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August 8, 2022

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

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

Dear Mr. Seuffert:

The Office of the Attorney General—Residential Utilities Division (“OAG”) submits this letter in response to the Commission’s May 31, 2022 Notice of Supplemental Comment Period and subsequent Notice of Extended Supplemental Comment Period in the above-entitled matter. The Commission seeks stakeholder responses to CenterPoint Energy (“CenterPoint” or “Company”) and the City of Minneapolis’s (“City”) May 16, 2022 joint reply comments (“Joint Comments”), which include revisions to their joint proposal for a tariffed on-bill financing pilot program (“pilot”).

The Commission’s Notice asks whether the Joint Comments and attached exhibits accurately reflect parties’ comments on the original pilot proposal. In general, the Joint Comments and Exhibit A accurately reflect the OAG’s initial comments. However, the OAG’s initial comments set forth the basis for our recommendations more fully than do the Joint Comments.

The Commission’s Notice also asks parties to list their final recommendations or decision options. The OAG appreciates the changes that have been made to the pilot proposal in response to stakeholder concerns, but these changes do not allay our fundamental concerns with tariffed on-bill financing. The OAG therefore continues to recommend that the Commission dismiss the joint petition and allow proponents of tariffed on-bill financing to advance it through the proper channels (i.e., through conservation improvement programs or legislation) for the reasons set forth in our initial comments. If, however, the Commission grants the petition, it should only do so under the following conditions:

1. Pilot charges should not be treated as charges for utility service:
 - a. Participants should not be disconnected for failing to pay pilot charges;

- b. Partial payments should be applied first to the balance due for utility service, with any remaining amount applied toward pilot charges; and
 - c. Pilot participants should be allowed to prepay unbilled pilot charges.
- 2. Properties owned or rented by customers who meet the criteria for no-cost Low-Income Weatherization services under CIP should be excluded from the pilot. If, after the first year of pilot operation, there has been a documented demand by low-income customers for weatherization services that cannot be met under CenterPoint's current Low-Income Weatherization budget, that budget should be increased. If, after two years of pilot operation, there is a documented demand by low-income customers for weatherization services that cannot be met even with an increased CIP budget, the Commission could reconsider whether participation by low-income customers is in the public interest.
- 3. Rental properties should be allowed to participate only under the following conditions:
 - a. The tenant must be a CenterPoint customer; and
 - b. The on-bill charge for a rental property can be no larger than 60 percent of the estimated average monthly savings, with any necessary upfront copayments to be contributed by the landlord and/or local government.
- 4. CenterPoint should not earn a return on energy conservation improvements unless the Commission determines, in a generic docket, that it is appropriate to expand the shared-savings incentive. If the Company is to be allowed a return on pilot projects, it must (1) prove that it has pursued and exhausted all opportunities for lower-cost third-party financing and (2) accept a lower rate of return commensurate with the minimal investment risks presented by the pilot.

Sincerely,

/s/ **Peter G. Scholtz**

PETER G. SCHOLTZ

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CERTIFICATE OF SERVICE

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

I, JUDY SIGAL, hereby certify that on the 8th day of August, 2022, I e-filed with eDockets *a Letter of the Office of The Attorney General—Residential Utilities Division* and served a true and correct copy of the same upon all parties listed on the attached service list by e-mail, electronic submission, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

/s/ Judy Sigal
JUDY SIGAL

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