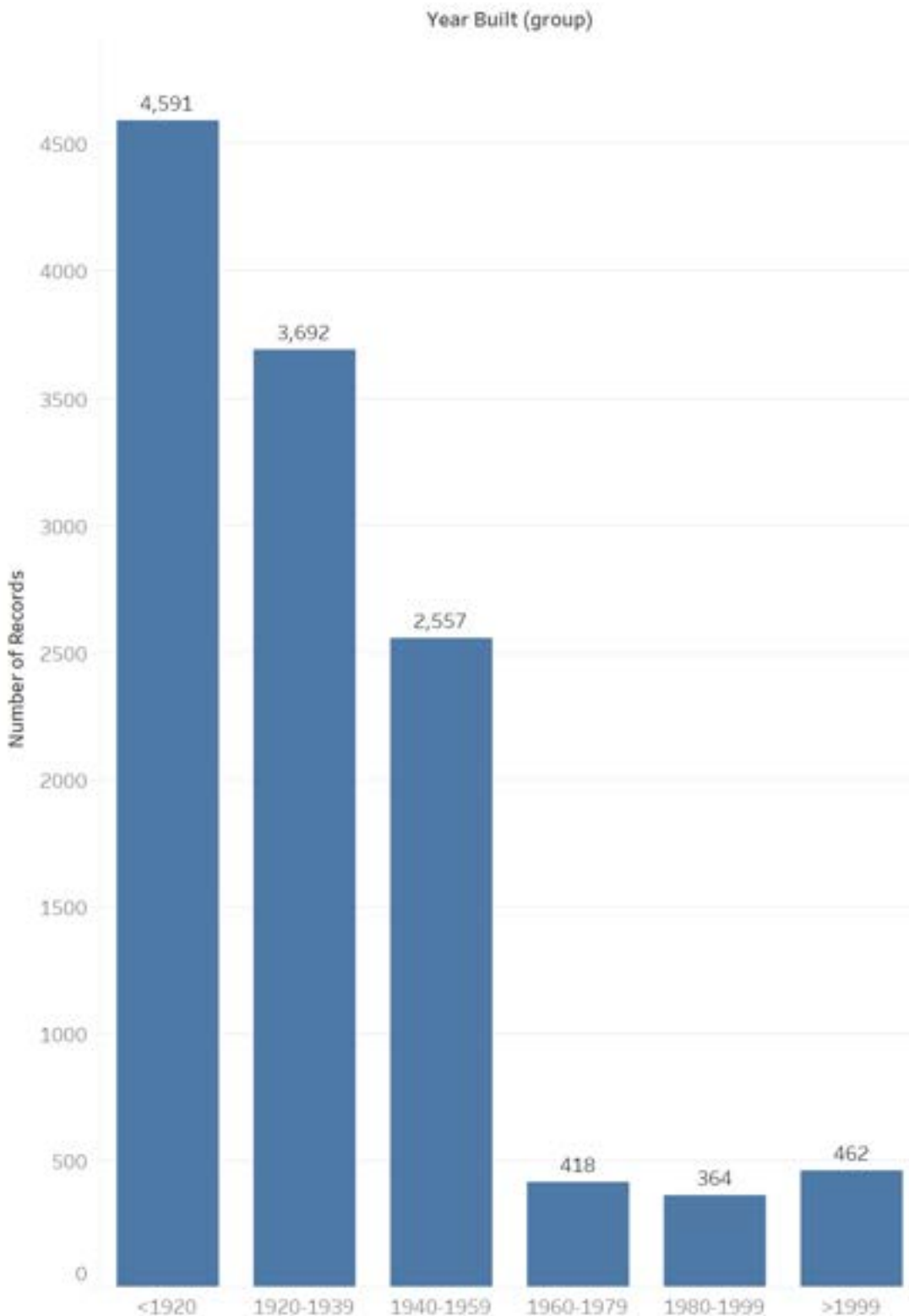
[\[1\]](#) Cadmus Group (2019), Tariffed On-Bill Financing Feasibility Assessment of Innovative Financing Structures for Minnesota Prepared for the Energy Transition Lab of the University of Minnesota.

[\[2\]](#) Id.

[\[3\]](#) Center for Energy and Environment, Optimal Energy and Seventhwave (2018). Minnesota Energy Efficiency Potential Study: 2020-2029 prepared for: Minnesota Department of Commerce, Division of Energy Resources.

[\[4\]](#) Most homes built prior to 1980s were not subject to energy codes and are more likely to be under-insulated.

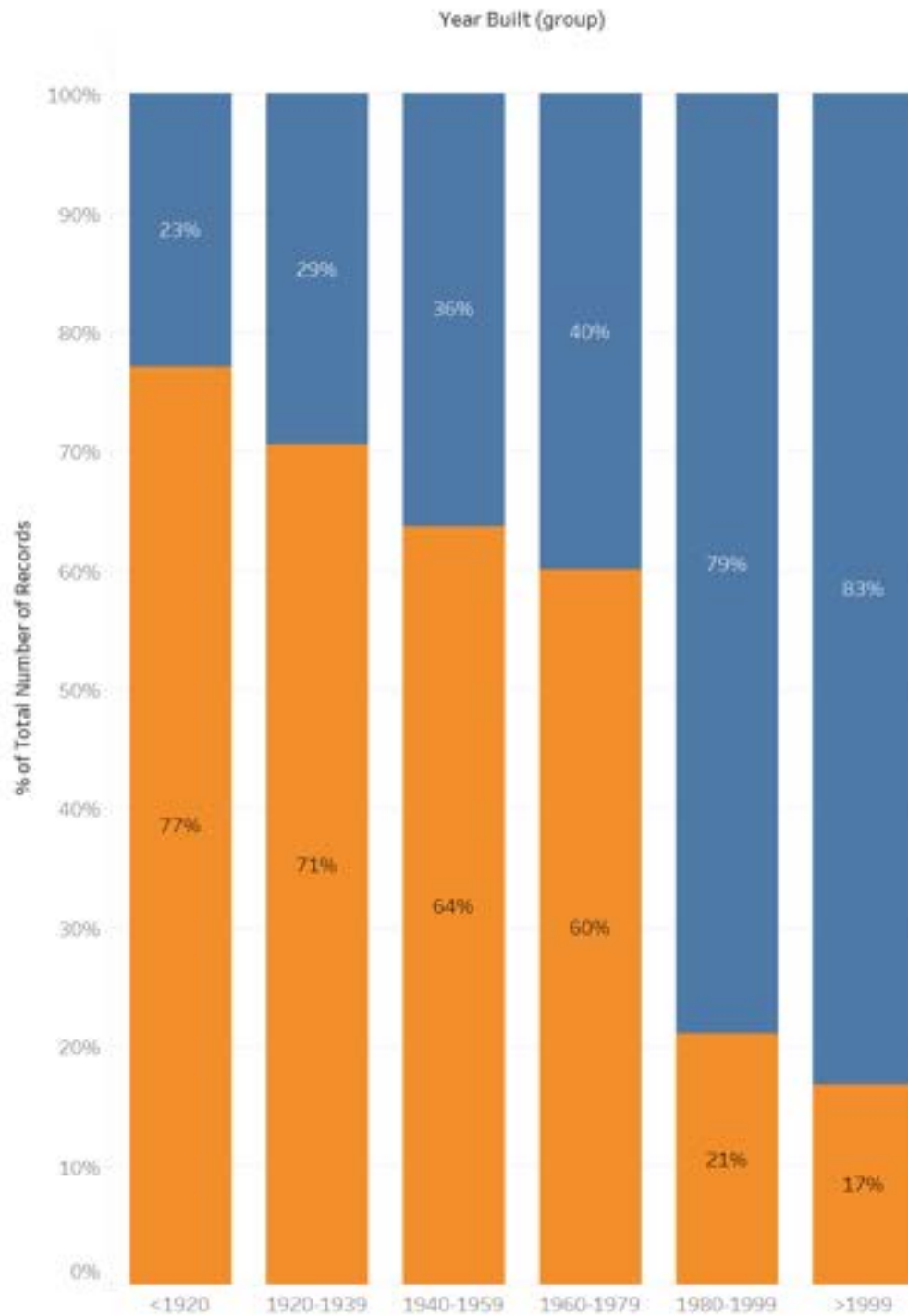
Existing houses by year built



Sum of Number of Records for each Year Built (group). The data is filtered on Action (Wall Insulation Is Recommended), which keeps 2 members.

This data was compiled by the Center for Energy and Environment under contract with the City of Minneapolis for the Truth in Sale of Housing Insulation Evaluation. It includes data collected between Jan 1, 2020 and December 15, 2021.

Attic recommendations by year built

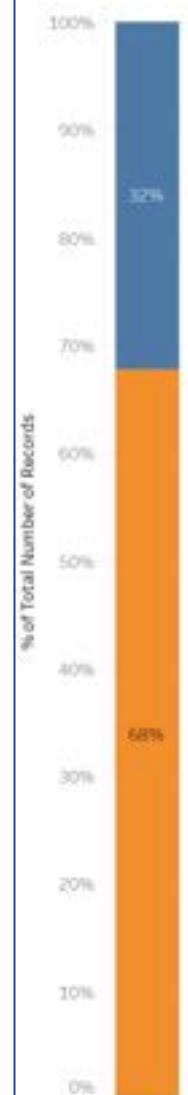


% of Total Number of Records for each Year Built (group). Color shows details about Attic Insulation Is Recommended. The data is filtered on Action (Wall Insulation Is Recommended), which keeps 2 members. Percents are based on each column of the table.

Attic Insulation Is Recommended

- False
- True

Attic recommendations across all houses



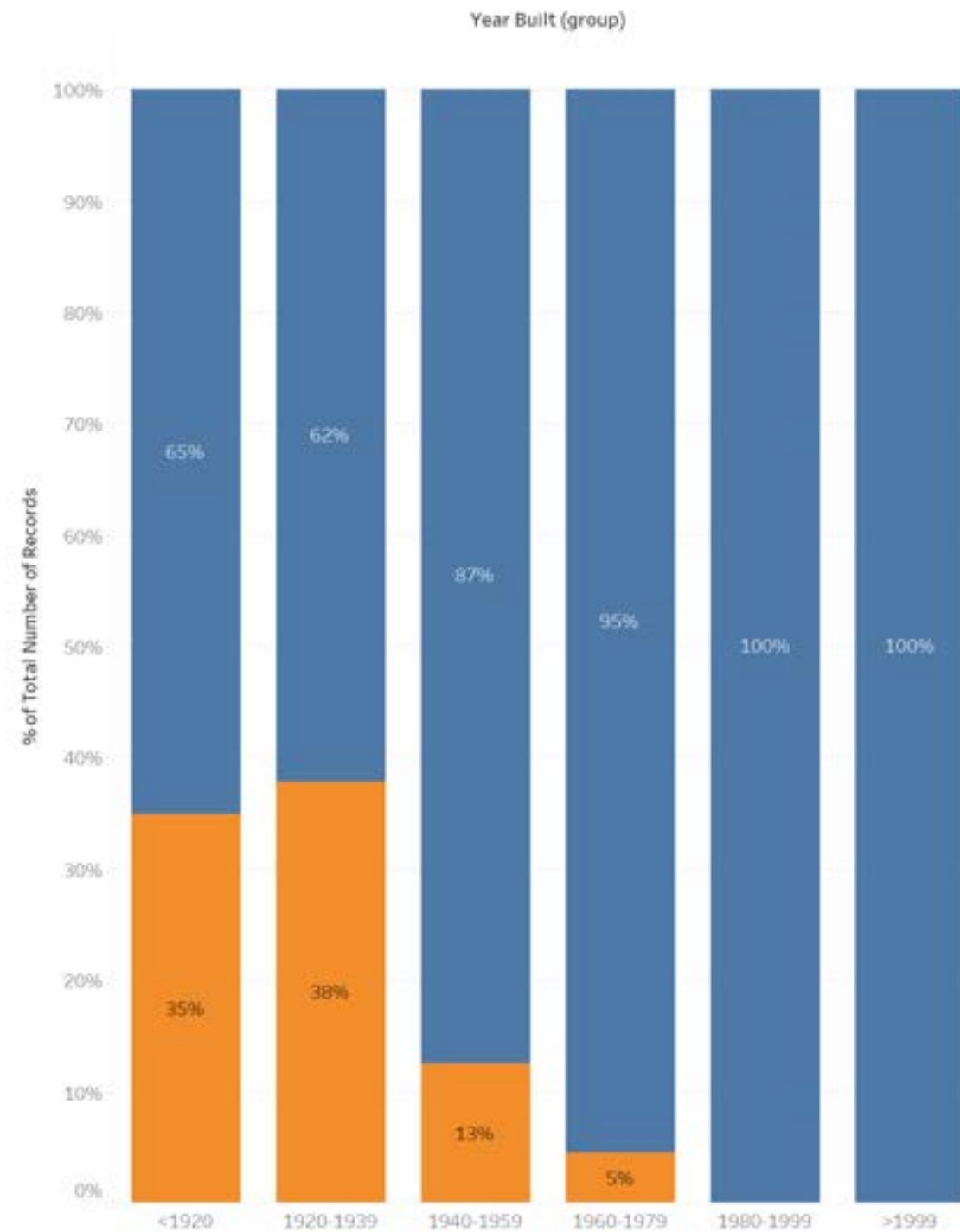
% of Total Number of Records. Color shows details about Attic Insulation Is Recommended. The data is filtered on Action (Wall Insulation Is Recommended), which keeps 2 members. Percents are based on each column of the table.

Attic Insulation Is Recommended

- False
- True

This data was compiled by the Center for Energy and Environment under contract with the City of Minneapolis for the Truth in Sale of Housing Insulation Evaluation. It includes data collected between Jan 1, 2020 and December 15, 2021.

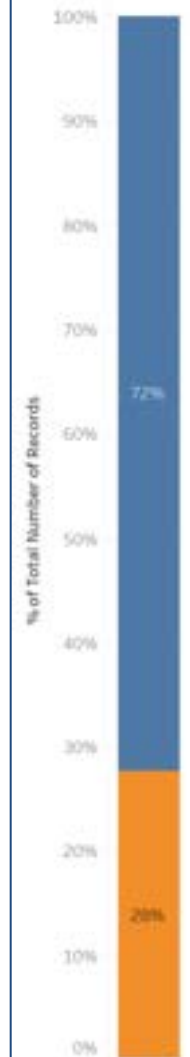
Wall insulation recommendations by year built



Wall Insulation Is Recommended

- False
- True

Wall insulation recommendations across all houses

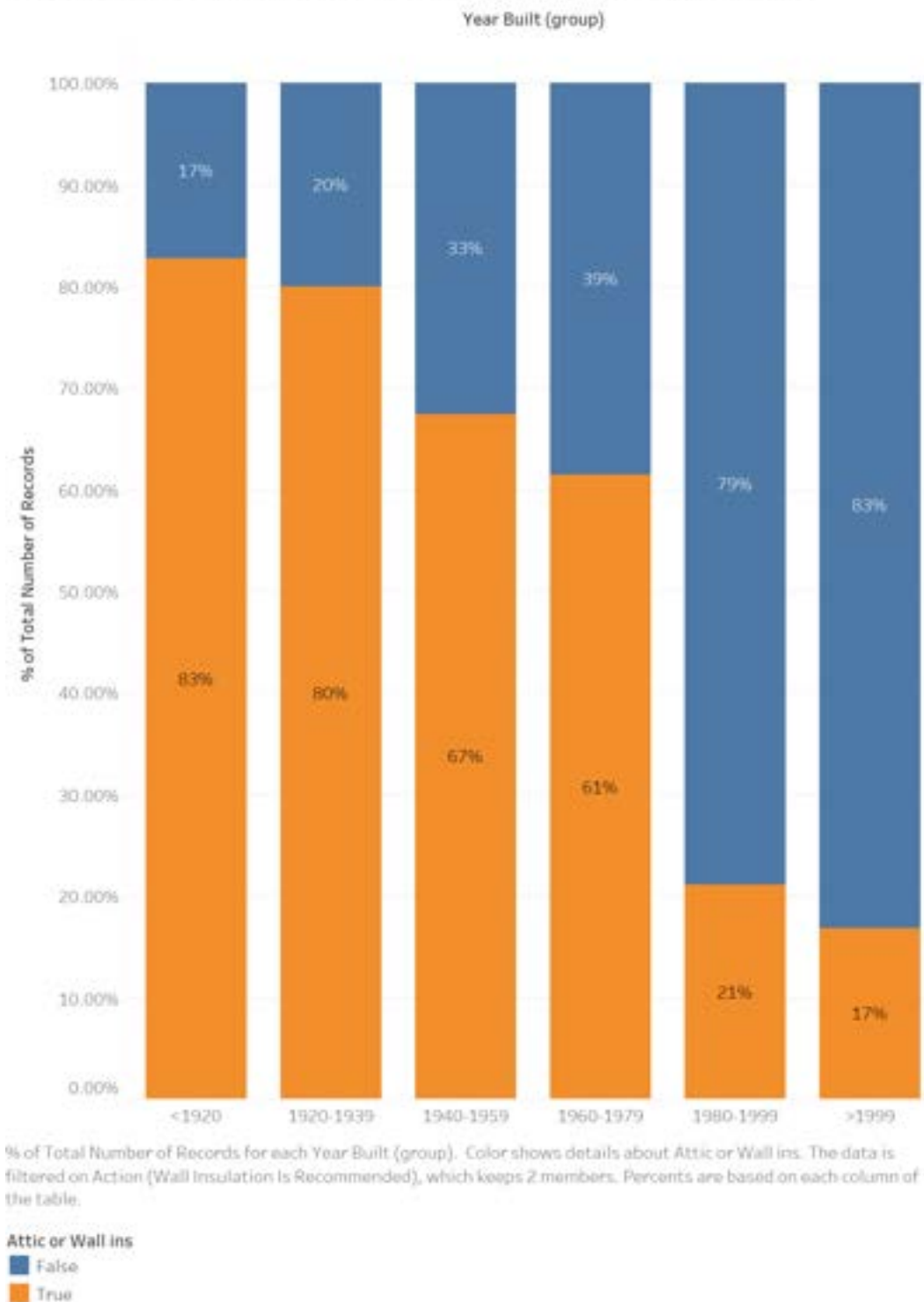


% of Total Number of Records. Color shows details about Wall Insulation Is Recommended. The data is filtered on Action (Wall Insulation Is Recommended), which keeps 2 members. Percents are based on each column of the table.

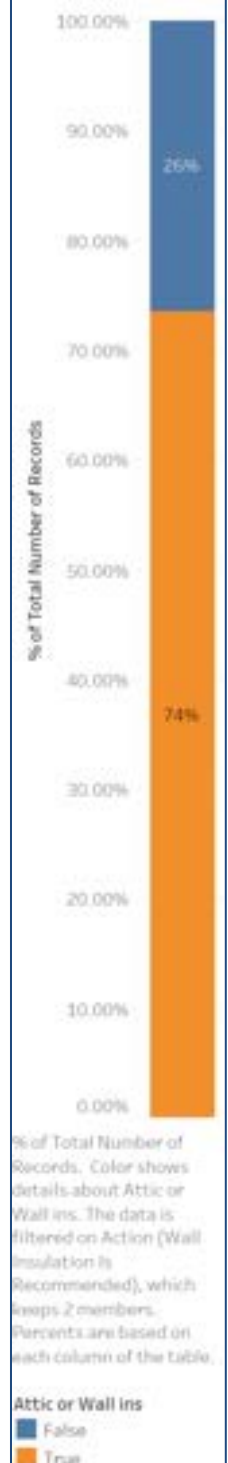
- ### Wall Insulation Is Recommended
- False
 - True

This data was compiled by the Center for Energy and Environment under contract with the City of Minneapolis for the Truth in Sale of Housing Insulation Evaluation. It includes data collected between Jan 1, 2020 and December 15, 2021.

Either attic or wall insulation recommendations by year built



Either attic or wall insulation recommendations across all houses



This data was compiled by the Center for Energy and Environment under contract with the City of Minneapolis for the Truth in Sale of Housing Insulation Evaluation. It includes data collected between Jan 1, 2020 and December 15, 2021.

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Analyst Requesting Information: Alice Madden

Type of Inquiry: Other

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Request No.	
CPMN-AM 007	<p>When must goals must be met for the ECO Act? Will the additional amount spent on Low-Income CIP be available annually?</p> <p>Response:</p> <p>As described on page 8 of the September 1 TOB petition, the Energy Conservation and Optimization Act sets a new annual spending requirement for low income programs which goes into effect in 2022. The Company's spending requirement increased from about \$2.4 to \$6 million/year. In recent years, the Company spent on average about \$4.4 million/year. For more information on CenterPoint Energy's planned spending for low income Conservation Improvement Program, refer to Docket No. G-008/CIP-20-478.</p>

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

**State of Minnesota
Community Power Minnesota**

Utility Information Request

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

Date of Request: 1/24/2022

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/31/2022

Analyst Requesting Information: Alice Madden

Type of Inquiry: Other

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

Request No.	
CPMN-AM 008	<p>If referencing source information that provides information or answers that are core to the information request, please whenever possible excerpt quotes and/or page number that provide the answer as well as a reference to the source material (rather than solely providing the link, statute name, etc for stakeholders to locate separately).</p> <p>If a spreadsheet is used, please include formulas and leave them open/unlocked. Please also ensure that sources for data/inputs are either labeled, cited/linked, or explained in writing.</p> <p>Please provide:</p> <ol style="list-style-type: none">Centerpoint's cost of long-term debt and the cost of long-term debt for Centerpoint's parent companyThe cost of capital that was offered by the third party capital provider (referenced in Response to Community Power Info Request #1). If possible please also provide any information (name, key contact, pdf of summary proposal, etc) that the third party capital provider has not requested remain strictly confidential. If some or all is strictly confidential to the third party, for those pieces please name which information the Company possesses but cannot share details for (e.g. name, key contact, term sheet, etc).A list of specific barriers as detailed as possible including barriers related to time available to explore this option that Centerpoint, the City, and/or the third party capital provider identified (as quoted below in "i" from the Response to Community Power Info Request #1).A list of the pathways the Centerpoint and the City plan to continue

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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to explore third party capital (as quoted below in “ii” from Response to Community Power Info Request #1). Please be as specific about those intended pathways as possible.

- i. *“however we did not find a path forward for lower cost third party capital as part of the TOB pilot petition filed September 1, 2021.”*
- ii. *“The Company and Minneapolis are interested in exploring the option of third party capital once a pilot program is in place.”*

Response:

- a. As filed in our current rate case, Docket G008/GR-21-435, CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas cost of long term debt is 4.1% for 2022; the Company's parent company, CenterPoint Energy Inc. cost of long term debt is 3.16%.
- b. The Company has not received any offers from third-party capital providers to fund the proposed TOB pilot, filed on September 1, 2021. Prior to filing, CenterPoint Energy and the City of Minneapolis engaged in informational discussions with Inclusive Prosperity Capital, a financial institution with experience in TOB programs, to explore the possibility of a third-party funded utility TOB program. Inclusive Prosperity Capital provided an example of a loan agreement between U.S. Bank National Association and the City of Fort Collins Electric Utility Enterprise for a residential energy efficiency program. The loan amount was \$2.5 million with a default interest rate of 3%. For more information about Inclusive Prosperity Capital, visit <https://www.inclusiveprosperitycapital.org/>.
- c. In discussion, CenterPoint Energy learned that Inclusive Prosperity Capital was interested in providing capital directly to utilities such as CenterPoint Energy to facilitate PAYS® programs; but they were not interested in providing capital directly to utility customers. CenterPoint Energy did not see a path to passing the capital provider's lower cost of capital to TOB pilot participants without directly lending to the participant. In addition, while the Company and Minneapolis's proposed TOB pilot is based on PAYS®, there are differences from traditional PAYS programs that require further scrutiny from interested third party capital providers to consider before making an offer to the Company.
- d. Upon regulatory approval of the proposed TOB pilot, the Company and Minneapolis will focus on the successful start-up development and launch of the TOB pilot. Once the TOB pilot is operational, the Company and Minneapolis will track progress and investigate

process improvements on an on-going basis. The Company and Minneapolis will continue to explore any opportunities that may enable the Company to offer lower capital costs for participants in the TOB pilot.

See two spreadsheets

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Analyst Requesting Information: Alice Madden

Type of Inquiry: Other

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Request No.	
CPMN-AM 009	<p>If referencing source information that provides information or answers that are core to the information request, please whenever possible excerpt quotes and/or page number that provide the answer as well as a reference to the source material (rather than solely providing the link, statute name, etc for stakeholders to locate separately).</p> <p>If a spreadsheet is used, please include formulas and leave them open/unlocked. Please also ensure that sources for data/inputs are either labeled, cited/linked, or explained in writing.</p> <p>Please provide the following two scenario recalculations for all tables listed below using the original table format (column and row names, formulas, etc).</p> <p>a. Scenario 1 & 2 (changed inputs for rate of return):</p> <ol style="list-style-type: none">Use the Company's cost of long-term debt for the participant and no additional rate of returnUse the rate of return of the third party capital provider referenced and no additional rate of return;<ol style="list-style-type: none">(alternate if the Company's cannot disclose the cost of capital examples in 1ci and 1cii), Use a 3% cost of capital attached to the participant with no additional cost of capital <p>b. Tables on which to run the above two scenarios:</p> <ol style="list-style-type: none">Table 1 (Exhibit L): Summary of Total CostsTable 2 (Exhibit L): Participant Cost Recovery AmountTable 3 (Exhibit L): Ratepayer Cost Recovery AmountTable 4 (Exhibit L): Residential Rate ImpactTable 5: (Exhibit L): Summary of Start-Up Costs

Response By: Emma Schoppe

Title: Local Energy Policy Mana

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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vi. Newly combined table created in Response to Community Power Info Request #4

Response:

Please refer to excel spreadsheets, 'CP IR 9a_i' and 'CP IR 9a_ii' for the requested information. The requested cost calculations are provided to fulfil this request and should not be considered a revision to the Company's cost estimates provided in the TOB Pilot petition and Exhibit L. The Company does not agree that lower capital costs are feasible to include in its proposed TOB Pilot at this time.

CP IR 9a_i' provides the recalculation of TOB pilot cost estimates (Exhibit L) based on the Company's long-term debt of 4.1% applied to the participant. The request did not specify the carrying cost to apply to the start-up capital, so the response also applies 4.1% to start-up capital which is recovered from ratepayers in the proposal.

CP IR 9a_ii' provides the recalculation of TOB pilot cost estimates (Exhibit L) based on the assumption that third-party capital cost is 3% and applied to the participant. The request did not specify the carrying cost to apply to the start-up capital, so the response also applies 3% to start-up capital which is recovered from ratepayers in the proposal.

Note that the Company's proposes only 2.5% is allocated to participants, with the remaining amount of rate of return recovered from all customers. Increasing the percentage applied to the participant is likely to reduce the number of projects that qualify for TOB; the Company did not adjust the numbers in the attached spreadsheets to account for this likely result.

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Request No.	
CPMN-AM 010	<p>If referencing source information that provides information or answers that are core to the information request, please whenever possible excerpt quotes and/or page number that provide the answer as well as a reference to the source material (rather than solely providing the link, statute name, etc for stakeholders to locate separately).</p> <p>If a spreadsheet is used, please include formulas and leave them open/unlocked. Please also ensure that sources for data/inputs are either labeled, cited/linked, or explained in writing.</p> <p>Please provide the cost of gas and the total price per therm Centerpoint used for all calculations to determine savings and costs, and what went into determining that choice (e.g. historic averages, current price, seasonality averages, future forecast).</p> <p>Response:</p> <p>Please refer to Exhibit M – Quantification of Certain Benefits for the natural gas cost assumptions used in benefits calculations. TOB Pilot Cost Estimates, Exhibit L, does not include gas expenses, so no gas cost assumptions are used in the calculation of costs.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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Type of Inquiry: Other

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Request No.	
CPMN-AM 011	<p>If referencing source information that provides information or answers that are core to the information request, please whenever possible excerpt quotes and/or page number that provide the answer as well as a reference to the source material (rather than solely providing the link, statute name, etc for stakeholders to locate separately).</p> <p>If a spreadsheet is used, please include formulas and leave them open/unlocked. Please also ensure that sources for data/inputs are either labeled, cited/linked, or explained in writing.</p> <p>For the spreadsheet from Response to Community Power Info Request #5, please define the headers of each column. If none of the columns define the following please provide those values on an annual basis for the years listed:</p> <ol style="list-style-type: none">return to shareholders that Centerpoint receives from implementing CIP, please provide that return;the annual administrative and operating costs for the last 10 years of CIP (LI-CIP and non LI-CIP split up separately if possible) <p>Response:</p> <p>The column titles and definitions for IR 5 are provided below. In response to 11a. see column D for the Company's Conservation Improvement Program (CIP) financial incentive. In response to 11b. see column C, Total CIP Spending, and column G, Dedicated Low Income Program Spending; subtract column G from column C for the non LI-CIP spending totals. Please refer to the Company's Annual Conservation</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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Improvement Program Status Reports for more information on itemized costs by year .

- A. Year: Calendar year of the CIP program and customer bill impact.
- B. Total CenterPoint Energy Customers: Total residential customers participating in CIP in the program year.
- C. Total CIP Spending: Total CIP spending for the program year across all customers and programs.
- D. CIP Financial Incentive: The Company's financial incentive (i.e. return to shareholders) earned for that program year for CIP. Please note that the Company does not earn this incentive in the year listed. For simplicity the incentive is associated with the year in which performance is evaluated for determining the incentive.
- E. Societal Gross Benefits: Total CIP Benefits for the program year across all customers and programs over the lifetime of the energy efficiency measures installed. No costs are subtracted from these benefits. Amounts determined using the Department of Commerce's Gas CIP BenCost model.
- F. Total CIP participants: Total participants in CIP for the calendar year across all customers and programs.
- G. Dedicated Low Income Program Spending: ONLY low-income CIP spending through dedicated low-income CIP programs, i.e., does not include spending on low-income customers through market rate, or non dedicated low-income programs. For example, it would include spending on low-income customers enrolled in Low Income Weatherization, but not on any low-income customers participating in the Home Energy Rebates program, which is open to all residential customers. This is a subset of "Total CIP Spending".
- H. Dedicated Low Income Program Participants: ONLY low-income participants in dedicated low-income CIP programs, i.e., does not include spending on low-income customers through market rate programs. For example, it would include spending on low-income customers enrolled in Low Income Weatherization, but not in any low-income customers participating in the Home Energy Rebates program, which is open to all residential customers. This is a subset of "Total CIP Participants".
- I. CIP Rate (as of Jan. 1): The per therm CIP recovery rate as of January 1 by year. Each year, the CIP rate is set in advance based on projected spending for that year, and previous under or over recovery for CIP program expenses.
- J. Average Residential Customer Use: Annual energy use for the average residential customer
- K. Average Annual Residential Bill Impact: Annual bill impact for the average residential customer. To estimate bill impact for residential

customers we used the CIP rate (column I) multiplied by the average annual residential energy use (column J).

L. Average Monthly Residential Bill Impact: Monthly bill impact for the average residential customer.

**State of Minnesota
Community Power Minnesota**

Utility Information Request

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

Date of Request: 1/24/2022

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/31/2022

Analyst Requesting Information: Alice Madden

Type of Inquiry: Other

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

Request No.	
CPMN-AM 012	<p>If referencing source information that provides information or answers that are core to the information request, please whenever possible excerpt quotes and/or page number that provide the answer as well as a reference to the source material (rather than solely providing the link, statute name, etc for stakeholders to locate separately).</p> <p>If a spreadsheet is used, please include formulas and leave them open/unlocked. Please also ensure that sources for data/inputs are either labeled, cited/linked, or explained in writing.</p> <p>How does the financial return to shareholders that Centerpoint receives on CIP compare to state “guaranteed” returns to shareholders received on typical gas utility capital investments like gas pipelines and other infrastructure? How do CIP expenditures compare in terms of risk to those typical gas utility capital investments (e.g. is this relatively higher risk, lower risk, about the same)?</p> <p>Response:</p> <p>In Minnesota, utilities are not guaranteed a financial return on investments made to provide safe and reliable services. Instead, rates are set to allow the utilities the opportunity to recover costs and the opportunity to earn a reasonable return using a Test Year or representative level of costs; if actual costs or investment is different than the assumed Test Year, the utility may not earn the allowed return.</p> <p>Utilities have the opportunity to earn a financial incentive on their energy efficiency investments based on a formula established by the</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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PUC. Specifically, this incentive formula does not guarantee an incentive. Utilities must meet a set of minimum requirements and then the incentive formula scales the incentive to the level of energy savings achievements and the cost-effectiveness of those achievements. This is not the same as a return on investment and therefore the Company cannot provide a definitive response to either question in IR 5 because the two situations described in each question are not well aligned for comparison.

**State of Minnesota
Community Power Minnesota**

Utility Information Request

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

Date of Request: 1/24/2022

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/31/2022

Analyst Requesting Information: Alice Madden

Type of Inquiry: Other

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

Request No.	
CPMN-AM 013	<p>If referencing source information that provides information or answers that are core to the information request, please whenever possible excerpt quotes and/or page number that provide the answer as well as a reference to the source material (rather than solely providing the link, statute name, etc for stakeholders to locate separately).</p> <p>If a spreadsheet is used, please include formulas and leave them open/unlocked. Please also ensure that sources for data/inputs are either labeled, cited/linked, or explained in writing.</p> <p>Please provide for Centerpoint's EZ-Pay On-Bill Loan program that began operating in 2020:</p> <ol style="list-style-type: none">the start up costs for the programannual operating/admin costsany other rate of return or financial incentive Centerpoint receives for any piece of this programany guardrails or rules Centerpoint, the PUC, or program vendors set about the rate of return allowed to be collected by vendor(s), private equity lender(s) (e.g. could a lender charge a 8%+ rate of return to a participant if participant agreed?) <p>Response:</p> <ol style="list-style-type: none">CenterPoint Energy's start-up spending for EZ Pay On-Bill Loan project (EZ Pay) was approximately \$1.9 million.CenterPoint Energy's annual budget for EZ Pay is \$475,387 in 2021, \$497,347 in 2022, and \$518,930 in 2023 or a 3-year total of

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

approximately \$1.5 million. Please refer to the Company's 2021-2023 Natural Gas Conservation Improvement Program Triennial Plan, Docket No. G-008/CIP-20-478 for more information.

- c. The Company's EZ Pay supports participation and energy savings in the Company's CIP programs. The Company attributes energy savings to the supported program and not to the EZ PAY program. Therefore, the Company's CIP financial incentive is not directly increased by the EZ Pay program.
- d. In general, the Company will allow EZ Pay participating lenders to offer any reasonable terms within the limits specified for by the EZ Pay program. EZ Pay participating lenders may determine individual loan terms and minimum monthly payments according to their underwriting criteria and may change their terms or offer additional loan products with different terms at their discretion. The Company may prohibit lenders from offering loans that would result in monthly installments exceeding a certain amount. In addition, the Company reserves the right to exclude lenders and/or particular loan products from EZ Pay if it determines that doing so would be in the interests of consumer protection or minimizing administrative costs.

State of Minnesota
Community Power Minnesota

Utility Information Request

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

Date of Request: 1/24/2022

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/31/2022

Analyst Requesting Information: Alice Madden

Type of Inquiry: Other

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

Request No.	
CPMN-AM 014	<p>If referencing source information that provides information or answers that are core to the information request, please whenever possible excerpt quotes and/or page number that provide the answer as well as a reference to the source material (rather than solely providing the link, statute name, etc for stakeholders to locate separately).</p> <p>If a spreadsheet is used, please include formulas and leave them open/unlocked. Please also ensure that sources for data/inputs are either labeled, cited/linked, or explained in writing.</p> <p>Heat pumps and mini-splits are included in the measures listed in Exhibit P, page 2 of 2. In what ways is Centerpoint planning for beneficial electrification (BE) to be part of this pilot or future iterations of inclusive financing (as has been encouraged by the EcoAct enabling BE for CIP)?</p> <p>Response:</p> <p>Exhibit P describes TOB pilot eligible measures and includes measures installed along with eligible natural gas heating equipment that also meets minimum efficiency standards, including: central air conditioners, mini-split systems, or heat pumps. The Company may consider beneficial electrification in the TOB pilot as regulatory guidance develops under the ECOAct and Natural Gas Innovation Act (NGIA).</p>

Response By: Emma Schoppe

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**State of Minnesota
Community Power Minnesota**

Utility Information Request

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

Date of Request: 1/24/2022

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/31/2022

Analyst Requesting Information: Alice Madden

Type of Inquiry: Other

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

Request No.	
CPMN-AM 015	<p>If referencing source information that provides information or answers that are core to the information request, please whenever possible excerpt quotes and/or page number that provide the answer as well as a reference to the source material (rather than solely providing the link, statute name, etc for stakeholders to locate separately).</p> <p>If a spreadsheet is used, please include formulas and leave them open/unlocked. Please also ensure that sources for data/inputs are either labeled, cited/linked, or explained in writing.</p> <p>Please answer the following questions related to the start up, admin/operating costs for the TOB pilot:</p> <ol style="list-style-type: none">How typical is the ratio of Start up Cost - to - Total Cost for this pilot compare to other Centerpoint pilot programs? What sources did Centerpoint use to arrive at the start up, admin/operating costs for the TOB estimates (please list the specific sources, Company and/or PAYS programs, and/or people)?Is the proposal to collect a rate of return and categorize admin/O&M/start up as “capital” typical within other Centerpoint programs? If so, please name some examples.What - if any - start-up or administrative costs are avoided because they were already or mostly completed through the EZPAY start up costs (e.g. on-bill capabilities, etc)? <p>Response:</p> <ol style="list-style-type: none">The Company developed start-up costs based on its experience

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Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

making changes to the Company's billing system for the EZ Pay program. Start up costs between the two programs are fairly comparable in that regard. Total TOB Pilot delivery costs over three years is \$2.2 million (excluding energy efficiency project costs) compared to EZ Pay which is about \$1.5 million. The TOB Pilot includes a higher level of interaction with the participant which contributes to higher overall costs compared to EZ Pay. The Company developed TOB Pilot delivery costs based on equivalent PAYS® service charges or based on the Company's experience delivering similar services. The Company met with an existing PAYS® provider that described charges per participant for the Energy Assessment, Cost-Effectiveness Modeling, and Program Operator Services. The Company developed cost estimates for Utility Administration, Marketing, Education, & Outreach, Community Partnerships, Translation Services, and Pilot Evaluations. See Exhibit L for more information.

- b. It is typical for the Company to recover labor costs incurred during capital projects (for example pipe installation) as capital expense. Because items such as the program operator service charge is labor incurred to support a capital expenditure they are appropriately classified as capital. It is also typical to classify development of new software as a capital expense, so many of the TOB startup costs, which are associated with software development, are appropriately classified as capital.
- c. Development of CenterPoint Energy's EZ Pay program helped to inform cost estimates for the TOB Pilot because both programs require technical systems changes to CenterPoint Energy's billing processes. While the Company may realize start-up cost savings associated with lessons learned from EZ Pay, each program is distinct enough to require a comprehensive approach to billing system changes for which TOB pilot cost estimates are based. Therefore, the Company did not assume any avoided TOB Pilot costs as a result of EZ Pay.

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>Response:</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>

OAG #2 spreadsheet

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

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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>Response:</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>

OAG #3 spreadsheet

Response By: Emma Schoppe

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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: 12/20/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/3/2022

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 004	<p>Reference: EZ Pay On-Bill Loan Program ("EZ Pay"), proposed in Docket No. 20-478.</p> <ul style="list-style-type: none">a. How does CenterPoint promote EZ Pay to its customers?b. Is the program discussed on the Company's website? If so, provide the URL(s).c. Provide copies of all EZ Pay documents provided to customers, including but not limited to promotional materials and application forms. <p>Response:</p> <ul style="list-style-type: none">a. CenterPoint Energy's EZ Pay On-Bill Loan (EZPAY) allows customers to obtain loan financing for qualifying energy efficiency measures and make monthly loan installment payments conveniently on their natural gas bill. Prospective customers seeking financing for eligible products will work through authorized, participating trade allies that use a dedicated, secure online portal administered by CenterPoint Energy's project implementation partners to help customers apply for loans. Customers will also have the option of contacting the implementation partner to apply for a loan. <p>A robust trade ally network is likely to be the most effective way to promote EZPAY as trade allies will promote lending options that help them secure equipment sales, accordingly, the Company has been primarily focused on expanding the network of Registered Trade Ally</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

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participants but plans to include customer-direct promotions in the future.

- b. The Company is developing an EZPAY customer-facing webpage that will launch in coming months. The webpage will describe the offering and list Registered Trade Allies authorized to offer EZPAY to their customers. The Company engages with Trade Allies periodically via e-mail and other ongoing programs promoting Conservation Improvement Program (CIP) offerings.
- c. CenterPoint Energy provides customers that engage in EZPAY the Customer Terms and Conditions document (See attached). The Company's lending partners host the loan application on a secure online portal and provide their own lending documents required by customers for loan application and execution. At this time, the Center for Energy and Environment is the only participating EZPAY lender.



EZ Pay On-Bill Loan Program Customer Participation Terms and Conditions

This Customer Participation Terms and Conditions ("Terms and Conditions") is between CenterPoint Energy Resources Corp. ("CenterPoint Energy") and the Customer ("Customer") participating in the CenterPoint Energy EZ Pay On-Bill Loan program (the "Program") and sets out the terms and conditions for Customer's participation.

I. Program Purpose and Description

The purpose of the Program is to provide a service that will allow eligible Minnesota residential natural gas customers to access funding for the purchase and installation of qualifying home energy efficiency improvements and make monthly loan installment payments on their CenterPoint Energy natural gas bill. The participating Customer will work with their choice of eligible Trade Ally to apply for Program financing through a secure, online portal. The portal interfaces with CenterPoint Energy's billing system to verify the Customer's eligibility for participation in the program. The loan will be evaluated for approval and, if it is approved, will be executed by the program's Vendor and/or participating Program lenders. Once the loan is executed and the product sale is completed through the Trade Ally, the Customer will make monthly loan installment payments on their CenterPoint Energy natural gas bill along with their regular utility bill payments. The Customer is responsible for paying the Trade Ally for all products, services, labor and taxes as invoiced by the Trade Ally. CenterPoint Energy is not the Program lender and is only providing the convenience of making loan installment payments on the monthly CenterPoint Energy natural gas bill.

II. Term

These Terms and Conditions apply to all customers participating in the Program until either 1) the loan is paid in full and no further monthly installments are required, or 2) the Customer is removed from the Program for non-payment of required loan installments. The Program will continue to be offered by the Company subject to the provisions of Minnesota law¹ and approval by the Minnesota Department of Commerce, Division of Energy Resources².

¹ Minn. Stat. § 216B.241 Subd. 5d.

² *In the Matter of CenterPoint Energy's Program Modification Request Filed July 3, 2018*, Docket No. G008/CIP-16-119, Decision (Oct. 10, 2018).

OAG #4

III. Customer/Property Eligibility

The Customer must meet the following criteria to be eligible for Program participation:

- Active residential natural gas service with CenterPoint Energy in Minnesota;
- Past due balance of no more than \$50 at the time of the loan application;
- Late payments no more than three times within the previous 12-month period;
- Resident property owner or non-resident owner of rental properties (with CenterPoint Energy account in their name that meets the above criteria);
- Other criteria as specified by individual lenders, such as credit score or income criteria.
- **Renters are not eligible to participate in the EZ Pay On-Bill Loan program.**

If approved to participate, Customer eligibility will be valid for 120 days from date of application/approval; if loan does not close during that time period, customer will need to reapply and have a new credit check completed.

CenterPoint Energy will not restrict customer participation based on credit or income criteria; however, individual Lenders participating in the EZ Pay On-Bill Loan program may specify additional criteria for loan eligibility, e.g. income criteria or specific loan-to-value ratios. Interest rates for loans will vary by Lender and loan product.

IV. Equipment/Services Eligibility

Equipment and/or services eligible for inclusion in the EZ Pay On-Bill Loan are most measures currently eligible for CenterPoint Energy Residential Segment rebates (see detailed list in Attachment–Exhibit A) or at www.CenterPointEnergy.com/SaveEnergy). Some exclusions apply. Equipment or services necessary for the installation of eligible equipment or measures, or that would typically be installed with them, may be eligible and are also listed.

Please also see Attachment–Exhibit A for a list of items that are not eligible for inclusion in the EZ Pay On-Bill Loan.

All equipment covered by the EZ Pay ON-Bill loan:

- Must be installed and/or services completed within 120 days of the issuance of the loan.³
- Must have forms for any rebate-eligible items submitted by Trade Allies to CenterPoint Energy's Rebate Processing Center within 120 days after equipment installation and/or service completion, or by December 31, whichever comes first.

³ CenterPoint Energy may extend this deadline for good cause on a case-by-case basis.

OAG #4

V. Loan Information

The following limits are placed on loans available through the EZ Pay On-Bill Loan program:

- Maximum principal loan amount may not exceed \$20,000 or the cost of eligible equipment or services, whichever is less; and
- Maximum loan term may not exceed ten years.
- Specific terms and interest rates will be as determined by the individual Lender.

Customer will be permitted to take out multiple EZ Pay On-Bill Loans, but the maximum outstanding balance of all loans may not exceed \$20,000 at any given time.

The Customer will receive EZ Pay On-Bill Loan funds directly from the Lender and is responsible to pay Trade Ally in full for all equipment/services as agreed upon with the Trade Ally.

VI. Loan Payment Processing

The following rules will apply to EZ Pay On-Bill Loan installment payments billed on the Customer's CenterPoint Energy natural gas bill:

- **Payment Settlement sequence:**
Payments will be settled and applied to amounts due on the monthly natural gas bill according to Minnesota Statute, Minnesota Public Utilities Commission rules and CenterPoint Energy policy, in the following general order:
 - Natural gas commodity amounts due
 - Other utility charges amounts due
 - Home Service Plus® amounts due
 - EZ Pay On-Bill Loan installment amounts due

CenterPoint Energy's billing cycles are approximately thirty days long, but may vary by a few days, depending on the dates of weekends or holidays. Due dates for monthly installment payments on the loan will not be adjusted to correlate with due dates on CenterPoint Energy's bill, which may affect the amount of interest that accrues on the loan and the amount of the final loan payment.

- **Over-payments:** any amounts paid that exceed the total amount due on the bill will reside as a credit on the Customer's natural gas portion of the bill
 - Advance payments on future loan installments may be made directly to the Lender (see Section VII) and will be applied to the loan principal balance.
- **Multiple monthly payments:** if the Customer makes multiple payments during a billing period, they will be applied according to the Payment Settlement sequence referenced above.

- **Under-payments:** if Customer payments for a billing period do not satisfy the total amount due on the bill, the amount paid will be applied to individual billing amounts in the order referenced above. Any amount billed but not satisfied will be considered an amount past due.
- **Past due payments:** the Customer may receive correspondence for any portion of a past due amount on their CenterPoint Energy bill. Correspondence for EZ Pay On-Bill Loan amounts past due will be sent by the Lender.
 - Any payments past due should still be made directly to CenterPoint Energy while the Customer remains enrolled in the EZ Pay On-Bill Loan program.
 - If the Customer is removed from the Program for non-payment, they will need to contact the Lender to establish an alternate direct payment method for future loan installments (see Section VIII).
 - Responsibility for all past due amounts as well as future loan installment payments remains with the Customer/Borrower (see Section VIII).
- **Insufficient funds (NSF)/payment reversals:** if Customer payments are retrieved by the Customer's bank or payment agent due to lack of sufficient funds, payments applied to amounts due will be reversed.
 - No charges for insufficient funds payment reversals will be applied to the Customer's CenterPoint Energy account for NSF/payment reversals related specifically to EZ Pay On-Bill Loan installments. However, NSF charges may be applied to the Customer's account for payment reversals related to natural gas or other utility amounts due.
- **Late fees:** no late fees will be assessed to the Customer for late or past due payments specifically for EZ Pay On-Bill Loan installments. However late fees may be applied to the Customer's account for payment reversals related to natural gas or other utility amounts that are past due.
 - If the Customer is removed from the Program for non-payment (see Section VIII), and is referred to the Lender to make future installment payments directly to them, the Lender may assess late fees on the loan.
- **Payment Arrangements/Payment Extensions:** formal Payment Arrangements or Payment Extensions for past due EZ Pay On-Bill Loan amounts on the Customer's CenterPoint Energy bill cannot be made with CenterPoint Energy.
 - Payment arrangements or extensions may be possible through the Lender; Customers should contact the Lender for more information.

VII. Early Loan Payments/Loan Payoff

The Customer is able to make additional/advance payments toward their EZ Pay On-Bill Loan, or to pay off the remaining loan principal balance (and any calculated interest owed) in advance of the established loan ending date, by contacting the Lender. Such advance payments must be made directly to the Lender; CenterPoint Energy is not able to process advance payments made toward the Customer's EZ Pay On-Bill Loan, only regular monthly installments billed on the CenterPoint Energy bill.

VIII. Removal from Program

A Customer will be removed from enrollment in the EZ Pay On-Bill Loan program under the following conditions:

- Disconnection from CenterPoint Energy natural gas service for non-payment of their natural gas bill; or
- Reaching three billing cycles past due on any portion of their EZ Pay On-Bill loan installment payments;⁴ or
- Move-out of the property for which the loan was initially associated (even if the Customer still has an active account in good standing within CenterPoint Energy's Minnesota service territory).
- Lender-initiated removal for just cause as outlined in their EZ Pay On-Bill Loan Program Customer Agreement document.

Past due EZ Pay On-Bill Loan installments will not trigger a shut-off of natural gas service from CenterPoint Energy.

If a Customer is removed from the EZ Pay On-Bill Loan program:

- They will be notified and referred to the lender to establish an alternate direct payment method for future loan installments.
 - Late fees for past due EZ Pay On-Bill Loans will not be assessed by CenterPoint Energy; however, if the Customer is removed from the Program and referred to the lender for future installment payments, the lender may assess late fees.
- They will no longer be able to make monthly loan installment payments on their CenterPoint Energy natural gas bill.
- If termination activities have been initiated and a partial payment has been applied to an EZ Pay On-Bill Loan installment line item on the Customer's CenterPoint Energy bill (past due or current), the partial payment may be reversed entirely and the entire installment line item considered unpaid. The total installment amount would then be owed to the Lender and the partial payment will be re-applied to other open line items on the Customer's bill (in order according to Payment Settlement Rules noted in Section VI above).
- **Responsibility for all past due installment payments and all future loan installments for the term of the loan will remain with the Customer (Borrower), even if they move away from the property where the energy efficient equipment was installed; the responsibility for their EZ Pay On-Bill Loan does not transfer to the new property owner/occupant.⁵**

⁴ A CenterPoint Energy billing cycle is roughly thirty-days long, but may be slightly shorter or longer depending on the dates of weekends and holidays. Customers will be notified at the time that they fall two billing cycles behind that their loan may be removed from the EZ Pay On-Bill Loan program and provided with the date on which that will happen if payment is not received.

⁵ Minn. Stat. § 216B.241, Subd. 5d(h).

IX. Data Privacy/Security

CenterPoint Energy and the Program Vendor have taken extraordinary measures to ensure the privacy and security of the Customer's Personally Identifiable Information used to apply for and execute the EZ Pay On-Bill Loan and bill installment amounts due on the CenterPoint Energy bill.

X. Program Contacts

The Customer should contact the following with questions as noted below:

CenterPoint Energy Customer Service

612-372-4727 or 800-245-2377, Monday-Friday, 7 am – 7 pm (except holidays)

- CenterPoint Energy account status/Program eligibility
- Billing or payment inquiries, including application of EZ Pay On-Bill Loan installment payments
- Equipment rebate processing/timing questions

Center for Energy and Environment (CEE)

855-296-5626, Monday-Friday, 8 am – 4:30 pm (except holidays)

Or e-mail EZPAY.Servicing@mncee.org

- CEE correspondence sent for payments past due
- Loan payment arrangements/extensions
- Early/additional loan installment payments
- Loan principal balance or early payoff
- Other loan-related inquiries

Customer's selected Trade Ally

- Equipment/services purchased
- Installation of selected measures
- Rebate paperwork submitted to CenterPoint Energy
- Complaints about equipment/services purchased and installed

Exhibit A – Eligible Equipment See Attachment

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: 12/20/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/3/2022

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 005	<p>Reference: EZ Pay On-Bill Loan Program ("EZ Pay"), proposed in Docket No. 20-478.</p> <p>a. Does the EZ Pay program, or do its lenders, have a minimum credit-score requirement? If so, what is it?</p> <p>b. What other qualifications do EZ Pay lenders require of borrowers?</p> <p>c. How many customers applied for EZ Pay financing in 2021, and how many were ultimately approved for a loan?</p> <p>Response:</p> <p>a. CenterPoint Energy's EZPAY does not have a minimum credit-score requirement; however, customers may need to meet credit score requirements specified by individual lenders.</p> <p>b. The Company does not provide the financing accessible via EZPAY and cannot provide the details of lender borrowing requirements. Currently, the Center for Energy and Environment is the only lender participating in EZPAY.</p> <p>c. There are currently 24 active EZPAY loans covering high efficiency natural gas furnaces and water heaters, programmable thermostats, electronic ignition hearth products, air sealing and insulation, and qualifying central air conditioning systems when installed with a qualifying natural gas heating system. Complete data for EZPAY results from 2021 are not yet available; final data will be reported in the 2021</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

CIP Status Report (May 2, 2022).

EZPAY launched in September 2020. In 2020, five loans were processed through EZPAY for nine energy efficiency projects and five qualifying non-gas measures. No customers who applied for loans were denied participation, and no customers were removed from the program.

State of Minnesota
Minnesota Office of the Attorney General

Utility Information Request

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Type of Inquiry: Other

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

Request No.	
OAG 006	<p>Reference: EZ Pay On-Bill Loan Program ("EZ Pay"), proposed in Docket No. 20-478.</p> <p>For each EZ Pay loan issued in 2021, provide:</p> <ul style="list-style-type: none">i. The lender.ii. The amount financed.iii. The repayment term.iv. The interest rate.v. Total interest over the life of the loan.vi. The monthly payment.vii. The upgrades that were financed.viii. The amount of any associated CIP rebates.ix. The estimated annual energy savings resulting from the upgrades. <p>Response:</p> <p>The Company does not provide the financing accessible via EZPAY and cannot provide all the loan details from specific lenders. Currently, the Center for Energy and Environment is the only lender participating in EZPAY. We are also unable to report 2021 EZPAY program participation details at this time; estimates are expected to be available within four to six weeks, and final data will be reported in the 2021 CIP Status Report (May 2, 2022).</p> <p>The Company sets the following limitations on EZ Pay On-Bill Loans:</p> <p style="padding-left: 40px;">Maximum principal loan amount may not exceed \$20,000 or the cost of</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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eligible equipment or services, whichever is less;
Maximum loan term may not exceed 10 years; and

Customers may take out multiple EZ Pay On-Bill Loans, but the maximum outstanding balance of all loans through the EZ Pay On-Bill Loan project for a single customer may not exceed \$20,000.

**State of Minnesota
Citizens Utility Board of Minnesota**

Utility Information Request

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

Date of Request: 11/29/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 12/13/2021

Analyst Requesting Information: Brian Edstrom

Type of Inquiry: Other

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

Request No.	
CUB 002	<p>Where applicable, provide your answers in a live, unlocked spreadsheet with all links and formulas intact. If the calculations or data origins are not obvious/labeled, provide a narrative explanation.</p> <p>According to Table 5 on page 15 of the Petition, a participant utilizing TOB to pay for a \$5,000 improvement will also be responsible for \$750 of the utility's rate of return. Footnote 36 suggests that this \$750 charge represents 2.5% of the Company's total rate of return, calculated at 7.42%. Please explain in more detail how petitioners calculate participant's share of the Company's rate of return under these circumstances (i.e., given 2.5% of \$5,000 is \$125, please explain where the additional \$625 of the \$750 participant charge comes from).</p> <p>Response:</p> <p>Similar to a mortgage or debt payment the 2.5% rate of return is continually applied to the outstanding balance. In the example, the TOB participant makes monthly payments for a 12-year term which results in approximately \$750 (depending on the monthly payment amount) as opposed to \$125 as calculated in the request.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

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Response Due: 12/13/2021

Analyst Requesting Information: Brian Edstrom

Type of Inquiry: Other

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Request No.	
CUB 003	<p>Where applicable, provide your answers in a live, unlocked spreadsheet with all links and formulas intact. If the calculations or data origins are not obvious/labeled, provide a narrative explanation.</p> <p>On page 11 of the Petition, the Company states that \$300 is charged <i>per participant</i> to develop a scope of work and to educate customers on their upgrade options. This amount is to be recovered from all ratepayers. Further, according to page 17 of the Petition, both Participant Owners and Participant Renters are required to sign agreements prior to enrolling in the TOB pilot program. Is the \$300 scope of work and education cost charged to each Participant Owner and Participant Renter? Or does the charge apply to each property seeking enrollment in the TOB pilot program? For example, if a property has one Participant Owner and four Participant Renters, is a single \$300 charge applied to the property, or is \$300 charged to each participant for a total of \$1,500? Please explain the Company's reasoning for its approach.</p> <p>Response:</p> <p>The scope of work and education cost is proposed to be \$300 charged for each project. This charge also includes modeling the TOB pilot participant's service charge and is referred to as 'Cost-Effective Modeling Services' in Table 6 of Exhibit L. This estimate is based on the amount quoted by an existing PAYS® provider for similar services. In the example, the costs incurred would be \$300 and not \$1,500.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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Response Due: 12/13/2021

Analyst Requesting Information: Brian Edstrom

Type of Inquiry: Other

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Request No.	
CUB 004	<p>Where applicable, provide your answers in a live, unlocked spreadsheet with all links and formulas intact. If the calculations or data origins are not obvious/labeled, provide a narrative explanation.</p> <p>Is the \$300 cost of service for developing a scope of work and educating customers on their options charged to ratepayers regardless of whether or not the customer ultimately chooses to proceed with project upgrades through the TOB pilot program?</p> <p>Response:</p> <p>Yes.</p>

Response By: Seth DeMerritt
Title: Local Energy Policy Manager
Department: Mng Smr Reg Svc Enrgy Prog
Telephone: 612-321-4318

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Response Due: 12/13/2021

Analyst Requesting Information: Brian Edstrom

Type of Inquiry: Other

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

Request No.	
CUB 005	<p>Where applicable, provide your answers in a live, unlocked spreadsheet with all links and formulas intact. If the calculations or data origins are not obvious/labeled, provide a narrative explanation.</p> <p>It is our understanding that (i) participants pay a \$100 upfront fee for an energy assessment (unless waived), and possibly additional upfront co-pay amounts, depending on the upgrade, and that (ii) all other charges associated with participation in the TOB program (including the cost of the upgrade itself, the Company's cost of capital, and the program operator fee) would be distributed ratably over the term of the Participant Renter Agreement via monthly Upgrade Service Charges. Please confirm this understanding is correct. If it is not correct, please explain why it is incorrect. Please also explain any other upfront payment obligations a customer might owe to participate in the TOB program.</p> <p>Response:</p> <p>Statement (i) is correct. Statement (ii) is correct for project costs that meet the cost-effectiveness test. As described on page 18, energy upgrades will be considered cost-effective if the participating customers' annual program charges are 80 percent or less of the estimated weather-normalized annual electric and gas bill savings that will result from the upgrades. Any costs that do not meet the cost-effectiveness threshold may be paid in an upfront payment. The Company's cost of capital for a participating project is split between the participant at 2.5% and ratepayers at 4.92%.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

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Requested From: CenterPoint Energy Minnesota Gas

Response Due: 12/13/2021

Analyst Requesting Information: Brian Edstrom

Type of Inquiry: Other

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

Request No.	
CUB 006	<p>Where applicable, provide your answers in a live, unlocked spreadsheet with all links and formulas intact. If the calculations or data origins are not obvious/labeled, provide a narrative explanation.</p> <p>Assume, for the sake of this question: (i) the actual costs of an upgrade is \$5,000; (ii) all waivable fees applied to the participant (e.g., the participant's responsibility for paying a portion of the energy assessment) are waived; (iii) the customer is <u>not</u> charged a co-pay amount, as described in Footnote 22 of the Company's September 1, 2021 petition; and (iv) once the upgrade is installed, it works as intended and no additional costs are incurred to replace or repair it.</p> <p>a. If a participant in the TOB pilot program finances the full \$5,000 cost of the upgrade through TOB, what is the total cost the participant will pay (including all interest, fees, co-pays, administrative charges, on-site energy assessments, scope of work charges, Company rate of return charges, etc.)? Do not factor in cost savings attributable to the upgrade when determining this amount.</p> <p style="padding-left: 40px;">i. Explain how this amount was calculated and include an itemized list of each fee or charge applied.</p> <p style="padding-left: 40px;">ii. Identify the type and amount of all <i>potential</i> fees that were considered waived when determining this amount.</p> <p>b. Approximately how long will it take for the participant to pay off the full charges identified in 6.a? How is this determined?</p> <p>c. How much of the total charges will the participant be responsible for</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

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paying upfront (i.e., before the upgrade is fully installed and operating)?

- d. Approximately how long will it take for a typical participant to recoup (e.g., through cost savings attributable to the upgrade) the full amount of the upfront charges identified in 6.c? How is this determined?

Response:

a. Assumption (iii) implies that the participant's net TOB pilot project cost fully meets cost-effectiveness and no upfront co-payment is required. Assuming the maximum payment term of 12 years, the TOB participant will make payments of approximately \$44/month. The participant will pay \$6,343 at the end of 12 years.

- i. The following table describes the cost of TOB Pilot Participation based on assumptions (i-iv).

	Item	Total Cost	Participant Charge
1	Energy Upgrade (i)	\$5,000	\$5,000
2	On Site Energy Assessment (ii)	\$400	\$0
3	Cost Effective Energy Modeling	\$300	\$0
4	TOB Pilot Program Operator Services	\$475	\$475
5	Total TOB Pilot Project Cost (lines 1-4)	\$6,175	\$5,475
6	Utility Rate of Return (7.42%; 12 years)	\$2,575	\$868
7	Net TOB Pilot Project Cost	\$8,750	\$6,343
8	Total Eligible TOB Pilot Participation Charge	n/a	\$6,343
9	Participant Upfront Copayment Required (iii)	n/a	\$0

ii. The TOB Petition, page 10, describes that the \$100 copay for the on-site energy assessment may be waived if the participant identifies as low income. This is the only 'waivable' upfront participant charge as proposed by the TOB petition. The Company proposes to recover some portions of TOB pilot participant costs, including the On-Site Energy Assessment (Item 2), Cost Effective Energy Modeling (Item 3) and the Utility Rate of Return (Item 4) from non-participating utility customers. See Exhibit L for more details.

- b. The TOB Proposed Tariff, Exhibit D, describes that service charges will be set for a duration not to exceed 80% of the estimated life of the upgrades

and in no case longer than 12 years. The Company anticipates qualifying TOB pilot projects will most likely include high energy saving insulation projects. With an estimated lifetime of 20 years, insulation projects would qualify for the maximum 12 year payment term proposed in the TOB pilot petition.

c. In this example, the TOB participant will have no upfront co-payment, assuming the \$100 energy assessment co-pay is waived and the total project cost meets the cost-effectiveness test.

d. According to the TOB petition, the participant makes payments toward the upgrade that are equivalent to 80% of the estimated energy cost savings for 80% of the life of the measure for a maximum of 12 years. The assumptions provided suggest that the participant has no upfront co-pay because the energy assessment co-pay was waived and the project meets the cost-effectiveness test.

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Requested From: CenterPoint Energy Minnesota Gas

Response Due: 12/13/2021

Analyst Requesting Information: Brian Edstrom

Type of Inquiry: Other

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Request No.	
CUB 007	<p>Where applicable, provide your answers in a live, unlocked spreadsheet with all links and formulas intact. If the calculations or data origins are not obvious/labeled, provide a narrative explanation.</p> <p>To the extent that a potential participant or property receives an energy audit from an organization other than the CIP Home Energy Squad, could such energy audits be integrated into the program?</p> <p>Response:</p> <p>Yes, to the extent the non-HES audit services are equivalent to those outlined in the TOB petition, such energy audits may be integrated into the program. However, the Company would need to consider cost, cost recovery, and CIP alignment in considering an alternative audit service.</p>

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

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Citizens Utility Board of Minnesota**

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Date of Request: 11/29/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 12/13/2021

Analyst Requesting Information: Brian Edstrom

Type of Inquiry: Other

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

Request No.	
CUB 008	<p>Where applicable, provide your answers in a live, unlocked spreadsheet with all links and formulas intact. If the calculations or data origins are not obvious/labeled, provide a narrative explanation.</p> <p>On page 11 of the Petition, the Company quotes the price of assessments and direct install measures at \$350, with \$100 being charged to the customer and the remaining \$250 covered by the CIP Home Energy Squad. Later, on page 21 of the Petition, the Company states that it plans on leveraging \$450,000 of CIP Home Energy Squad services or approximately \$300 per participant. Please explain the difference in values contained within the petition (i.e., if \$300 of CIP Home Energy Squad services are expected per participant, why do the cost calculations only account for \$250 of that amount?).</p> <p>Response:</p> <p>Page 11 describes the cost of on-site energy assessment services is \$350 <i>plus the cost of direct install measures</i>. The cost of direct install measures is additive to the \$350 assessment and will vary from property to property. On page 21, the Company described leveraging CIP Home Energy Squad to cover the non-participant portion of the on-site energy assessment plus the cost of direct install measures. The Company assumed approximately \$300/participant based on \$250/participant for the energy assessment plus \$50/participant for direct install measures.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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Requested From: CenterPoint Energy Minnesota Gas

Response Due: 12/13/2021

Analyst Requesting Information: Brian Edstrom

Type of Inquiry: Other

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

Request No.	
CUB 009	<p>Where applicable, provide your answers in a live, unlocked spreadsheet with all links and formulas intact. If the calculations or data origins are not obvious/labeled, provide a narrative explanation.</p> <p>Please explain how the Company's current rate case and requested rate of return might alter the expected costs of the TOB pilot program.</p> <p>Response:</p> <p>The applicant will see no impact from a change to the rate of return in the current rate case as the rate applied to the participants balance is capped at 2.5%. However, if the approved rate of return is higher than 7.42% the additional costs will be borne by the non-participating utility customers, or if the approved rate of return is less than 7.42% the costs borne by the utility will be less than projected.</p>

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

**State of Minnesota
Energy Cents Coalition**

Utility Information Request

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

Date of Request: 11/4/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 11/16/2021

Analyst Requesting Information: Pam Marshall

Type of Inquiry: Other

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

Request No.	
ECC 02	<p>Reference: Exhibit A, Petition page 15, Exhibit O, Table 3:</p> <p>Exhibit A outlines the principles and objectives for the pilot, including "no up-front payment . . . to participate." On page 15 of the Petition, the Company states that participants must agree to pay \$100 for the Energy Assessment and \$475 for Administrative Services. In addition, in Exhibit O, the Company provides an example of a required \$455 co-pay for the proposed upgrades in that example.</p> <p>Please explain how the required up-front payments and required co-payments are consistent with the pilot objectives and principles.</p> <p>Response:</p> <p>Exhibit A – City of Minneapolis Tariffed On-Bill Financing Pilot Principles and Objectives Memorandum, Bullet 1, Sub-bullet 1, states, ‘the monthly charge must be lower than the measure’s estimated savings and it remains on the bill for that location until all costs are recovered.’ In order to meet this principle, the total TOB pilot project cost of \$5,889, described in the example in Exhibit O, requires a TOB charge of \$38/month for 12 years with an upfront co-payment of \$455 to recover costs. The Company will work with the TOB program operator, installation contractors, and program partners, including the City of Minneapolis, to reduce the upfront co-payments to zero or minimize upfront co-payment to the extent possible. Pending those partnerships to reduce participant costs, the Company expects that upfront co-payments may be necessary in many cases given its assumptions around TOB pilot costs and energy savings potential.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

Regarding the \$100 co-pay, this charge is the same as the customer co-pay for Home Energy Squad services. The Company and the City determined that this charge was necessary to ensure parity between energy efficiency programs operating the same services. Consistent with the Home Energy Squad, this charge will be waived for customers self-certifying as low-income. In addition, it is the Company's understanding that the City contemplates paying this \$100 for City residents as funding allows, as it often does for the Home Energy Squad program.

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Energy Cents Coalition**

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

Date of Request: 11/4/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 11/24/2021

Analyst Requesting Information: Pam Marshall

Type of Inquiry: Other

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

Request No.	
ECC 03	<p>Reference: Exhibit O</p> <p>In Exhibit O, the Company provides a sample list of measures (Table 1) and an example of the costs of those energy upgrades that results in a required \$455 co-payment. What is the total co-pay (in addition to \$455) if the upgrades in Table 1 also included the following measures:</p> <ul style="list-style-type: none">A bath fanA 96% efficient furnaceA 96% efficient furnace and bath fanA 96% efficient furnace and a water heater (0.69)A 96% efficient furnace, water heater, and bath fanA 95% efficient boilerA 95% efficient boiler and exhaust fanA 95% efficient boiler, water heater and exhaust fan <p>Response:</p> <p>The TOB pilot petition, page. 18, discusses how the Program Operator will use energy modeling software to perform the cost-effectiveness test to determine eligible TOB payment amounts and co-payments. Energy modeling inputs and outputs such as natural gas savings, electric savings, and measure cost assumptions will not be known until the Request for Proposals process to select a program operator. Therefore inputs provided in Exhibit O – Example Cost-Effectiveness Calculations and this Information Request are intended to be illustrative of reasonable measure savings and costs. The following table provides the requested estimates with the additive measures. For simplicity, no adjustments were made to consider efficiencies of bundled measures.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

No.	Energy Upgrades	Net TOB Pilot Project Cost (\$)	Total Eligible TOB Pilot Participant Charge (\$)	Participant Upfront Copay Requirement (\$)
1.0	Exhibit O Example	5,889	5,434	455
2.0	Exhibit O Example Update ^[1]	5,864	5,252	612
2.1	w/ bath fan installation	6,244	5,252	992
2.2	w/ 96% efficient furnace	10,428	7,676	2,752
2.3	w/ 96% efficient furnace and bath fan	10,808	7,676	3,132
2.4	w/ 96% efficient furnace and a water heater (0.69)	12,198	7,817	4,381
2.5	w/ 96% efficient furnace, water heater, and bath fan	12,578	7,817	4,761
2.5	w/ 95% efficient boiler	14,062	6,703	7,359
2.7	w/ 95% efficient boiler and exhaust fan	14,442	6,703	7,739
2.8	w/ 95% efficient boiler, water heater and exhaust fan	16,212	6,845	9,367

^[1] The example in Exhibit O was updated to correct the water heater blanket electric savings assumption from 245 kwh to 99 kwh consistent with Minnesota Technical Resource Manual pgs. 134-136.

Requested Measure Assumptions:

Bath fan installation:

Natural Gas Savings: 0

Electric Savings: No reference

Cost: \$380 (Source: HomeAdvisor, Inc. Cost to Install Bathroom Fan.

Retrieved Nov. 23, 2021, from

<https://www.homeadvisor.com/cost/bathrooms/install-a-bath-fan/>).

96% AFUE Furnace

Natural Gas Savings: 22.7 Dth (Source: State of Minnesota (MN)

Technical Resource Manual (TRM) for CIP, Version 3.2, pgs. 81-86).

Electric Savings: 720 (Source: MN TRM, Version 3.2, (pgs. 81-86))

Cost: \$4,633 (Source: HomeAdvisor, Inc. Furnace Replacement Costs.

Retrieved Nov. 23, 2021, from

<https://www.homeadvisor.com/cost/heating-and-cooling/install-a-furnace/>).

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

95% AFUE Boiler

Natural Gas Savings: 21.6 Dth (Source: MN TRM, Version 3.2, (pgs. 81-86))

Electric Savings: 0

Cost: \$8,500 (Source: HomeAdvisor, Inc. New Boiler Costs. Retrieved Nov. 23, 2021, from <https://www.homeadvisor.com/cost/heating-and-cooling/install-a-boiler/>).

Water Heater

Natural Gas Savings: 2.1 Dth (Source: MN TRM, Version 3.2, (pgs. 151-158))

Electric Savings: 0

Cost: \$2,000 (Source: HomeAdvisor, Inc. Water Heater Installation Costs. Retrieved Nov. 23, 2021, from <https://www.homeadvisor.com/cost/plumbing/install-a-water-heater/>).

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Energy Cents Coalition**

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Date of Request: 11/4/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 11/16/2021

Analyst Requesting Information: Pam Marshall

Type of Inquiry: Other

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

Request No.	
ECC 04	<p>Reference: Exhibit F</p> <p>1. In Exhibit F, under the "Cost to Participate" section, the Company states:</p> <p>"You may have the option of an upfront co-payment, or you may be eligible for co-payment assistance from a governmental entity or non-profit"</p> <p>Please provide the names of all governmental entities or non-profit organizations that will provide financial assistance for customer co-payments.</p> <p>2. In the same section, the Company states: "however, you will not have an option to make partial or full payment once the Participant Agreement is signed."</p> <p>Please answer the following questions regarding this sentence:</p> <p>a. Does this mean that the participant does not have the option to make any <i>co-payment</i> toward the cost of the energy upgrades after the Participation Agreement is signed?</p> <p>b. If the answer to "a" above is "yes", does this mean that any co-payment amounts will be included in the financing charges?</p> <p>c. If the answer to "b" above is "yes", how will the resulting financing charges meet the programs' 80/20 rule?</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

3. Is the co-payment required before the Participant Agreement is signed or is it included in the terms of the Participant Agreement? If it is the latter, how long do potential participants have to make their co-payment? Please also answer the last two questions for the \$475 administrative service fee.

Response:

1. The Company has not determined the government entities or non-profit organizations that will provide financial assistance for customer co-payments. Pending approval of the TOB pilot petition, the Company's understanding is that the City of Minneapolis is planning to provide financial support for customer co-payments for its residents.
2. a. Correct, the TOB participant will not have the option to make a co-payment that is not described in the TOB Participation Agreement (Exhibits G and H). The Participant Agreement describes the exact payment terms and obligations of TOB pilot participation including any upfront co-payment amount necessary to allow full pilot project costs to be recovered.

b-c. No, co-payment amounts are not included in the financing charges. The pilot participant's monthly TOB charge must pass the 80/20 rule, or 'cost-effectiveness test,' described on page 18 of the TOB pilot petition. The cost-effectiveness test effectively caps the participant's monthly on-bill charge at 80% of the estimated energy savings of their energy efficiency project. The TOB participant will save an estimated 20% of their annual energy cost until the costs of the energy efficiency project are fully recovered. The TOB Participant Agreements (Exhibits G and H) describe any one-time upfront co-payment amount required of the participant to achieve full project cost recovery. Any upfront co-payment amount, as documented in the Participant Agreement, is not included as part of project cost when determining whether a project satisfies the 80/20 rule because it is not financed by CenterPoint Energy or collected over time on the CenterPoint Energy bill.
3. Any upfront co-payment required to participate in the TOB pilot is disclosed in the Participant Agreement (Exhibits G and H) and is collected upon signing the Participant Agreement(s). The program operator will collect any required co-payment amount from the participant. The administrative fee is included in the total cost of the TOB project and may be recovered via monthly payments that meet the cost-effectiveness test.

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

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

**State of Minnesota
Energy Cents Coalition**

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

Date of Request: 11/4/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 11/16/2021

Analyst Requesting Information: Pam Marshall

Type of Inquiry: Other

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

Request No.	
ECC 05	<p>Reference: Exhibit E</p> <p>Please answer the following questions about the Energy Assessment Request Form:</p> <ol style="list-style-type: none">1. When will a potential participant be informed that the on-site energy assessment costs \$100?2. Is this form only available on-line or will a paper copy be made available? If a paper copy is provided, how will a potential participant know who to contact if they are provided a paper copy of the form and are unable to upload an electric usage data release consent form?3. What if a potential participant does not know the year their home/apartment building was built?4. What if a potential participant does not know the square footage of their home or apartment building?5. Will the income-eligibility guidelines for no-cost CIP programs be included in the Energy Assessment Request Form? <p>Response:</p> <ol style="list-style-type: none">1. Potential TOB participants will be informed of the cost of the on-site energy assessment in marketing and outreach communication materials and at the time they sign-up for an on-site energy assessment.

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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2. The Company will provide the Energy Assessment Request Form (Exhibit E) on-line and may provide a hard copy under certain circumstances, such as at outreach events. The Company will modify the paper copy to ensure a TOB program contact is provided to receive the Energy Assessment Request Form.
3. The Energy Assessment Request Form includes a question about the year the home/apartment was built, this information is helpful but not essential for the participant to request an energy assessment. The Program Operator will assist in estimating the age of the home.
4. The Energy Assessment Request Form includes a question about the home's square footage, this information is helpful but not essential for the participant to request an energy assessment. The Program Operator will assist in identifying the home's square footage.
5. Yes, if a customer responds 'yes' to question 14 on the Energy Assessment Request Form, they will automatically be directed to information about income-eligibility guidelines and resources for no-cost CIP and weatherization programs.

**State of Minnesota
Energy Cents Coalition**

Utility Information Request

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

Date of Request: 11/4/2021

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 11/16/2021

Analyst Requesting Information: Pam Marshall

Type of Inquiry: Other

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

Request No.	
ECC 06	<p>Reference: Petition, p. 14 and Exhibit L, Table 6</p> <p>The Company states:</p> <p>"Minneapolis and the Company plan to partner with the Peer Learning Efficiency Cohort, a group formed to help move energy efficiency programs to more just and equitable outcomes for communities of color, renters, and households with low incomes. The Company and Minneapolis will engage this group as we consider outreach and engagement in Minneapolis Green Zones and Areas of Concentrated Poverty to inform residents and property owners of their options to improve the efficiency of their residences."</p> <ol style="list-style-type: none">1. Who are the members of the Peer Learning Efficiency Cohort?2. What does the Company mean by "engaging this group"? Does the Company plan to enter a service agreement contract with this group or with members of this group?3. In Exhibit L, Table 6, one of the cost line-items is "Community Partnerships". Are these community partners the same as the members of the Peer Learning Efficiency Cohort? If not, please provide the names of all community partners.4. Referring to Table 6 in Exhibit L, is the cost for program outreach \$65,000? Is this the total budget for project outreach? If not, please provide the total outreach costs.

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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Response:

1. The Energy Efficiency Peer Learning Cohort (Cohort) is a group of community organizations and individuals increasing their knowledge of energy policy and energy efficiency programs and building capacity and leadership in outreach, participation in policy making and program design. The Citizens Utility Board of Minnesota, Center for Earth, Energy, and Democracy (CEED), Community Power, and the City of Minneapolis support the coordination of the group.
2. The City of Minneapolis and the Company will invite the Cohort, and other community organizations, to offer guidance in the development and implementation of TOB pilot engagement activities. While the Company has not determined whether it would enter a service agreement with the Cohort, it does anticipate entering service agreements with community organizations to develop and implement outreach and engagement activities.
3. Exhibit L, page 6, describes that 'Community Partnerships' include educating and engaging community partners such as local government agencies and non-profits in marketing, education, and outreach activities. Community partners for the TOB pilot have not been determined.
4. The total cost of TOB pilot outreach is estimated to be \$427,000 over three years. These costs include Marketing, Education, and Outreach (ME&O) Activities (\$350,000), Community Partnerships (\$65,000), and Translation Services (\$12,000) described in more detail in Exhibit L, pages 5-6.

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Request No.	
ECC 07	<p>Reference: Exhibit L, p. 3 and Petition, p. 21</p> <p>On Exhibit L, p. 3, the Company states:</p> <p style="padding-left: 40px;">"The Company estimates leveraging about \$450,000 of CIP Home Energy Squad (HES) services to deliver the TOB pilot"</p> <p>And, on page 21 of the Petition, the Company states:</p> <p style="padding-left: 40px;">"CenterPoint Energy's Home Energy Squad vendor will provide data about the location to the TOB pilot program operator including blower door test results"</p> <p>Who is the HES vendor for the TOB program?</p> <p>Response:</p> <p>The HES vendor for the TOB pilot program has not been determined.</p>

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Title: Local Energy Policy Manager
Department: Mng Smr Reg Svc Enrgy Prog
Telephone: 612-321-4318

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Request No.	
ECC 08	<p>Reference: Petition, pages 13-14</p> <p>On page 13, the Company states:</p> <p>"Although Minneapolis and CenterPoint Energy do not propose to prevent low-income customers from participating in the TOB pilot, we will take steps in the marketing of the TOB pilot and in participant disclosures to inform customers about income-qualified offerings and encourage income-qualified customers to take advantage of no-cost options rather than the TOB pilot."</p> <p>On page 14, the Company states that outreach efforts will engage residents "in Minneapolis Green Zones and Areas of Concentrated Poverty to inform residents and property owners of their options to improve the efficiency of their residences."</p> <p>An Area of Concentrated Poverty is defined as one in which more than 40% of the households live at or below the Federal Poverty Level. Many of the household income levels in these areas, therefore, will be significantly lower than the current CIP income guidelines (250-300% of Federal Poverty).</p> <ol style="list-style-type: none">1. Will the Company track how many customers were referred to no-cost CIP or Federal DOE Weatherization Assistance Programs?2. If a significant number of customers are identified as income-eligible for no-cost CIP services:<ol style="list-style-type: none">a. Will the Company increase their low-income CIP spending to

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Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

accommodate the increased demand for no-cost, low-income CIP offerings?

- b. Specifically, will the Company consider transferring the proposed \$400,000 contribution to the state energy conservation account (Minn. Stat. § 216B.241, Subd. 7(b)), as described in the Company's CIP modification filing, to existing low-income CIP programs?¹

¹In the Matter of CenterPoint Energy's 2021-2023 Natural Gas Conservation Improvement Program Triennial Plan Docket No. G-008/CIP-20-478 Request to Modify CenterPoint Energy's Conservation Improvement Programs, November 1, 2021, p.5.

Response:

1. CenterPoint Energy would be willing to have the Program Operator track and report the number of customers referred to dedicated low-income programs if that is of interest to the Commission or stakeholders.
2. a. Yes, the Company may increase their CIP spending to accommodate increased demand for low-income offerings. The planned budgets described in CenterPoint Energy's filed CIP Triennial Plan are not an implicit cap on customer participation, and the company has flexibility to exceed these amounts to meet demand. If it looks like spending will be above 125 percent of the planned budget, the Company will file a program modification in alignment with Department of Commerce guidance.¹

b. The Company is not likely to re-allocate \$400,000, planned contribution to the state energy conservation account, to existing low income CIP. As a matter of process, there is a February deadline for paying into the state energy account for 2022 which is not well aligned with when the proposed TOB program would potentially increase CIP participation. The proposed TOB program is more likely to effect CIP participation in 2023, but the Company is not proposing to pay into the state energy account for 2023.

¹ In the Matter of CenterPoint energy's 2021-2023 Natural Gas Conservation Improvement Program Triennial Plan, Docket No. G-008/CIP-20-478, Decision, Table 27 (Department of Commerce, Nov. 25, 2020).

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Analyst Requesting Information: Susan Peirce

Type of Inquiry: Other

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

Request No.	
DOC 01	<p>Topic: Tariff on-bill financing</p> <p>What are the modifications CPE is making to its CIP programs to serve more low-income and renter customers?</p> <p>Response:</p> <p>Please refer to CenterPoint Energy's September 1, 2021, filing which describes near-term efforts to modify the Company's CIP to accommodate more low-income and renter participation in Docket No. G-008/CIP-20-478. On November 1, 2021, CenterPoint Energy will further describe, in Docket No. G-008/CIP-20-478, CIP modifications to demonstrate how the new low-income spending requirements will be met for the remaining years of the current triennial period, as requested by the Department of Commerce.</p>

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Title: Local Energy Policy Manager
Department: Mng Smr Reg Svc Enrgy Prog
Telephone: 612-321-4318

p. 2 empty

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Type of Inquiry: Other

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Request No.	
DOC 02	<p>Topic: Tariff on-bill financing</p> <p>In a multi-tenant building, with a mix of no-cost eligible tenants (CIP Programs) and ineligible tenants, what precautions will the Company, the City and its vendors take to prevent CIP eligible tenants from being unduly pressured into participating in the TOB?</p> <p>Response:</p> <p>Please refer to CenterPoint Energy and the City of Minneapolis's TOB Petition (p. 11) which describes how TOB pilot messaging will align with CIP and Energy Assistance Services so that customers can make well-informed choices about the services and resources that will work best for them. Although CenterPoint Energy and Minneapolis do not propose to prevent low-income customers from participating in the TOB pilot, we will take steps in the marketing of the TOB pilot and in participant disclosures to inform customers about income-qualified offerings and encourage income-qualified customers to take advantage of no-cost options rather than the TOB pilot.</p> <p>For example, Exhibit F is a reader-friendly description of TOB pilot rights and obligations and a description of CIP and income-qualified offerings. The TOB program operator will provide this information to potential TOB participants in both written and verbal form at the time of the on-site energy assessment. The document will also be available in Hmong, Spanish, and Somali languages. In addition, Exhibits G-J are the relevant Participant Agreements and Acknowledgements that further describe TOB participation rights and obligations.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

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Request No.	
DOC 03	<p>Topic: Tariff on-bill financing</p> <p>What happens if only some of the tenants choose to participate in TOB? Does this limit the types of projects that can be undertaken? Are costs for building-wide upgrades such as insulation spread to the participating tenants? Does the property owner pick up the share of non-participating customer costs? Please explain.</p> <p>Response:</p> <p>In the TOB Petition (p. 11), the Company describes that all customers at the location and the property owner will be required to sign a participation agreement prior to installation of energy upgrades.</p>

Response By: Emma Schoppe
Title: Local Energy Policy Manager
Department: Mng Smr Reg Svc Enrgy Prog
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Request No.	
DOC 04	<p>Topic: Tariff on-bill financing</p> <p>The TOB proposes to do an on-site energy assessment with customers charged \$100, and the remaining \$250 + cost of direct install measures (p. 10 of filing) paid out of the CIP Home Energy Squad project. How will CPE track costs associated with TOB projects separately from the CIP projects for the Home Energy Squad project?</p> <p>Response:</p> <p>The Company will use separate Internal Orders to track expenses related to TOB and CIP. The Company and Minneapolis propose that TOB participants utilize CIP Home Energy Squad on-site energy assessments and direct install services, to the extent possible. The Company will continue to track Home Energy Squad participation via existing CIP tracking and reporting processes. Customers that receive Home Energy Squad visits may decide to move forward with the TOB cost-effectiveness modeling which will identify bundles of recommended energy efficiency upgrades under TOB (p. 11). The Company will provide the total cost and cost-effectiveness of the TOB pilot in annual evaluations and a third-party review (p.20).</p>

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Request No.	
DOC 05	<p>Topic: Tariff on-bill financing</p> <p>If the energy savings from TOB is counted toward the Company's total CIP energy savings achievements, this could result in CPE being awarded a higher CIP Shared Savings Financial Incentive. Why should CPE receive both their utility ROR in addition to a potentially higher CIP financial incentive? Please explain.</p> <p>Response:</p> <p>The Company should continue to collect a rate of return (ROR) on capital investments and a financial incentive on CIP performance as approved by the Minnesota Public Utilities Commission. In the TOB petition, CenterPoint Energy would not collect an ROR on the portion of TOB project costs covered by CIP incentives (p. 15) safeguarding the Company against collecting an ROR and incentive on the same expense. For example, in the event that a \$5,000 energy efficiency investment qualifies for a \$1,000 CIP incentive, the Company would collect an approved ROR on its \$4,000 capital investment and not on the \$1,000 covered by CIP incentives. This framework ensures the most efficient/cost-effective program delivery for customers. Other formulations where programs are siloed would cost rate payers more money or not provide incentives to complete energy efficiency projects.</p>

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Request No.	
DOC 06	<p>Topic: Tariff on-bill financing</p> <p>How will CPE keep track of CIP incentives/rebates used for TOB? If there are other requirements for the CIP incentives/rebates, how will CPE ensure these are met by TOB participants?</p> <p>Response:</p> <p>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. TOB participants agree to allow the program operator to seek all applicable CIP incentives to reduce the total cost of the project. Therefore, the program operator will help ensure that all requirements are met according to the established CIP processes. The Company will track and report total cost and cost-effectiveness of the TOB pilot in annual evaluations and a third-party review (TOB petition, p. 20).</p>

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Request No.	
DOC 07	<p>Topic: Tariff on-bill financing</p> <p>Is it possible for a TOB project to receive a CIP incentive/rebate for a project that meets TOB costeffectiveness thresholds, but not CIP thresholds? Please explain why or why not.</p> <p>Response:</p> <p>No, it is not possible for a TOB project to receive a CIP incentive for a project that meets TOB cost-effectiveness but not CIP cost-effectiveness because they are not analogous. CIP cost-effectiveness is determined on a program-wide basis to describe the program's overall cost per energy savings; TOB cost-effectiveness is used on a project-specific basis to determine the customer's TOB payment limit. The program operator will seek all applicable CIP incentives on the customer's behalf to reduce the total cost of the project to be financed. The TOB cost-effectiveness threshold refers to the allowable monthly TOB payment amount or 80% of the estimated energy cost savings for 80% of the lifetime of the measure. It is not possible for a TOB project to receive a CIP incentive/rebate without meeting any requirements applicable to any project receiving similar CIP rebates.</p>

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Request No.	
DOC 08	<p>Topic: Tariff on-bill financing</p> <p>If a TOB participant defaults on payment for the TOB portion of their bill, but not the energy bill itself, is the customer subject to disconnection? Please explain. What protections from disconnection are afforded TOB participants under the CWR? Under GAP?</p> <p>Response:</p> <p>The TOB payment portion is considered an essential part of the customer's bill for gas service, and the Utility may disconnect the Property for non-payment under the same provisions as for any other utility service. The TOB pilot should lower participants' 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.</p> <p>The TOB petition describes that TOB participants that fall behind on their utility bill will be encouraged to seek the same protections against disconnection that are available to other residential customers, such as, for example, the Cold Weather Rule, the Low Income Home Energy Assistance Program, and the Gas Affordability Program. In addition, TOB petition Exhibits G and H, Section 6: Disconnection for Non-Payment, describes that the TOB participant will not be disconnected for non-payment if (i) the customer is current on a payment arrangement and/or any other applicable regulatory or legislative consumer protections against disconnection; (ii) the customer has, in good faith, notified the program operator in writing that the Upgrade must be repaired; or (iii) the upgrade is under review for repair.</p>

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Request No.	
DOC 09	<p>Topic: Tariff on-bill financing</p> <p>If a TOB participant moves leaving a past due TOB balance on their account, does the past due balance pass to the next tenant in the balance of TOB repayment, or does CPE write the past due amount off? If the past-due balance rolls over to the new tenant, how is the new tenant informed of the past-due balance for which they are now responsible?</p> <p>Response:</p> <p>The new tenant is not responsible for a previous tenants missed payments, but is responsible to make the agreed upon monthly payments while they are a resident of the TOB participating property or until the upgrade costs are fully recovered. The Participant Owner Agreement, Exhibit G, requires the original property owner to obtain a signed Notice and Acknowledgment from the new customer or property owner, providing notice of the TOB participants rights and obligations, prior to entering into a lease or purchase agreement.</p> <p>Any missed TOB charges that cannot be recovered from the customer that incurred them will be written off as bad debt by the Company.</p>

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

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Request No.	
DOC 10	<p>Topic: Tariff on-bill financing</p> <p>If a TOB participant moves with a past due TOB balance on their account, and the unit/property remains vacant, is the landlord/property owner responsible for paying the past due balance?</p> <p>Response:</p> <p>The utility would only collect TOB payments from the landlord if the landlord is the customer at the property while it is vacant. The TOB petition, Exhibit G and H, Section 2. Term, describes that if there is no customer at the Property for a period of time, the Term of the TOB Agreement will be extended for an equivalent period of time and the Utility will continue to collect TOB payments from current or future customers at the property during that extended Term.</p> <p>Any missed TOB charges that cannot be recovered from the customer that incurred them will be written off as bad debt by the Company.</p>

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Request No.	
DOC 11	<p>Topic: Tariff on-bill financing</p> <p>If a TOB participant fails to pay the TOB portion of their bill or moves leaving an unpaid balance is a financing charged assessed to the past due balance? If so, what is the charge?</p> <p>Response:</p> <p>The TOB payment portion is considered an essential part of the customer's total utility bill for gas service. Therefore, a TOB participant that moves with unpaid utility bills will be processed as any other utility customer that moves with unpaid bills according to Company procedures and may be assessed interest or fees as applicable. No special financing charge is assessed on unpaid TOB charges.</p>

Response By: Emma Schoppe

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Department: Mng Smr Reg Svc Enrgy Prog

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Request No.	
DOC 012	<p>Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.</p> <p>Topic: Tariff on bill financing</p> <p>Does CenterPoint propose to adjust its Rate of Return for payments under the TOBF based on the outcome of any change approved in future rate cases? If so, please explain how that adjustment would occur. Would the adjustment apply to both participant payments and ratepayer costs, or to only one of those groups?</p> <p>Response:</p> <p>The Company and Minneapolis propose to recover a 2.5% rate of return from TOB pilot participants, as described on page 11 of the TOB petition. The Company would recover the remaining portion of its rate of return (4.92% calculated in the petition) from ratepayers. The Company would only adjust the ratepayer portion of the rate of return based on approved outcomes of future rate cases, and apply that rate of return, less 2.5%, for the duration it is in effect.</p>

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Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

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Request No.	
DOC 013	<p>Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.</p> <p>Topic: Tariff on bill financing</p> <p>Tables 2 and 3 in Exhibit L reference a 4 % default rate. Please provide a Table in Excel spreadsheet format with formulae intact showing the calculation and amount of the defaults for ratepayers and participants.</p> <p>Response:</p> <p>Please see attached spreadsheet: DOC IR 13.xlsx.</p>

Spreadsheet DOC #13

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

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Request No.	
DOC 014	<p>Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.</p> <p>Topic: Tariff on bill financing</p> <p>Please provide a Table in Excel spreadsheet format with formulae intact showing the calculation of utility rate of return on energy upgrades for ratepayer and participants.</p> <p>Response:</p> <p>Please see attached spreadsheet: DOC IR 14.xlsx.</p>

Spreadsheet DOC #14

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

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Request No.	
DOC 015	<p>Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.</p> <p>Topic: Tariff on bill financing</p> <p>Please provide a Table in Excel spreadsheet format with formulae intact showing the calculation of utility rate of return on energy upgrades for ratepayer and participants.</p> <p>Response:</p> <p>Please see attached spreadsheet: DOC IR 15.xlsx.</p>

Spreadsheet DOC #15

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

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Response Due: 1/3/2022

Analyst Requesting Information: Susan Peirce

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

Request No.	
DOC 016	<p>Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.</p> <p>Topic: Tariff on-bill financing</p> <p>During the TOBF 12-year repayment period, will CenterPoint adjust payments to reflect changes in the authorized rate of return? If so, how will the rate of return be allocated between ratepayers and participants? Will the 80/20 rule be reviewed to ensure that participant payments remain within the 80 percent limit? Please explain.</p> <p>Response:</p> <p>The Company proposes to recover a 2.5% rate of return on any project costs recovered on the TOB participant's bill. The Company would recover the remaining portion of its rate of return (4.92% calculated in the petition) from ratepayers. The Company would adjust the ratepayer portion of the rate of return based on approved outcomes of rate cases, and apply that rate of return, less 2.5%, for the duration it is in effect.</p> <p>Since the TOB participant's rate of return is fixed at 2.5%, a change in the utility's overall rate of return would not cause a review or adjustment of participant payment plans. The Company proposes to conduct a billing analysis one year after the installation of the upgrades to determine whether the participants are realizing energy cost savings. The TOB participant may</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

also request a billing analysis at any point during the term of repayment. See page 12 of the TOB pilot petition for more information on the proposed billing analysis process.

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

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State of Minnesota
Minnesota Department of Commerce

Utility Information Request

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

Date of Request: 1/6/2022

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/18/2022

Analyst Requesting Information: Susan Peirce

Type of Inquiry: Other

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

Request No.	
DOC 017	<p>Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.</p> <p>Topic: Tariff on-bill financing</p> <p>Regarding CPE's deferred accounting request discussed on page 21 to 23 of CPE's Petition, please answer the following questions:</p> <ol style="list-style-type: none">Please describe and provide a detailed break out of what operating and maintenance (O&M) costs will be deferred and tracked. Please include what percentage of O&M costs are labor costs.Please explain why the \$475 program operation fee will not cover the operating and maintenance costs?Since CPE has a pending rate case, please explain what CPE labor costs and FERC Account 923 - Outside Services Employed, would not already recovered in base rates?Please explain how CPE will determine and show that all of the deferred costs are incremental costs, and are not already reflected in base rates.Please explain what depreciation expenses CPE is referring to on page 21? Please explain why it is reasonable to charge depreciation expenses to other ratepayers that are not in the TOB financial program? <p>What does CPE estimate will be the expected deferred accounting amount for this three-year pilot? Would it be the amount reflected in Table 6, Total with Defaults of \$5.6 million? Please explain your response.</p> <p>Response:</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

- a. Please refer to Exhibit L, Table 6, for a break out of Pilot Delivery or O&M costs that will be deferred and tracked. Exhibit L, Page 6, provides a brief description of these items. Utility Administration of the three year pilot includes \$205,000 in utility labor costs or approximately 9% of total Pilot Delivery O&M costs. The rest of the Pilot Delivery costs are for services that may include labor from service providers.
- b. As described in Exhibit L, Page 6, the \$475 charge covers program operator services for coordinating installation of energy upgrades, customer follow-up, post-installation billing analysis, and tracking and reporting program progress per TOB pilot participant. This amount was quoted by an existing PAYS® provider for similar services, it does not include costs for cost-effectiveness modeling services, utility administration, marketing, education & outreach, or pilot evaluation services.
- c. The Company would create an Internal Order to track TOB pilot costs. Since the TOB pilot is a proposed new program any costs charged to this Internal Order would be incremental to what we are already incurring in FERC Account 923. The start-up costs included in the 2021 rate case, as identified in CenterPoint Energy witness Ms. Nicole Gilcrease's Direct Testimony on Page 74 and Schedule 35, will not be included in future deferred accounting.
- d. As described above, the Company would create a separate Internal Order to track TOB pilot costs.
- e. Depreciation Expense associated with the start-up costs to develop the billing system will be incurred as part of the TOB pilot. These costs are similar to current conservation program costs in that not all ratepayers directly benefit from the program, but indirect benefits of energy conservation benefit all customers.

Yes, the expected deferred accounting amount is the total TOB Pilot Costs Borne by Ratepayers, or an estimate of \$5.6 million in Table 6, page 15, of the TOB Pilot petition. However, the actual amount deferred will be dependent on the number of participants, energy efficiency measures installed, and the actual default rate.

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Minnesota Department of Commerce

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

Date of Request: 1/6/2022

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/18/2022

Analyst Requesting Information: Susan Peirce

Type of Inquiry: Other

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

Request No.	
DOC 018	<p>Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.</p> <p>Topic: Tariff on-bill financing, Exhibit Q</p> <p>Regarding Exhibit Q to CPE's Petition, please answer the following questions:</p> <ol style="list-style-type: none">Please provide support and a breakout of the costs included on lines 6 and 7, for Program Participant O&M and Program Ratepayer O&M.Please provide support and calculations for lines 9 and 13, Participant Revenue and Ratepayer Revenue.Please explain why line 11, Participant Uncollectible Expense, is blank?At the end of the three-year Pilot, if all Participant costs are not recovered from Participants, will CPE seek recovery of those costs from ratepayers? Please provide an estimate of total unrecovered participant costs for the Pilot. <p>Response:</p> <ol style="list-style-type: none">Please refer to Exhibit L, Table 6, for the breakout of costs in Exhibit Q, lines 6 and 7.The participant revenue on line 9 are calculated by applying an assumed \$270 participant annual charge to the number of participants. Ratepayer Revenue is the summation of lines 4, 7, and 11. It should be noted that the purpose of Exhibit Q was to show a format of the tracker. The actual

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

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participant and ratepayer revenue amounts will be dependent on the number of participants as well as the type of energy efficiency measures installed.

- c. As stated above the purpose of Exhibit Q was to show a format of the tracker. CenterPoint Energy does not have a historical basis to assume any particular level of uncollectable expense and therefore elected to show this line as blank in the example tracker.
- d. At the end of the TOB Pilot, if it is determined that TOB should not continue CenterPoint Energy will stop signing up new participants. TOB participants enrolled during the 3-year pilot will still be expected to pay off their unrecovered balances over the previously agreed to timeline, or a maximum of 12 years.

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Minnesota Department of Commerce

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Requested From: CenterPoint Energy Minnesota Gas

Response Due: 1/18/2022

Analyst Requesting Information: Susan Peirce

Type of Inquiry: Other

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

Request No.	
DOC 019	<p>Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.</p> <p>Topic: Tariff on-bill financing</p> <ol style="list-style-type: none">Please identify any CPE affiliates that will provide any services as part of the TOBF Pilot Program.Please identify any services and related costs (broken down by cost category) and revenues that will be assigned and allocated from an unregulated affiliate and the TOBF Pilot, and how they will be allocated. Provide a brief narrative describing the types of services provided and support for why these allocators are reasonable.Please provide a copy of any agreement with an unregulated affiliate that will be used to provide service and allocate costs to the TOBF Pilot. If no agreement is available, please provide the expected date of completion and explain why the non-availability of such an agreement should not affect the approval of the TOBF Pilot. <p>Response:</p> <ol style="list-style-type: none">The Company has not identified any affiliates that would provide services as part of the TOB Pilot.The Company has not identified services to be provided by unregulated

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Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

affiliates as part of the TOB Pilot. CenterPoint Energy will comply with applicable Commission rules relating to affiliate transactions if using any affiliates to support the TOB Pilot.

- c. There are no service agreements for the TOB Pilot. CenterPoint Energy does not anticipate entering into any Service Agreements in relation to the TOB Pilot until after its approval by the Commission.

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 02	<p>Please provide:</p> <p>total estimated energy savings for the Tariffed on Bill (TOB) program for each year of the program, the methodology used for estimating energy savings for the program, the weighted average lifetime for energy savings for each year of the program, estimated O&M savings, if applicable, for each year of the program, and any additional estimated non-energy benefits included in the calculation of cost-effectiveness for TOB for each year of the program.</p> <p>Response: The following table describes a low and high total natural gas and electric savings estimate for each year of the TOB pilot program.</p> <table border="1"><thead><tr><th rowspan="2">Years</th><th rowspan="2">Assumed # of Projects</th><th colspan="2">Normal Baseline</th><th colspan="2">Poor Efficiency Baseline</th></tr><tr><th>Total Natural Gas Savings (Dth)</th><th>Total Electric Savings (kwh)</th><th>Total Natural Gas Savings (Dth)</th><th>Total Electric Savings (kwh)</th></tr></thead><tbody><tr><td>2023</td><td>500</td><td>8,000</td><td>27,500</td><td>26,000</td><td>90,500</td></tr><tr><td>2024</td><td>1,000</td><td>16,000</td><td>55,000</td><td>52,000</td><td>181,000</td></tr><tr><td>2025</td><td>1,500</td><td>24,000</td><td>82,500</td><td>78,000</td><td>271,500</td></tr></tbody></table> <p>The Normal Baseline (low estimate) assumes energy savings of 16 Dth and 55 kwh per project/year based on inputs for attic insulation/air sealing measures in homes with normal levels of existing insulation used in the 2019 TOB Financing Feasibility Study by the Cadmus Group.[1]</p>	Years	Assumed # of Projects	Normal Baseline		Poor Efficiency Baseline		Total Natural Gas Savings (Dth)	Total Electric Savings (kwh)	Total Natural Gas Savings (Dth)	Total Electric Savings (kwh)	2023	500	8,000	27,500	26,000	90,500	2024	1,000	16,000	55,000	52,000	181,000	2025	1,500	24,000	82,500	78,000	271,500
Years	Assumed # of Projects			Normal Baseline		Poor Efficiency Baseline																							
		Total Natural Gas Savings (Dth)	Total Electric Savings (kwh)	Total Natural Gas Savings (Dth)	Total Electric Savings (kwh)																								
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Title: Local Energy Policy Manager

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The Poor Efficiency Baseline (high estimate) assumes energy savings of 52 Dth and 181 kwh per project/year based on inputs for wall insulation energy savings for homes with poor levels of existing insulation used in the 2019 TOB Financing Feasibility Study. These inputs factored into the Avoided Carbon Emissions estimates in Exhibit M – Quantification of Certain TOB Pilot Benefits.

The Company provided energy savings estimates based on the assumption that each year each project would include insulation measures, which have a lifetime of 20 years. The Company and Minneapolis did not make more detailed assumptions into the number and type of projects installed each year of the TOB pilot which would affect the weighted average lifetime.

[1] The Cadmus Group. Tariffed On Bill Financing Feasibility Assessment of Innovative Financing Structures for Minnesota. Aug. 2019. http://energytransition.umn.edu/wp-content/uploads/2019/08/Minnesota-TOB-Financing-FINAL_AH-1.pdf

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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 03	<p>As buildings become tighter through air sealing and other building shell improvements, there is often a need for additional mechanical ventilation and/or combustion safety measures to ensure the health and safety of occupants. Additionally, some buildings require upgrades before mechanical equipment or insulation measures can be installed to ensure code compliance and the safety of the contractor and occupants. Most CIP programs include screening criteria and education on these measures as part of the project scope and many low-income CIP programs require implementation of health and safety measures as part of the program if needed. The screening methodology typically includes Minnesota code metrics and/or nationally recognized standards (ASHRAE 62.2, BPI 1200) to determine whether ventilation and combustion safety mitigation measures are needed.</p> <p>Will there be a method to evaluate the need for these measures in the TOB program? How will you ensure that these measures are included in the scope of work when a potential health and safety hazard could result from a building envelope or equipment upgrade? How will such health and safety measures be funded?</p> <p>Response: CenterPoint Energy will specify health and safety tasks and requirements as part of the Request for Proposals (RFP) process to solicit a qualified TOB pilot Program Operator. The Company and Minneapolis will provide health and safety screening and education consistent with existing CIP programs. Health and safety measures add costs without adding energy savings to TOB pilot projects which will make projects that require substantial health and safety measures less likely to qualify for TOB without a co-pay amount paid</p>

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| by the TOB pilot participant or other external party.

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Title: Local Energy Policy Manager
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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 04	<p>On page 10 of CenterPoint Energy's September 1, 2021, <i>Petition by CenterPoint Energy and the City of Minneapolis to Introduce a Tariffed on Bill Pilot Program</i> (Petition) the company stated, "The Company will target [TOB] pilot marketing at high energy users and high energy burden customers including customers living in and property owners of single and multifamily rental buildings, with a particular focus on Minneapolis Green Zones, Minneapolis designated communities that have been deeply affected by pollution, racism and other factors."</p> <p>Does the company target these customers for its existing low-income Conservation Improvement Program (CIP) offerings, including Low-Income Rental Efficiency, Multi-Family Building Efficiency, Low-Income Weatherization, and Low-Income Home Energy Squad? If not, does the company have plans to target these customers for its CIP low-income offerings in the future?</p> <p>Response:</p> <p>The Minneapolis Green Zones have historically been an area of implicit if not explicit focus for the implementation of Low-Income Weatherization and Low-Income Rental Efficiency programs. Participation in energy assistance programs is relatively high in the Green Zones and participation in the Company's low-income programs has historically been higher than average. Recently approved geographic based low-income eligibility will potentially further reduce barriers to program participation in those areas and increase program participation.[1]</p> <p>CenterPoint Energy has also not previously engaged in targeted marketing campaigns in the Minneapolis Green Zones. The Company is working on</p>

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Title: Local Energy Policy Manager

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targeted marketing efforts for the Minneapolis Green Zones for the 2021/2022 heating season, but these marketing efforts are still in-progress.

[\[2\]](#)

[\[1\]](#) *In the Matter of CenterPoint energy's 2021-2023 Natural Gas Conservation Improvement Program Triennial Plan*, Docket No. G-008/CIP-20-478, Decision, (DOC, Nov. 1, 2021).

[\[2\]](#) Targeted marketing efforts are not solely focused on the Minneapolis green zones, but also include customers potentially in need of energy assistance services.

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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 05	<p>On page 10 of CenterPoint Energy's September 1, 2021, Petition, the company describes the "Pre-Screening" process for the proposed TOB program. The company states, "the [TOB] program operator will educate all customers at the location, and the property owner, about CIP and no-cost income qualified services and confirm interest in moving forward with TOB pilot participation."</p> <p>Will the TOB program pre-screening process include an assessment of whether a customer is eligible for no-cost, income-qualified services through CIP? If so, what will CenterPoint Energy direct the TOB program operator to do if the customer is eligible for no-cost, income qualified services through CIP? Would the TOB program implementer continue to market TOB to any customers who are eligible for no-cost, income qualified services through CIP? Will the TOB program implementer provide additional support or assistance in accessing no-cost, income-qualified CIP services for eligible customers? If so, please describe what types of assistance and support will be provided.</p> <p>Response:</p> <p>As described on page 10 of the TOB petition, TOB pilot messaging will be aligned with CIP and Energy Assistance Services so that customers are able to make well-informed choices about the services and resources that will work best for them. Although Minneapolis and CenterPoint Energy do not propose to prevent low-income customers from participating in the TOB pilot, we will take steps, in the marketing of the TOB pilot and in participant disclosures, to inform customers about income-qualified offerings and encourage income-qualified customers to take advantage of no-cost options rather than the TOB pilot. The TOB Program Operator will</p>

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Title: Local Energy Policy Manager

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refer customers who self-identify as low-income to operators of low-income programs upon customer request.

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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 06	<p>On page 10 of the Petition, the company notes that the TOB program operator will conduct on-site energy assessments for the TOB program. Please provide detail on what is included in the on-site energy assessment.</p> <p>Response: TOB Pilot Petition Exhibit N – Program Operator Scope of Work, page 3, describes services provided during the on-site energy assessment: 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: 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> <p style="padding-left: 40px;">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> <p>Direct Install: Program Operator will evaluate the home for potential installation of measures 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 the Company's approval, as well as subject to change, and may include:</p>

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Programmable thermostat
Programming existing thermostat
Door weather stripping
Attic hatch weather stripping
Low flow showerhead
Kitchen aerator
Bathroom aerator
Water heater blanket
Water heater setback
Domestic hot water pipe insulation
CO monitor

State of Minnesota
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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 07	<p>On page 11 of the Petition, the company notes that the TOB program operator will conduct a quality assurance review after energy upgrades have been installed through the program. Please provide detail on what is included in the quality assurance review. How is the quality assurance review funded through the TOB program?</p> <p>Response:</p> <p>TOB Pilot Petition Exhibit N – Program Operator Scope of Work, page 4, describes the Program Operator’s role in providing quality assurance.</p> <p>The 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.</p> <p>This service is part of the \$475 pilot administration charge paid by the pilot participant as described on page. 11 of the TOB pilot petition.</p>

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

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Type of Inquiry: Other

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Request No.	
CEE 08	<p>On page 12 of the Petition, the company states, "According to the Participant Owner Agreement, the property owner is responsible for ordinary maintenance of installed upgrades, however any needed repairs will be arranged and paid for by the program operator." The company then states in footnote 25 on the same page of the Petition that if a property owner, a customer, or another individual at the location negligently or deliberately causes damage to the upgrades they can be charged for necessary repairs.</p> <p>How will the company determine who caused the need for repair? Who makes this determination and what are their qualifications?</p> <p>If a landlord is responsible for a repair in a rental property, but the landlord is not the CenterPoint Energy customer, how will the company require that the landlord to pay for the repair?</p> <p>Response: The TOB pilot Program Operator investigates failing installations at the TOB participant's request or if triggered by the post-installation billing review. The TOB pilot Program Operator will have a conversation with the TOB participant and conduct an on-site assessment, as necessary, to determine any obvious cause for the installation failure. As described in the Participant Owner Agreement, paragraph 10, property owners may appeal program operator determinations to CenterPoint Energy.</p> <p>In the case of a landlord who is not a CenterPoint Energy customer, the landlord will have signed the Participant Owner Agreement, Petition Exhibit G, or the Successor Owner Notice and Acknowledgement, Petition Exhibit I, agreeing to circumstances in which CenterPoint Energy may charge the</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

| owner for necessary repairs.

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

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Analyst Requesting Information: Audrey Partridge

Type of Inquiry: Other

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Request No.	
CEE 09	<p>On page 18 of the Petition, the company states, "Minneapolis and the Company propose to require the program operator, selected via [request for proposals], to provide the modeling software, and therefore details regarding modeling software are not available at this time."</p> <p>Who will evaluate, assess, and approve the energy modeling software for the TOB program? What, if any, role will the Minnesota Department of Commerce staff have in the evaluation of the software? Will the estimated energy savings be calibrated to the customer's current bills?</p> <p>Response: CenterPoint Energy plans on evaluating, assessing, and approving the energy modeling software through the RFP process. The Company does not plan on claiming energy savings through its CIP programs based on an assessment from the energy modeling software use in the TOB program. The purpose of the modeling software is to ensure, on a project basis, a reasonable certainty in customer savings on their bill and not to claim energy savings for CIP. This process would require calibration to customer's current bills.</p>

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

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Analyst Requesting Information: Audrey Partridge

Type of Inquiry: Other

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Request No.	
CEE 10	<p>On page 19 of the Petition, the company states, "The program operator will review gas and electric bills for each participating customer at a location and confirm that the total annual gas and electric bills for each customer decreased, on a weather-normalized basis, during the first year of program participation. If the program operator determines that savings were not realized they will conduct an investigation to determine the cause."</p> <p>Will the program operator determine if the savings are greater than the customer payments, or just that the "total annual gas and electric bills for each customer decreased"?</p> <p>When the company says, "If the program operator determines that savings were not realized they will conduct an investigation to determine the cause," what is meant by "savings were not realized"? Does this mean that if the predicted amount of energy savings were not realized or that any energy savings were not realized? Specifically, what criteria triggers the investigation?</p> <p>Response: The TOB Pilot Program Operator will investigate if, on a weather-normalized basis, the customer is paying more, including TOB program charges, than what they paid prior to TOB pilot participation. A billing review will take place at least one year after the installation of the upgrades and again if the participant requests it.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

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Type of Inquiry: Other

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

Request No.	
CEE 11	<p>On page 19 of the Petition, the company states, "if the program operator determines that savings did not materialize due to malfunction of measures installed, the program operator will arrange to have the equipment repaired."</p> <p>Who will pay for the repair of the equipment? For how long does this repair guarantee last? Additionally, the guarantee noted above only mentions "equipment." Does this guarantee apply to building shell measures such as air sealing and insulation as well?</p> <p>Response: The TOB pilot Program Operator will work with installation contractors and warranties and arrange for the repair of malfunctioning measures installed through the TOB program (Exhibit N). We anticipate, based on conversations regarding how existing programs operate, that in most cases, an equipment malfunction or contractor error will be covered under warranty and the installation contractor will cover the expense of the repair. If the program operator determines an owner or occupant at the property deliberately or negligently caused the failure, such as in the case of a remodel, the utility may seek to recover repair costs from the TOB participant owner (as described in Exhibit G and H). The requirement for CenterPoint Energy to repair failed measures includes all measures financed through the TOB program, including air sealing and insulation as applicable, and, pursuant to the Participant Owner Agreement, extends for the term of that agreement. Note, pursuant to paragraph 8B of the Participant Owner Agreement, that in the event that CenterPoint Energy determines that measures cannot be repaired or replaced in a cost-effective manner, we will waive recovery of outstanding TOB Program charges from the individual participant rather than repair or replace the measure.</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

Page 1 of 2

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

**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 12	<p>On page 19 of the Petition, the company provides three possible reasons energy savings may not be realized through the TOB program: 1) equipment malfunction, 2) a change in participant behavior or participant inflicted damage to installed measures, 3) unknown and undetermined.</p> <p>Who makes the final determination of why energy savings are not realized?</p> <p>Response: In the TOB Petition Exhibit G – Participant Owner Agreement and Exhibit H – Renter Agreement, Section 8 and 9 describes how the TOB Program Operator determines if and why energy savings are not realized. Section 10 describes that the owner/renter may appeal to the Utility if they disagree with the Program Operator’s determination.</p>

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

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>Response:</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

Page 1 of 2

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.

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 14	<p>On Page 19 of the Petition, the company states, "If the program operator cannot determine why savings did not materialize, CenterPoint Energy will terminate the location's participation in the program and waive remaining charges."</p> <p>Who pays for the remaining unpaid charges? Where, if anywhere, are those estimated costs in the program budget?</p> <p>Response: 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

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: 0

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

Request No.	
CEE 15	<p>On page 19 of the Petition, the company states, "If the program operator determines that savings did not materialize due to a major change in participant behavior or because a participant deliberately or negligently caused damage to the installed measures, TOB pilot charges will continue for the customer."</p> <p>How does the company define "major change in participant behavior"? How will the program operator measure a change in participant behavior? Will the customer have an opportunity to appeal or respond to such a determination? If so, how?</p> <p>Response:</p> <p>The TOB pilot Program Operator will have a conversation with the TOB pilot participant and conduct a site visit to determine if behavioral changes, such as adding more occupants, adding new energy consuming equipment, or changing the thermostat settings, may have contributed to increased energy use at the property. The TOB pilot petition Exhibits G and H – Participant Agreements, Section 10, describe the owner or renter's right to appeal to the Utility if they disagree with the Program Operator's determination. The owner or renter initiates the appeal process by providing notice to the Utility's dedicated email or phone number. The appeal will be considered by the Utility and a decision provided within 30 days.</p>

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

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 16	<p>Please complete participant examples for the following energy efficiency measures in the format provided in the document labeled "TOB Participant Examples_08.06.21" in CenterPoint Energy's August 2, 2021, email to TOB stakeholders, including any updated variables reflecting the September 1, 2021, Petition. Please cite the source for estimated natural gas savings, estimated electric savings, and installed energy upgrade costs.</p> <ol style="list-style-type: none">1. 96% AFUE furnace replacement from a typical 80% AFUE furnace2. 96% AFUE furnace replacement from a typical 80% AFUE furnace with 16 SEER AC replacing a 13 SEER unit3. 90%+ AFUE high efficiency condensing boiler replacement from a typical 80% AFUE boiler4. Attic air sealing (assume air sealing improvement of a 20% reduction in air flow), attic insulation (assume R19 to R50); and wall insulation (assume R9 to R14, including R-2.37 for wall assembly)5. 0.69 UEF water heater replacement from a typical baseline 0.55 UEF water heater6. Continuous running ENERGY STAR rated exhaust fan <p>If the company does not expect to include any of the above equipment examples or baselines in TOB, please explain.</p> <p>Response: The TOB pilot petition, page. 18, discusses how the program operator will use energy modeling software to perform the cost-effectiveness test to determine eligible TOB payment amounts. Energy modeling inputs and outputs such as natural gas savings, electric savings, and measure cost assumptions will not be known until the Request for Proposals process to select a program operator. The inputs provided in Exhibit O – Example</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

Page 1 of 2

Cost-Effectiveness Calculations are intended to be illustrative of reasonable measure savings and costs. Therefore inputs provided in Exhibit O – Example Cost-Effectiveness Calculations and this Information Request are intended to be illustrative of reasonable measure savings and costs.

At the time of this Information Request, staff discovered an adding error in the “TOB Participant Examples_08.06.21” that was provided to stakeholders in an email but was not included in the TOB pilot petition.

Example TOB pilot cost-effectiveness calculations for No. 1-5 of this information request are provided in Attachments 1-5 to this response. No example was provided for No. 6 exhaust fan because the Company could not determine a reference to make electric saving assumptions. However, this measure will be bundled with other TOB pilot project measures, as necessary for health and safety.

The natural gas savings, electric savings, and measure cost assumptions for Exhibit O and the requested measures are provided in Attachment 6 to this information request. Please note the example provided in Exhibit O was updated to correct water heater electric savings assumptions from 245 kwh to 99 kwh to be consistent with Minnesota Technical Resource Manual, pgs. 134-136. An update to Exhibit O is provided in Attachment 7.

Response to CEE info request #16 attachment 1

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

CEE 16, No. 1

	Energy Upgrades	Lifetime (years)	Base	Improved	Estimated Natural Gas Savings (Dth/yr)	Estimated Natural Gas Saving (\$)	Estimated Electric Savings (kWh/yr)	Estimated Electric Cost Savings (\$)	Energy Upgrade Cost (\$)	CIP Incentive (\$)
1	On-Site Energy Assessment	0	0	0	0.00	0	0	0	700	250
2	96% efficient furnace	20	80%	96%	22.70	159	720	94	4,633	400
	Totals				23	159	720	94	5,333	650

Energy Cost Assumptions	\$/Dth	\$ 7.00
	\$/kWh	\$ 0.13

	Natural Gas	Electric	Annual Total	Monthly Total
Total Energy Cost Savings	159	94	253	21
Allowable TOB Service Charge (x80%)	127	75	202	17
Estimated Utility Bill Savings (x20%)	32	19	51	4

	Years	Months
Allowable TOB Service Charge Term	12	144

TOB Participant Cost Assessment	
On-Site Assessment & Energy Upgrades	5,333
TOB Pilot Program Operator Services	475
CIP Incentives	(650)
Utility Rate of Return - Participant (2.5%)	332
Net TOB Pilot Project Cost	5,490
Total Eligible TOB Pilot Participation Charge	2,424
Participant Upfront Co-payment Required	3,066

Rate of Return recoverd by ratepayers (4.92%)	653
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Response to CEE info request #16 attachment 2

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

CEE 16, No. 2

	Energy Upgrades	Lifetime (years)	Base	Improved	Estimated Natural Gas Savings (Dth/yr)	Estimated Natural Gas Saving (\$)	Estimated Electric Savings (kWh/yr)	Estimated Electric Cost Savings (\$)	Energy Upgrade Cost (\$)	CIP Incentive (\$)
1	On-Site Energy Assessment	0	0	0	0.00	0	0	0	700	250
2	96% efficient furnace	20	80%	96%	22.70	159	720	94	4,633	400
3	16 SEER AC		13 SEER	16 SEER	0.00	0	270	35	5,633	450
	Totals				22.70	159	990	129	10,966	1,100

Energy Cost Assumptions	\$/Dth	\$ 7.00
	\$/kWh	\$ 0.13

	Natural Gas	Electric	Annual Total	Monthly Total
Total Energy Cost Savings	159	129	288	24
Allowable TOB Service Charge (x80%)	127	103	230	19
Estimated Utility Bill Savings (x20%)	32	26	58	5

	Years	Months
Allowable TOB Service Charge Term	12	144

TOB Participant Cost Assessment	
On-Site Assessment & Energy Upgrades	10,966
TOB Pilot Program Operator Services	475
CIP Incentives	(1,100)
Utility Rate of Return - Participant (2.5%)	378
Net TOB Pilot Project Cost	10,719
Total Eligible TOB Pilot Participation Charge	2,761
Participant Upfront Co-payment Required	7,958

Rate of Return recoverd by ratepayers (4.92%)	743
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Response to CEE info request #16 attachment 3

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

CEE 16, No. 3

	Energy Upgrades	Lifetime (years)	Base	Improved	Estimated Natural Gas Savings (Dth/yr)	Estimated Natural Gas Saving (\$)	Estimated Electric Savings (kWh/yr)	Estimated Electric Cost Savings (\$)	Energy Upgrade Cost (\$)	CIP Incentive (\$)
1	On-Site Energy Assessment	0	0	0	0.00	0	0	0	700	250
2	90%+ AFUE Boiler	20	80%	90%	23.00	161	0	0	8,500	300
	Totals				23	161	-	-	9,200	550

Energy Cost Assumptions	\$/Dth	\$ 7.00
	\$/kWh	\$ 0.13

	Natural Gas	Electric	Annual Total	Monthly Total
Total Energy Cost Savings	161	0	161	13
Allowable TOB Service Charge (x80%)	129	0	129	11
Estimated Utility Bill Savings (x20%)	32	0	32	3

	Years	Months
Allowable TOB Service Charge Term	12	144

TOB Participant Cost Assessment	
On-Site Assessment & Energy Upgrades	9,200
TOB Pilot Program Operator Services	475
CIP Incentives	(550)
Utility Rate of Return - Participant (2.5%)	211
Net TOB Pilot Project Cost	9,336
Total Eligible TOB Pilot Participation Charge	1,546
Participant Upfront Co-payment Required	7,791

Rate of Return recoverd by ratepayers (4.92%)	416
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Response to CEE info request #16 attachment 4

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

CEE 16, No. 4

	Energy Upgrades	Lifetime (years)	Base	Improved	Estimated Natural Gas Savings (Dth/yr)	Estimated Natural Gas Saving (\$)	Estimated Electric Savings (kWh/yr)	Estimated Electric Cost Savings (\$)	Energy Upgrade Cost (\$)	CIP Incentive (\$)
1	On-Site Energy Assessment	0	0	0	0.00	0	0	0	700	250
2	Air sealing + attic insulation	20	R=19	R=50	11.00	77	158	21	1,968	500
3	Wall insulation*	20	R=9	R=14	7.20	50	621	81	3,466	-
	Totals				18	127	779	101	6,134	750

*Does not meet CIP Incentive Requirement; Baseline less than R-5

Energy Cost Assumptions	\$/Dth	\$ 7.00
	\$/kWh	\$ 0.13

	Natural Gas	Electric	Annual Total	Monthly Total
Total Energy Cost Savings	127	101	229	19
Allowable TOB Service Charge (x80%)	102	81	183	15
Estimated Utility Bill Savings (x20%)	25	20	46	4

	Years	Months
Allowable TOB Service Charge Term	12	144

TOB Participant Cost Assessment	
On-Site Assessment & Energy Upgrades	6,134
TOB Pilot Program Operator Services	475
CIP Incentives	(750)
Utility Rate of Return - Participant (2.5%)	300
Net TOB Pilot Project Cost	6,159
Total Eligible TOB Pilot Participation Charge	2,195
Participant Upfront Co-payment Required	3,964

Rate of Return recovered by ratepayers (4.92%)	591
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Response to CEE info request #16 attachment 5

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

CEE 16, No. 5

	Energy Upgrades	Lifetime (years)	Base	Improved	Estimated Natural Gas Savings (Dth/yr)	Estimated Natural Gas Saving (\$)	Estimated Electric Savings (kWh/yr)	Estimated Electric Cost Savings (\$)	Energy Upgrade Cost (\$)	CIP Incentive (\$)
1	On-Site Energy Assessment	0	0	0	0.00	0	0	0	700	250
2	Water Heater (UEF .69)	10	.55 UEF	.69 UEF	4.10	29	0	0	2,000	250
	Totals				4	29	-	-	2,700	500

Energy Cost Assumptions	\$/Dth	\$ 7.00
	\$/kWh	\$ 0.13

	Natural Gas	Electric	Annual Total	Monthly Total
Total Energy Cost Savings	29	0	29	2
Allowable TOB Service Charge (x80%)	23	0	23	2
Estimated Utility Bill Savings (x20%)	6	0	6	0

	Years	Months
Allowable TOB Service Charge Term	8	96

TOB Participant Cost Assessment	
On-Site Assessment & Energy Upgrades	2,700
TOB Pilot Program Operator Services	475
CIP Incentives	(500)
Utility Rate of Return - Participant (2.5%)	572
Net TOB Pilot Project Cost	3,247
Total Eligible TOB Pilot Participation Charge	184
Participant Upfront Co-payment Required	3,063

Rate of Return recoverd by ratepayers (4.92%)	1,126
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Response to CEE info request #16 attachment 6

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

CEE 16, Attachment 6

No.	Energy Upgrades	Lifetime (years)	Base	Improve d	Estimate d Natural Gas Savings (Dth/yr)	NG Savings Source	Estimate d Electric Savings (kWh/yr)	Electric Savings Source	Energy Upgrade Cost (\$)	Cost Source	CIP Incentive (\$)
Exhibit O - Energy Upgrades											
1	Bathroom aerators (0.5 GPM) and Direct Install (DI)	10	0	2	0.98	MN TRM 3.2 (pgs. 144-147)	0	N/A	\$ 15	Estimate based on CenterPoint Energy CIP; Not Actual Vendor Costs	\$ 15
2	Showerheads (1.5 GPM) and DI	10	0	2	3.52	MN TRM 3.2 (pgs. 163-165)	0	N/A	\$ 30	Estimate based on CenterPoint Energy CIP; Not Actual Vendor Costs	\$ 30
3	Kitchen aerator (1.5 GPM) and DI	10	0	1	0.56	MN TRM 3.2 (pgs. 144-147)	0	N/A	\$ 10	Estimate based on CenterPoint Energy CIP; Not Actual Vendor Costs	\$ 10
4	Water heater piping insulation and DI	13	0	6ft	1.22	MN TRM 3.2 (pgs. 168-169)	0	N/A	\$ 10	Estimate based on CenterPoint Energy CIP; Not Actual Vendor Costs	\$ 10
5	Water heater blanket and DI	7	0	1	1.07	MN TRM 3.2 (pgs. 151-154)	99	MN TRM 3.2 (pgs. 151-154)	\$ 20	Estimate based on CenterPoint Energy CIP; Not Actual Vendor Costs	\$ 20
6	Tier 3 Thermostat DI & Programming	10	Unknown	er 3-Smart	3.80	MN TRM 3.2 (pgs. 98-102)	64	MN TRM 3.2 (pgs. 98-102)	\$ 170	Estimate based on CenterPoint Energy CIP; Not Actual Vendor Costs	\$ 50
7	Air sealing + attic insulation	20	R=18.9	R=51.8	17.00	2018-2019 CNP ASI Rebate Program Data	95	2019 Cadmus Study	\$ 2,200	2018-2019 CNP ASI Rebate Program Data	\$ 500
8	Wall insulation	20	R=.9	R=15.2	41.00	2018-2019 CNP ASI Rebate Program Data	227	2019 Cadmus Study	\$ 2,900	2018-2019 CNP ASI Rebate Program Data	\$ 500
CEE 16 - Information Request											
1	96% AFUE Furnace	20	80%	96%	22.73	MN TRM 3.2 (pgs. 81-86)	720	MN TRM 3.2 (pgs. 81-86)	\$ 4,633	https://www.homeadvisor.com/cost/heating-and-cooling/install-a-furnace/	\$ 400
2	16 SEER Air Conditioner	18	13 SEER	16 SEER	0.00	N/A	270	MN TRM 3.2 (pgs. 45-50)	\$5,633	https://www.homeadvisor.com/cost/heating-and-cooling/install-an-ac-unit/	\$ 450
3	90% AFUE Boiler	20	80%	90%	23.00	MN TRM 3.2 (pgs. 81-86)	0	N/A	\$ 8,500	https://www.homeadvisor.com/cost/heating-and-cooling/install-a-boiler/	\$ 300
4	Attic air sealing	20	20% reduction		7.00	MN TRM 3.2 (pgs. 110-118)	138	MN TRM 3.2 (pgs. 110-118)	\$ 1,968	MN TRM 3.2 (pgs. 110-118)	\$ 500
5	Attic insulation	20	R19	R50	3.95	MN TRM 3.2 (pgs. 110-118)	20	MN TRM 3.2 (pgs. 110-118)			
6	Wall insulation	20	R9	R14	7.18	MN TRM 3.2 (pgs. 110-118)	621	MN TRM 3.2 (pgs. 110-118)	\$ 3,466	MN TRM 3.2 (pgs. 110-118)	\$ -
7	Water Heater	10	0.55	0.69	4.08	MN TRM 3.2 (pgs. 151-158)	0	N/A	\$ 2,000	https://www.homeadvisor.com/cost/plumbing/install-a-water-heater/	\$ 250
8	Exhaust Fan		0	1	0	N/A	0	Unknown	\$ 380	https://www.homeadvisor.com/cost/bathrooms/install-a-bath-fan/	0

Response to CEE info request #16 attachment 7

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

Updated Exhibit O - Example Cost-Effectiveness Calculation

	Energy Upgrades	Lifetime (years)	Base	Improved	Estimated Natural Gas Savings (Dth/yr)	Estimated Natural Gas Saving (\$)	Estimated Electric Savings (kWh/yr)	Estimated Electric Cost Savings (\$)	Energy Upgrade Cost (\$)	CIP Incentive (\$)
1	On-Site Energy Assessment	0	0	0	0.00	0	0	0	700	250
2	2 bathroom aerators (0.5 GPM)	10	0	2	0.98	7	0	0	15	15
3	2 showerheads (1.5 GPM)	10	0	2	3.52	25	0	0	30	30
4	1 kitchen aerator (1.5 GPM)	10	0	1	0.56	4	0	0	10	10
5	Water heater piping insulation	13	0	6ft	1.22	9	0	0	10	10
5	Water heater blanket	7	0	1	1.07	7	99	13	20	20
7	Tier 3 Thermostat DI & Programming	10	Unknown	Tier 3-Smart	3.80	27	64	8	170	50
8	Air sealing + attic insulation	20	R=18.9	R=51.8	17.00	119	95	12	2,200	500
9	Wall insulation	20	R=.9	R=15.2	41.00	287	227	30	2,900	500
	Totals				69.15	484	485	63	6,055	1,385

Energy Cost Assumptions	\$/Dth	\$ 7.00
	\$/kWh	\$ 0.13

	Natural Gas	Electric	Annual Total	Monthly Total
Total Energy Cost Savings	484	63	547	46
Allowable TOB Service Charge (x80%)	387	50	438	36
Estimated Utility Bill Savings (x20%)	97	13	109	9

	Years	Months
Allowable TOB Service Charge Term	12	144

TOB Participant Cost Assessment	
On-Site Assessment & Energy Upgrades	6,055
TOB Pilot Program Operator Services	475
CIP Incentives	(1,385)
Utility Rate of Return - Participant (2.5%)	719
Net TOB Pilot Project Cost	5,864
Total Eligible TOB Pilot Participation Charge	5,252
Participant Upfront Co-payment Required	612

Rate of Return recoverd by ratepayers (4.92%)	1,414
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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 17	<p>What are the total estimated annual net benefits from CenterPoint Energy's residential CIP segment in the most recently approved CIP Plan for 2021-2023 according to the utility cost test?</p> <p>Response: CenterPoint Energy's most recent approved version of the Triennial Plan estimates net benefits of \$216,185,775 based on the utility cost test.[1]</p> <p>[1] Post approval of the Company's most recent program modifications filed on September 1, 2021. <i>In the Matter of CenterPoint energy's 2021-2023 Natural Gas Conservation Improvement Program Triennial Plan</i>, Docket No. G-008/CIP-20-478, Decision, (DOC, Nov. 1, 2021).</p>

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

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

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

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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 18	<p>Does CenterPoint Energy plan to use energy savings from CIP programs (including direct install measures through the Home Energy Squad, and insulation and equipment rebates) in the calculations of energy savings for the TOB program? If so, will the costs associated with those CIP programs also be included in the calculations for eligibility and cost-effectiveness for the TOB program?</p> <p>Response: Energy savings from CIP measures (including direct install and rebates) will be counted towards project energy savings when determining eligibility of a project for TOB. Savings from TOB projects will be determined using modeling software to be provided by the program operator and may or may not match savings as calculated by the TRM. Any project costs covered by CIP will not be included in the calculation to determine the TOB participant's payment.</p>

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

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

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Type of Inquiry: Other

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

Request No.	
CEE 19	<p>Will the net benefits from projects completed through the TOB program that receive CIP funded services and/or rebates be counted in the calculation of CenterPoint Energy's CIP net benefits? Specifically, does the company plan to include the net benefits associated with projects completed through the TOB program with CIP funded services and/or rebates into the calculation of CenterPoint Energy's CIP financial incentive?</p> <p>Response: CenterPoint Energy plans on counting the net benefits from CIP program participants in CIP who are also TOB participants. When counting CIP net benefits, the Company will count the net benefits from TOB participants using the same calculations as all CIP participants. The Company does not plan on incorporating any additional benefits from TOB (e.g., additional energy savings or measures) into its net benefit calculations for CIP.</p>

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

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 20 - S	<p>In Exhibit D of the Petition, the company explains that it will charge a \$475 program operation fee through a fixed monthly service charge assigned to the location where upgrades are installed through the TOB program and that the \$475 fee will be paid by customers occupying that location.</p> <p>Please explain whether the \$475 fee will incur any financing charges, interest rates, or rate of return. If the \$475 fee is subject to financing charges, interest rates, or rate of return, please provide the rate(s) applied to the fee, the term over which the fee will be recovered, and who (ratepayers, the participating customer, or company shareholders) will be responsible for paying the applicable financing charge, interest rate, or rate of return.</p> <p>Response:</p> <p>The \$475 program operation charge is considered an operations and maintenance expense and is not subject to financing charges, interest rates, or rate of return. TOB pilot participants are responsible for paying this charge.</p> <hr/> <p>Supplemented 12/27/21:</p> <p>The Company's response to CEE Information Request 20 is corrected as follows:</p> <p>The \$475 program operation charge is included in the total project cost used to calculate cost-effective on-bill participant charges. The Company proposes to recover a 2.5% rate of return on any project costs recovered on</p>

Response By: Emma Schoppe

Title: Local Energy Policy Manager

Department: Mng Smr Reg Svc Enrgy Prog

Telephone: 612-321-4318

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the TOB participant's bill. The Company would recover the remaining portion of its rate of return (4.92% calculated in the petition) from ratepayers.^[1] An upfront co-payment may be required to cover the difference in project costs that do not meet the cost effectiveness test. Upfront co-payments are not subject to the utility's rate of return.

^[1]The Company would adjust the ratepayer portion of the rate of return based on approved outcomes of rate cases, and apply that rate of return, less 2.5%, for the duration it is in effect. In the TOB petition, the Company used a total rate of return of 7.42% based on its 2019 rate case proposal.

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CEE 21	<p>Please provide a detailed breakdown of the activities and systems that will be funded through the "Start-Up" activities budget listed on Exhibit K of the company's TOB Petition?</p> <p>Response:</p> <p>The TOB pilot petition Exhibit L provides a spending estimate of \$1,756,500 for Start-Up activities. Start-Up activities include \$1,000,000 capital spend for the Company to design and build software systems and processes for customers to engage with the TOB pilot (specifically through bill payment processes online, over the phone, or by mail) and for the internal and external exchange of information (e.g. customer eligibility verification, data transfer security checks, processing and tracking payment details, third party coordination, integration with CIP, etc). The Utility Capital return on \$1,000,000 capital investment would be \$556,500 based on a rate of return of 7.42 over 15 years, the useful life of software. The Company estimates \$200,000 for Utility Administration to develop business systems and acquire resources (e.g. Program Operator, Installers, call center training) for TOB pilot delivery.</p>

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CEE 22	<p>Will the infrastructure and systems developed through the "Start-Up" activities budget listed in Exhibit K of the Petition be used for CIP programs as well? For example, will the company use software or system upgrades developed for TOB to also target high energy users in CIP and/or provide instant rebates in CIP programs beyond those that overlap with TOB?</p> <p>Response: Beyond potential information exchange between the two programs, the Company does not expect that the business systems created for the TOB pilot would have value for CIP programs. The TOB business system requirements primarily have to do with upgrades to the Company's billing system and are unique to the TOB pilot program. The Company intends to leverage existing resources to identify and target high energy users and rely on existing CIP systems and processes to provide CIP instant rebates.</p>

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CEE 23	<p>What will happen if a customer wishes to remove the gas meter from a residence before fully paying off investments made through the TOB program?</p> <p>Response: The Company does not propose to require that TOB participants continue to receive gas service. In the event that gas service is discontinued Service Charges will be suspended until such time as gas service is restored to the location.</p>

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CEE 24	<p>How will the TOB program interact with existing bill payment assistance programs? Specifically, will TOB participation affect customer eligibility for bill payment assistance programs and/or the amount of assistance customers would be eligible to receive through bill payment assistance?</p> <p>Response: The TOB pilot should lower participants' overall bills and therefore reduce the need for payment assistance. However, the Company proposes to consider TOB Service Charges to be like any other utility service that appears on customers' bills. Accordingly, TOB participation should not affect eligibility for energy assistance except to the extent that reducing the amount of a customer's total utility bill affects their eligibility.</p>

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