April 6, 2022

TO: Minnesota Public Utilities Commission
121 7th Place E.
Suite 350,
St. Paul, MN 55101

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

To the Public Utilities Commission -

We submit the following Reply Comment as members of the Peer Learning Energy Efficiency Energy Cohort. Our comment has three main arguments.

#1. After reviewing the comments submitted from interested parties, our cohort continues to recommend approval of the TOB Pilot with the following caveats and requests for improvements:

1. **Clear Partnerships and Funding to Match Increased Referrals To Income-Eligible Programs (WAP, LI-CIP):** The Program Operator must partner with income-eligible program operators and offer referrals and information sharing with all households about income-qualified energy efficiency and weatherization programs that they may be eligible for.

   Centerpoint Energy must also increase funding to its income-eligible programs in order for there to be outreach staff and implementation staff capacity for those referrals to be followed up on and followed through on, and advocate to their utility peers like Xcel to do so as well.

2. **Require Stakeholder Participation in Program Materials Development**: Through focus groups, 1-1s, or other methods to ensure language including outreach and agreements materials are relevant to local communities. Must include evaluation and program oversight by local stakeholders representing the cultural and linguistic communities in Centerpoint territory.

3. **Remove Upfront Cost for Audit:** Remove all up-front costs to receive energy audit for participation in the program. The petition, as written, includes a $100 fee, which is not part of any other inclusive financing programs and will block access to information.

4. **Source of Capital:** Remove CenterPoint's rate of return requirement or require CenterPoint to seek a lower-cost third-party capital (e.g. impact investment, federal dollars, foundation). The rate of return for CenterPoint, as currently included, is too high especially for a pilot. As others noted, this is higher since their last rate case.

5. **Freeze Disconnections for Participants:** We support freezing disconnections for any new pilot to ensure an added benefit of relief from disconnection, and allow first participants to be protected against any hiccups or issues. We also support expanding the Cold Weather Rule all year round to end disconnections

altogether.

6. **Ensure Lowest Cost for Program Administration and Operation**: Many commenters had collaborative ideas for how to check Centerpoint on driving up the pilot's administrative cost, shareholder profits or incentives, or such as removing shareholder rewards on operating cost and program operator cost. These are important topics in every utility project to safeguard against corruption or spending padding and must be pursued to get to a well-operated program. Part of how to do this is to engage a qualified program operator in the design of program using the successful model of Pay-As-You-Save rather than a knock-off version.

7. **No Yearly Cap on Program**: Remove the yearly cap on the program of $5 million so that there is not a choppy start/stop of outreach, work for contractors, and communications to interested participants. The $15 million total is the only needed cap.

#2. Secondly, our cohort wants funding for LI-CIP programs that match the scale of need and our original concerns about the problems system-wide (scale, outreach, workforce):

1. **Funding:** The geography based pre-qualification is a good effort to lower income-testing and paperwork burden, and the added pre-weatherization measures will help make sure people aren't turned away. We would like to have Sustainable Resource Center, Energy Cents and any other emergent culturally-grounded and well-trusted operator of LI-CIP programs to name that size of funding that would cover weatherization and efficiency for all of the Green Zones and all of the Areas of Concentrated Poverty (ACPs) in Centerpoint, and for Centerpoint to fund it at that scale.

   First-Person Testimony collected in February 2022 by our cohort
   PN (A renter in North Minneapolis)
   "*I am representing the Asian Pacific Islander (API) Community in the Twin Cities Area. For the past three years, I have worked closely with the community with general support services and one of the main issues I witnessed the community faced is high energy and utility bills.*

   Energy affordability and access to energy efficiency services remain a problem for low- and moderate-income households:
   - *Higher energy costs*
   - *Lack of comprehensive low-income and multifamily programs*
   - *Older and less efficient appliances, equipment, and homes*
   - *Lack of discretionary capital to invest in energy efficiency measures*
   - *For renters, the "split incentive" problem and lack of authority to make property modifications*

   Many families don't have the funds to weatherize their homes. The poor, the chronically unemployed and elderly who live in the Twin Cities area are at ground zero in the struggle to cope with the high prices for gas and electricity brought on by the Xcel energy and CenterPoint crisis. Not only do they get hit like the rest of the population with *the high costs; for the poor the costs spiral exponentially higher the lower they are on the income ladder.*

For example, an elderly resident on a fixed income of $12,000 a year, spends 4-5 percent of his/her gross income on gas or electric services. When the cost of energy doubles, the same resident pays almost 8-10 percent.

In my experience, low- and middle-income households typically spend one-fifth of their annual income on home energy bills – more than six times the level that other income groups are spending. The proportion of income going towards home energy costs is growing despite notable conservation efforts on the part of low-income households.

In a crisis atmosphere, still-incomplete data suggests more and more low-income households are losing their energy services because they can't pay their utility bills. As costs escalate, householders who get behind on their energy bills face termination of service.

The need for energy assistance is much greater than the coverage currently provided by current federal appropriations for this purpose, and still greater than the energy-user funded appropriations especially now that all of the North and Southside Greenzone are pre-qualified and soon areas of concentrated poverty will be too.

The experience of energy insecurity triggered mental health disorders such as anxiety and depression in many families, including those who were not meeting the income qualifications and other barriers in weatherizing their home.

For people who don't fit those definitions, community members have suggested offering a different way of investment in energy upgrades - inclusive financing - through a utility bill that would support energy-savings efforts. This is much more appropriate than offering traditional personal debt financing."

2. **Cultural Accessibility, Outreach, and Workforce:** Even with good funding utility programs won't reach everyone if the programs are not made known to communities, trusted by them, in language and wording that makes sense, with trusted messengers, and not overly complicated with many different phone numbers to call and long wait times. Funding for the marketing and engagement of LI-CIP needs to prioritize resourcing community groups to be at the front of that outreach to help with awareness and trust. New money or good tools will not reach people if it's done predominantly by primarily English speaking, professionalized, and white-led utilities, state agencies, and nonprofits. Program outreach must be responsive to feedback and centered around what works for people. We would like Centerpoint to redirect their marketing spending to increase spending to existing outreach organizations and expand it, too, to community organizations trusted by communities who are underrepresented. This will also help reduce stigma around getting help if there are many who speak about it.

Over years, cohort members have looked at Xcel & Centerpoint marketing materials including for energy visits and some income-based programs. Though there's also been some positive responses varying by brochure, the majority were of confusion where information, imagery, and language feels out of touch and the process is intimidating or too complicated:

"Who is this for? Doesn't mention safety, renters, comfort"
"Vocabulary is very difficult to understand even in English"
"Does this mean I have to let a white guy into my house?"
"Fear of who I have to let into my house"
"Wordy - a lot of things are hard to understand or unclear"
"Not available beyond Spanish"
"Love them but so many of the staff is white guys"
"Did not grab by attention - Very confusing"
"Don't want to apply for a loan"
"House looks like a nice hotel, not where I would live"
"Wouldn't give this to folks in the neighborhood"
"Characters are white, maintenance person is a man - presumes a woman can't install a lightbulb"
"The message is confusing - do you have to call one place to qualify?"

On the workforce side, we have heard that there's a need for energy auditors, and likely other energy weatherization worker and contractor needs to keep pace or increase it. Next to that shortage, we know there is an 1) ongoing need for good-paying jobs, small business opportunities, and worker-centered training programs, and 2) severe underrepresentation of people of color and multilingual and women in energy. That's reflected in Centerpoint's CIP reporting with only 15-26% of vendor spending being through "women and minority-owned enterprises" - and though we don't know this doesn't include non-profits demographic data our experience suggests while there may be more women in nonprofits statistically, there are not a representative number of multilingual staff or staff of color. Any budget for CIP, LI-CIP, and WAP should put addressing this as a core criteria in order to increase program awareness, good communication and trust with participants, and job equity and opportunities in this industry.

From Centerpoint Energy's most recent CIP report: (May 3, 2021, p. 5)

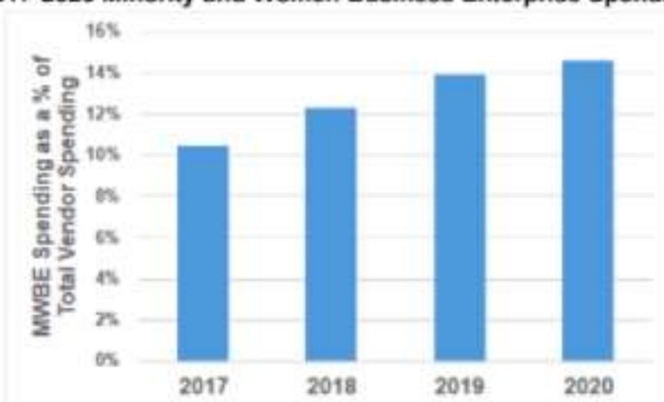
Minority and Women Business Enterprise Vendors

CenterPoint Energy supports efforts to promote diversity in the energy and energy efficiency workforces. The Company recognizes the economic importance of diverse suppliers such as minority-owned and women-owned business enterprises ("MWBE")[8] to the Company's business, to the economies of the states where CenterPoint Energy operates, and to the communities the Company serves. To increase awareness of the importance of diversity and transparency about the businesses that support CenterPoint Energy's CIP, the Company provides the following information about the diversity of its CIP vendors.

Total 2020 CIP Spend	$29,739,190
Vendor Spend[9]	$10,978,792
MWBE Vendor Spend	$1,597,424
MWBE Spend as Percent of Vendor Spend[10]	**14.6%**

Since 2017, MWBE spending has increased from about 10 percent to almost 15 percent.

2017-2020 Minority and Women Business Enterprise Spending



[8] CenterPoint Energy defines minority-owned and women-owned business enterprises per the guidelines of the National Minority Supplier Development Council and the Women's Business Enterprise National Council.

[9] The Company included in "vendor expenses" all CIP expenses made to business entities in return for services. Vendor spending includes, for example, payments to external project implementers and various marketing and advertisement firms CenterPoint Energy contracts with for energy efficiency promotions. Vendor spending does not include such things as customer or trade ally incentives, fees for membership in energy efficiency organizations (e.g. the Midwest Energy Efficiency Alliance), or various small expenses (e.g. business meals) that the Company does not track by vendor.

[10] The Company notes that $4,732,808 or 43 percent of its vendor spend goes to non-profit entities; non-profit entities cannot qualify as MWBEs under the definition CenterPoint Energy uses. If non-profit entities are excluded from vendor spend in the calculation, 26 percent of the Company's remaining vendor spend went to MWBEs.

There are promising examples of how to do this around the country, include through the Pay As You Save model in which, as we mentioned in our initial comments, current program operators have internal goals of majority diverse workforce and have achieved and prioritized workforce diversity levels at the energy audit/scoping stage (not measuring for contractors) between a 60-75% "diverse workforce," in large part because of how program structures data collection and accountability to net savings.

#3. And lastly, why we are sure that what is on the table in Minnesota right now is important but not yet enough:

1. **New federal funding can't be counted on:** WAP has a ton of new funding, and we've seen this before. It's a spike based on a crisis and who's in the White House - it's not sustained or consistent nor nearly enough for everyone who needs it. Further, it still requires immigration documentation and income testing based on 3-months income rather than other measures. The marketing for it also shows that you have to have LIHEAP first, even if in practice there's more flexibility:

   WAP eligibility and the application process quotes from marketing materials and websites as of this writing:

   "To qualify for Weatherization Assistance via the Energy Conservation Program, you must first enroll in Energy Assistance." - Sustainable Resource Center Link

   "To receive Energy Conservation and Weatherization services, you must first apply for our Energy Assistance services" - CAP Ramsey and Washington Counties Link

   "SSNs are required for all applicants unless you are applying as an eligible non-citizen (for example, a permanent resident, asylee, refugee, etc.). If you do not provide valid social security numbers or immigration documents, we cannot process your application. All household members, regardless of immigration or citizenship status, must provide their income information, but only those who are citizens or eligible non-citizens will be counted as household members" - WAP Application Link *(Click and download "2022 Energy Assistance Application" to find quote)*

   This underlined text means that the income of the household will be inflated to count undocumented family members but divides that total among fewer people, both requiring disclosure of undocumented households - or someone who may be assumed to be undocumented without that paperwork - and then financially punishing the households. If this disclosure and then way of calculating need does not deter a household from applying altogether it certainly does not help them or welcome them.

2. **ACPs are a good start but don't fully capture the story, and gentrification may change individual household realities faster than maps and designations:**

   Rethinking Areas of Concentrated Poverty
   Metropolitan Council, 2020
   Link to the Full Report

   Excerpt from the Report: *"Community feedback points out this concept (ACP50s) created too stereotypical an association between poverty and race. In reality, white residents are the majority of residents living in concentrated poverty (and affluence), and a wide majority of each racial/ethnic group lives outside concentrated poverty.*

Providing disaggregated data allows users of our dataset to more thoughtfully explore intersections of race and other indicators."

The Diversity of Gentrification: Multiple Forms of Gentrification in Minneapolis and St Paul
University of Minnesota, Center for Urban and Regional Affairs (CURA), 2019
[Link to the Full Report]

Excerpt from the Report: *"North Minneapolis has historically suffered as a result of strategic economic disinvestment based on redlining and discriminatory housing practices informed by the class, race, and ethnic profile of its residents (Lewis, 2015). In North Minneapolis, much like communities of color in cities across the nation, decades of economic decline were triggered by a shift in public and private investment that followed white, middle class families to the suburbs (Lewis, 2015). Today, rapid urban restructuring throughout the Twin Cities ensures that a community once manufactured to contain 'undesirable low-income black residents,' and later immigrant and refugee populations, is now slowly becoming attractive to a rising population of young white families and business developers. These new residents and business enthusiasts see an undervalued housing stock and a community adjacent to downtown Minneapolis that fulfills their urban living dreams against the backdrop of an increasingly unaffordable metropolis."*

3. **People who are income-eligible or have been designated geographically low-income do not fully describe <u>who</u> is low income:** It doesn't describe who is struggling, and it doesn't describe who can't do energy upgrades with upfront cash or credit-based systems. Some have sporadic income, some are fitting as many people into one living space in order to lower costs, who otherwise don't share budgets, which fluctuates household size and income but still has many "single" or "family"households in one in terms of other living costs. People are already carrying so much financial burden, unexpected spending, and instability. Medical costs, taking time off to care for a loved one, saving for children's school, paying off or working through getting a degree to increase a family's earning potential - there are many important obligations on income that impact their financial situation.

MZ (A renter in the Twin Cities metro area)
First-Person Testimony collected in February 2022 by our cohort

"We live in an old fourplex in the Twin Cities - all the units are one bedroom. In winter our Centerpoint gas bills are $250-$350, even though we kept our temperature dial at 62 and once we saw our first bill we turned the temperature down to 60 and sometimes 58. My partner has been running the electric space heater in one room when it gets too cold for him, which we have been told is both an expensive and if forgotten a dangerous way of heating. That has driven up our electric bill. When we asked around to friends who live in houses (including multiple bedrooms and 2 stories plus an attic or basement) and heard that their bills are in the $90-$200 for their whole house we knew it wasn't just that gas prices are rising and insane right now."

We got an energy audit. Our building qualifies for a cost buy-down because our incomes are low enough so it was free for all of us. We had done homework before because we knew we'd have to convince our landlord - who is kind and responsive but has told us before she has bigger projects that take money and wasn't sure she'd be able to do - so knew we were eligible for the utility program Centerpoint has for low-income people. Just barely though because in all our digging to find out what we could do it seemed like it didn't matter if we qualified my partner and I - the majority of the building would have to, and our neighbor was about to start a new job after being unemployed, and everyone else was on the edge of help-no-help. It felt like a part-time job to figure out all the rules.

We applied for that program for the low-income program for small buildings. No one has called us in months since we applied. So we went ahead with the audit figuring we'd get some light bulbs, and maybe some advice that would convince our landlord to do something. Even though we had the low-income buy-down, no one who came knew about any programs other than a program our city government had. They hadn't heard of the other programs, and it wasn't in the file we were sent after either. We got the report, which was interesting (and confirmed what we already suspected - we definitely don't have any insulation and our boiler is from the stone ages). No one from any energy program has followed up with us or any other resident beyond that report. We're in limbo. Meanwhile our bills are still out of control.

If there were an offer for a program that would help us be more comfortable (and my partner to turn off the electric space heater) or at the very least have lower bills we would say yes in a heartbeat. Right now there's nothing else we can do to not waste energy or lower our bill that wouldn't make our pipes freeze. And we know that that offer for our landlord to be able to do it, couldn't be big new loans or paying for it all upfront - that would probably be a no and/or maybe increase our rent.

Lack of affordable housing alone can make a "living wage" unlivable for people. According to the Minnesota Housing Partnership's "Out of Reach" study about housing and Star Tribune numbers (link) on cost of housing in the Twin Cities metro, St. Paul & Minneapolis, **a household in 2019** would have to **make *at least* $41,436 for 1 bedroom** and a household would have to **make *at least* $96,696 for a "3 bdr + den" or 4 bdr to meet 30% of gross income rule** often required by landlords (link + see "Attachment" at the bottom for calculation of cost). Though in some cases like Minneapolis where automatic denial of a prospective renter is banned the income requirement is 3x or higher than rent. But if it's lower automatic denial (though not required) is allowed.

> *"If a landlord uses a minimum income test requiring an income equal to three (3) times the rent or higher, the landlord must allow an exception to that test where the applicant can demonstrate a history of successful rent payment with an income less than three (3) times the rent" (link)*

Based on that, if **an individual works 40 hours a week at $18/hr** every week of a 52-week year their gross income would be **$37,440**. They would not afford/qualify for a 1-bdr apartment at the 30% cap **even at 2019 housing cost levels**, and as we understand from our research do not qualify for energy assistance or Centerpoint's efficiency program or Xcel's efficiency program **using 2022 assistance levels**. But, $18/hr is nearly double the state min. wage of $10.08/hr and ~$1.50 more than the average renter wage $16.56 (link). (See "Attachment" at the bottom for income-guidelines we based this from).

IF **two adults worked 40 hours a week at $21/hr,** every week of a 52-week year **and had two children**, their gross income would be **$87,360,** and would not make the cut income ratio cut off of 30% monthly rent for a 3+ to 4 bedroom apartment **even at 2019 housing cost levels**, and also would not qualify for either Centerpoint or Xcel's programs **using 2022 assistance levels**. $20/hr is more than double the state min. wage of $10.08/hr and ~$4.5 more than that average renter wage $16.56.

And this is just for housing affordability. Add to that food, out-of-pocket medical bills, student debt and education costs, time off work to rest, and spiking, inefficient energy bills.

4. **Credit-based, personal loans as well as the personal time burdens will never work for a systemic problem - only systemic access will:** Energy upgrades are just never going to be in people's budgets or on the top of their list to take out a personal loan for, and the more paperwork we add the harder it will be.

5. **There is nearly nothing that is "free" or "no cost."** Residents pay for everything with very, very limited exceptions.
   a. WAP comes from our taxes as a grant the full cost of the upgrades
   b. CIP comes from our energy bills as a discounts a piece of the full upgrade
   c. LI-CIP comes from our utility bills as a grant for ~50% of the upgrades without exceptions except from several big energy users
   d. The 0% interest rates and $0 energy audit buy-downs is a discount or grant, respectively, and comes from local cities' tax-dollars and in Minneapolis from the city-portion of the utility bills, which even if you don't pay much property tax because you don't own property you will experience sales tax and/or cuts into other public service budgets

6. **Inclusive Financing could be widely-felt service even to people who have other options but this works better for:** We know that using less gas will insulate us all in increasing storm events and the costs and pressures that come with that. We also expect and know that even for many people who CAN qualify to take out a loan and access all the public money like rebates and 0% interest, it delays cutting down wasted energy by adding paperwork and doesn't match in other ways:

First-Person Testimony collected in February 2022 by our cohort
JK (a homeowner in South Minneapolis)

"When we bought our house in South Minneapolis, we were excited to make energy efficiency improvements. So far, we have fully insulated our home, installed the highest-efficiency furnace we could find, and switched our gas water heater for an electric heat pump model. We are fortunate to have been able to access traditional financing, which then in turn gave us access to the interest rate being subsidized by the City of

Minneapolis (thanks to all of our and our neighbors' tax dollars). Accessing the money for it that way, then gave us access to utility rebates totalling hundreds of dollars to help make these investments pencil out for us and those rebates are thanks to all of ours and our neighbors energy bills. Still, taking out personal loans to complete these projects means we had to wait to do these projects slowly over multiple years instead of all at once. We still have more on our to-do list, including adding a heat pump for heating and cooling. We are comfortable making these investments because we plan to stay in our home for many years. Otherwise, it likely wouldn't make financial sense for us to take out personal loans to pay for these improvements only to have the savings and benefits accrue to the next resident.

Even for a two-income household where credit score is not an issue, the current system imposes barriers to efficiency improvements. Importantly, it doesn't work nearly this well for our neighbors who are renters, who rely on lower or less stable incomes, or who have lower credit scores. We took action because we had the financial means, we were motivated, and we had access to information and resources -- not because there was an immediate net savings to us.

With inclusive financing, we could have comfortably made more changes sooner to reduce our utility bills, and reduce our consumption and strain on the system as a whole, not to mention the emissions. "

In summary, we ask that the PUC approves this pilot program with the above changes <u>on page one of these reply comments</u> and because the mechanism itself is only one piece that does not address scale of funding for low-income-qualified programs, cultural relevance of outreach or workforce barriers.

Additionally, we ask that the other contextual pieces that act as barriers to participation are addressed in tandem, which means:

1) Funding dramatically expanding income-eligible resources like WAP and LI-CIP,
2) Culturally-relevant and community-based engagement, and
3) Equitable pathways to workforce opportunities so that the workforce meets demand and represents the community.

Thank you for your consideration,

Members of the Peer Learning Energy Efficiency Cohort

/s/ Phits Nantharanth
community member, involved on the northside of Minneapolis

/s/ Eduardo Cardenas
community member, involved on the southside of Minneapolis

Unidos Minnesota
/s/ Jose Alvillar

Nokomis East Neighborhood Organization
/s/ Becky Timm

Corcoran Neighborhood Organization
/s/ Molly Fleming and Alicia Smith

Community Stabilization Project
/s/ Carolyn Brown

Eastside Freedom Library
/s/ Ben Werner

Cohort Contact:
Eduardo Cardenas, educardns@gmail.com

Attachment:

Average rent in the Twin Cities:

Source: Star Tribune, 2019 (Link)

St. Paul / Twin Cities Metro / Minneapolis

- Studio: $968 / $1,017 / $1059
  - Or $11,616 - $12,708 annually (range from lowest to highest with St. Paul often being on the low end, as multiplied by twelve months)
- 1 bedroom: $1,049 / $1,086 / $1,253
  - Or $12,588 - $15,036 annually, or on average **$13,812 annually** order to make 3x monthly rent, income minimum is: **$41,436**
- 1 + “den”: $1,665 / $1,470 / $1,840
  - Or $17,640 - $22,080 annually
- 2 bedroom: $1,295 / $1,329 / $1,847
  - Or $15,540 - $22,164 annually
- 2 + “den”: $2,564 / $2,063 / $4,002
  - Or $24,756 - $48,024 annually
- 3 bedroom: $1,640 / $1,624 / $2,434
  - Or $19,488 - $29,208
- 3 + “den” OR 4: no data / $2,686 / no data
  - Or about **$32,232 annually,** and in order to make 3x monthly rent, income minimum is: **$96,696**

Income guidelines for assistance

<table>
<tr>
<td>Federal Poverty Guideline 2022

• HH of 1: $13,590 (100%, 200%, 300%)
○ $27,180 / $40,770
• HH of 2: $18,310 (100%)
○ $36,620 / $54,930
• HH of 3: $23,030 (100%)
○ $46,060 / $69,090
• HH of 4: $27,750 (100%)
○ $55,500 / $83,250
• HH of 5: $32,470 (100%)
○ $64,940 / $97,410
• HH of 6: $37,190 (100%)
○ $74,380 / $111,570

Source: Link</td>
<td>Xcel 1-4: Xcel that threshold is 300% of Federal Poverty Level (FPL) or 60% (SMI), whicher is higher:

2022
○ HH of 1 - $40,770
○ HH of 2 - $54,930
○ HH of 3 - $69,090
○ HH of 4 - $83,250
○ HH of 5 - $97,410
○ HH of 6 - $111,570

Source: Anecdotal could not find definition on Xcel’s website</td>
<td>Centerpoint 1-4: Centerpoint’s threshold is 50-60%* of State Median Income (SMI) or 200% of Federal Poverty Level (FPL), whichever is higher:

2022
○ HH of 1 - $35,237
○ HH of 2 - $46,080
○ HH of 3 - $56,922
○ HH of 4 - $67,765
○ HH of 5 - $78,607
○ HH of 6 - $89,450

Source: Link
Also the same for Energy Assistance (Link)
*sources suggest both 50% and 60%. For our calculations we assumed 60%</td>
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<tr>
<td colspan="3">Buildings 2+ must be 50% or more eligible   Buildings 5+ must be 66% or more eligible</td>
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