

June 14, 2021

VIA ELECTRONIC FILING

Will Seuffert Executive Secretary Minnesota Public Utilities Commission 121 7th Place East, Suite 350 St. Paul, MN 55101-2147

Re: In the Matter of Gas Affordability Program Annual Reports Docket Nos. G008/M-21-218 (CenterPoint), G011/M-21-224 (MERC), and G002/21-220 (Xcel)

Dear Mr. Sueffert:

Please find the attached Reply Comments of the Energy CENTS Coalition in the abovereferenced matters. If you have questions about these comments, please call me at 651-470-4500.

Sincerely,

Pam Marshall

Executive Director Energy CENTS Coalition

State of Minnesota Before the Public Utilities Commission

Katie Sieben Valerie Means Matthew Schuerger Joseph Sullivan John Tuma Chair Commissioner Commissioner Commissioner Commissioner

In the Matter of Natural Gas Affordability Program Annual Reports Docket No. G008/M-21-218 Docket No. G011/M-21-224 Docket No. G002/21-220

Reply Comments of the Energy CENTS Coalition

INTRODUCTION

The Energy CENTS Coalition ("ECC") respectfully submits the following Reply Comments to the Department of Commerce, Division of Energy Resources ("Department") regarding the Gas Affordability ("GAP") reports submitted by CenterPoint Energy ("CPE" or "the Company"), Minnesota Energy Resources Corporation ("MERC" or "the Company"), and Xcel Energy ("Xcel" or "the Company").

RESPONSE TO INDIVIDUAL REPORTS

CenterPoint Energy

ECC supports CPE's proposed adjustment to the GAP affordability and arrearage forgiveness levels from 4% to 2% and from 2% to 1%, respectively. However, ECC is concerned that increasing the credit amounts will allow the Company to spend GAP funds on fewer customers and respectfully requests that the Commission continue to require CPE to report on outreach activities to expand LIHEAP. As reported in Docket No. #20-375, CPE's LIHEAP customers decreased from 29,585 in 2015 to 25,312 in 2019. Decreasing LIHEAP customer counts is the primary factor in the Company's decreasing number of GAP customers (from 10,074 in 2015, to 8,237 in 2019).

Further, ECC recommends that the Commission allow the Company to increase the GAP surcharge but decline to allow the Company to adjust the annual program budget. As noted in other dockets, ECC shares the Department's concern about CPE's GAP administrative costs.¹ The Department notes that CPE "has generally high administrative costs for its GAP program, 10.9% of total program costs ..., well above the 5% recovery cap. The Department is concerned

¹ See Docket Nos. 19-367 and 20-399.

that increasing the program's overall spending [will] allow CenterPoint to recover a higher portion of the above cap cost."² ECC agrees with the Department's assertion and, given the recent spending trend, believes that increasing the program's annual budget would be premature.

For several years, CPE's has provided GAP credits at levels under the \$5 million annual program budget:

Year	Affordability/arrearage credits
2017	\$3.45 million
2018	\$3.60 million
2019	\$4.11 million
2020	\$3.27 million

In their GAP report, CPE stated that they "decided to not renew its contract with Energy Cents Coalition ("ECC") for administration of the GAP program. The Company believes that it can move administration in house and reduce program costs."³ ECC would like the record to reflect that ECC's administrative costs in 2020 were \$67,487 out of the \$400,324 total to administer CPE's CAP.

ECC appreciates the Company's outreach efforts but, remains concerned that those efforts are not reaching larger number of customers. CPE reports that they mailed information or placed calls to 42,038 customers in 2020. It appears that even this number may be overstated since the Company reports that 3,010 calls were made from July 2020 through *September* 14, 2020 and 10,422 were made from July through *December* 14, 2020.⁴

Given that 117,803 CPE customers were past due as of February 2020, and only 1,811 customers had entered a payment agreement, ECC recommends that CPE increase the frequency of outreach activities and promote LIHEAP to more customers.⁵ In the two most recent compliance filings⁶, the Company reports the following *LIHEAP* outreach efforts that were targeted to customers who had *not* previously received LIHEAP:

- On Feb. 20, 2020 the Company emailed 1,810 active customers that had not previously received LIHEAP assistance and had a delinquency of an amount greater than \$500.
- On 4/23/2020, 4/30/2020, 5/7/2020, and 5/14/2020, 4 batches of 3,000 emails were sent to active customers with the greatest arrearage balances who had not previously received LIHEAP.

² Department Comments, June 4, 2021, p. 13 in this Docket.

³ CPE, Initial Filing, Docket No. 21-218, March 31, 2021, p. 1.

⁴ *Id.,* p. 22.

⁵ It is ECC's

⁶ Compliance filings dated June 30, 2020 and December 23, 2020 in Docket No. 19-367.

 CenterPoint Energy is targeting 2,000 calls a day from June 17, 2020 to June 30, 2020 for customers who are delinquent 31-60 days in the counties of Hennepin, Anoka, Dakota, Scott, and Wright

As ECC has continued to explain, the only way to increase GAP participation is to first increase LIHEAP participation. As ECC has noted before⁷, too few of CPE's outreach efforts promote LIHEAP and, the promotion that does take place, does not target a larger number of past-due customers. As ECC stated previously, the Company's "first quarterly outreach report includes eight specific outreach activities, only three of which were directed at promoting LIHEAP. Only two of the three LIHEAP activities were directed at customers who had not received LIHEAP in the past."⁸ As indicated above, only three of ten outreach activities described in the most recent compliance filing focused on reaching new LIHEAP customers.

ECC recommends that the Commission require CPE to focus primarily and more extensively on increasing the number of LIHEAP customers. The Company states that they will continue their "promotional efforts to past-due customers, to customers applying for Cold Weather Rule protection and to customers receiving disconnection notices to encourage them to apply for LIHEAP."⁹ In order to increase the number of new LIHEAP customers, the Commission should require CPE to focus outreach efforts primarily on past-due customers.

Xcel Energy

ECC supports Xcel's proposal to lower the affordability credit percentage from 4% to 3%. Given the expanded outreach the Company is doing as part of their pandemic economic recovery efforts, ECC does not support lowering the current GAP customer surcharge. ECC also agrees with the Department's rationale that "it may not be unreasonable to use ... [the tracker balance] excess funds to further help those in need. In particular, a lower threshold may be appropriate to help customers that have fallen further behind on payments over the past year due to the pandemic."¹⁰ In addition, the LIHEAP program year has been extended until September 1, 2021. This month, utilities are also resuming disconnection notice mailings. Both of these factors will increase the number of customers who apply for LIHEAP and, potentially, for GAP.

MERC

While the number of MERC's LIHEAP customers has been relatively stable over the last several years,¹¹ the number of MERC GAP customers continues to decrease (from 1,546 in 2015 to 1,304 in 2020). More concerning, the 2019 disconnection rate for MERC's LIHEAP customers

⁷ ECC Reply Comments, May 21, 2020, p. 3.

⁸ Id.

⁹ CPE Compliance Filing, December 23, 2020, p. 2, Docket No. 19-367.

¹⁰ Department Comments, June 4, 2021, p. 14 in this Docket.

¹¹ See Docket No. 20-375.

was 11%. Rather than wait for MERC to address these issues until nearly a year from now (May 31,2022), ECC recommends the Commission immediately require MERC to lower the affordability credit percentage from 6% to 3% so that more customers will qualify for GAP. Particularly given the current economic conditions and the fact that 30,134 MERC customers are past-due and only 511 have entered payment agreements,¹² allowing more customers to participate in GAP is critical.

ECC does not understand why MERC requests suspending the annual program spending cap when the tracker balance is significant and before the affordability credit percentage is lowered. If the Commission requires MERC to lower the credit percentage, then ECC does not oppose suspending the current program budget. To do so, however, without increasing credits and expanding participation, is not reasonable.

ECC also shares the Department's concern about MERC GAP customers with high credit amounts (or negative arrearage balances). ECC also agrees with the Department that "the arrearage forgiveness payments should end once the customer is no longer in arrears, which would make a negative balance impossible.

It seems that the reason for those high credits may be embedded in MERC's arrearage forgiveness calculation that the Company describes as follows:

a monthly credit that will be applied each month after receipt of the qualified customer's payment. The credit is designed to retire pre-program arrears over a period of up to 24 months, with the Company matching the qualifying customer's contribution to retiring pre-program arrears. The credit is determined by taking the pre-program arrears divided by the number of months to retire the arrears divided by two and then subtracting any energy assistance sums received by the Company on behalf of the customer divided by the number of months remaining to retire the arrears divided by two.

From this description, it appears that a high credit balance may result because of the way in which MERC is treating a LIHEAP payment and the fact that two LIHEAP payments could be received over the 24-month arrearage term. ECC recommends the Commission require MERC to explain if a LIHEAP grant is fully applied to a GAP customer's past-due balance. If this is not the Company's practice, ECC recommends that MERC apply GAP customer LIHEAP grants to the past-due balance and then calculate the level of arrearage co-payment and matching Company payment.

ECC agrees with the Department that an explanation for large GAP customer credit balances is warranted. Further, ECC recommends the Commission require MERC to provide the number of GAP customers, enrolled at some point during 2020, who have credit balances. This information is important because it may show that MERC's overall GAP enrollment is lower than the reported 1,304 customers.

ECC also recommends the Commission require MERC to explain how, with a lower annual customer bill (\$655 compared to \$708-\$1,096 for the other gas utilities), their affordability credit is higher compared to the other gas utilities (\$443 compared to \$175-\$317).

CONCLUSION

ECC respectfully recommends the Commission make the following determinations regarding CPE, Xcel and MERC Gas Affordability Programs.

CenterPoint Energy

1) Approve CPE's proposed adjustment to the GAP affordability and arrearage forgiveness levels from 4% to 2% and from 2% to 1%, respectively.

- 2) Approve the Company's proposal to increase the GAP surcharge.
- 3) Deny the Company's proposal to suspend the annual program spending cap.
- 4) Require the Company to promote LIHEAP to more past-due customers.
- 5) Continue to require CPE to report on outreach activities to expand LIHEAP.

Xcel Energy

1) Approve the Company's proposal to lower the affordability percentage from 4% to 3%.

2) Require the Company to maintain the current program surcharge.

<u>MERC</u>

1) Require the Company to lower their GAP affordability credit percentage from 6% to 3%.

2) If the affordability credit percentage is lowered, approve the Company's proposal to suspend the annual program spending cap.

3) Require the Company to explain why the average arrearage balance for GAP customers is negative \$1,050.

4) Require the Company to provide the current total number of GAP customers and the current number of GAP customers with credit balances.

5) Require the Company to explain if a LIHEAP grant is fully applied (one-time) to a GAP customer's past-due balance. If this is not the Company's practice, ECC recommends the Commission require the Company to apply the total GAP customer LIHEAP grant to any past-due balance and to calculate the level of arrearage co-payment and matching Company payment on any remaining past-due balance.

6) Require the Company to explain how, if GAP payments are set at 6% of household income, GAP benefits cover 68% of an average annual gas bill.

a) Require the Company to provide the average annual income for GAP customers.

b) Require the Company to explain if, and how, the current average affordability credit contributes to the average negative GAP customer credit balance.

Respectfully submitted

June 14, 2021

Pam Marchall

Pam Marshall

AFFIDAVIT OF SERVICE

Pam Marshall certifies that on the 14th day of June 2021, she served, by electronic filing, Energy CENTS Coalition Reply Comments In the Matter of Gas Affordability Program Annual Reports, Docket Nos. G008/M-21-218 (CenterPoint), G011/M-21-224 (MERC), and G002/21-220 (Xcel) to the individuals on the attached service list.

Pam Marchall

Pam Marshall

Kristen Syverud

Subscribed and sworn to before me this 14th day of June 2021



Notary Public

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James J.	Bertrand	james.bertrand@stinson.co m	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-218_M-21-218
Brenda A.	Bjorklund	brenda.bjorklund@centerp ointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-218_M-21-218
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.st ate.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-218_M-21-218
Marie	Doyle	marie.doyle@centerpointen ergy.com	CenterPoint Energy	505 Nicollet Mall P O Box 59038 Minneapolis, MN 554590038	Electronic Service	No	OFF_SL_21-218_M-21-218
Sharon	Ferguson	sharon.ferguson@state.mn .us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_21-218_M-21-218
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	OFF_SL_21-218_M-21-218
Robert	Harding	robert.harding@state.mn.u s	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	OFF_SL_21-218_M-21-218
Amber	Lee	Amber.Lee@centerpointen ergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_21-218_M-21-218
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_21-218_M-21-218
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_21-218_M-21-218

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.co m	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-218_M-21-218
Samantha	Norris	samanthanorris@alliantene rgy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_21-218_M-21-218
Generic Notice	Residential Utilities Division	residential.utilities@ag.stat e.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_21-218_M-21-218
Elizabeth	Schmiesing	eschmiesing@winthrop.co m	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-218_M-21-218
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-218_M-21-218
Janet	Shaddix Elling	jshaddix@janetshaddix.co m	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No	OFF_SL_21-218_M-21-218
Peggy	Sorum	peggy.sorum@centerpointe nergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-218_M-21-218
James M	Strommen	jstrommen@kennedy- graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-218_M-21-218
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_21-218_M-21-218

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.co m	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_21-224_M-21-224
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.st ate.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-224_M-21-224
Sharon	Ferguson	sharon.ferguson@state.mn .us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_21-224_M-21-224
Daryll	Fuentes	energy@usg.com	USG Corporation	550 W Adams St Chicago, IL 60661	Electronic Service	No	OFF_SL_21-224_M-21-224
Joylyn C	Hoffman Malueg	Joylyn.hoffmanmalueg@we cenergygroup.com	Minnesota Energy Resources	2685 145th St W Rosemount, MN 55068	Electronic Service	Yes	OFF_SL_21-224_M-21-224
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-224_M-21-224
Andrew	Moratzka	andrew.moratzka@stoel.co m	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-224_M-21-224
Catherine	Phillips	Catherine.Phillips@wecene rgygroup.com	Minnesota Energy Resources	231 West Michigan St Milwaukee, WI 53203	Electronic Service	Yes	OFF_SL_21-224_M-21-224
Generic Notice	Residential Utilities Division	residential.utilities@ag.stat e.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_21-224_M-21-224
Elizabeth	Schmiesing	eschmiesing@winthrop.co m	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-224_M-21-224

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-224_M-21-224
Colleen	Sipiorski	Colleen.Sipiorski@wecener gygroup.com	Minnesota Energy Resources Corporation	700 North Adams St Green Bay, WI 54307	Electronic Service	Yes	OFF_SL_21-224_M-21-224
Richard	Stasik	richard.stasik@wecenergyg roup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St - P321 Milwaukee, WI 53203	Electronic Service	Yes	OFF_SL_21-224_M-21-224
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_21-224_M-21-224
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_21-224_M-21-224

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Mara	Ascheman	mara.k.ascheman@xcelen ergy.com	Xcel Energy	414 Nicollet Mall FI 5 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_21-220_M-21-220
John	Coffman	john@johncoffman.net	AARP	871 Tuxedo Blvd. St, Louis, MO 63119-2044	Electronic Service	No	OFF_SL_21-220_M-21-220
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.st ate.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-220_M-21-220
Brooke	Cooper	bcooper@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_21-220_M-21-220
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174 Lake Elmo, MN 55042	Electronic Service	No	OFF_SL_21-220_M-21-220
Sharon	Ferguson	sharon.ferguson@state.mn .us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_21-220_M-21-220
Edward	Garvey	edward.garvey@AESLcons ulting.com	AESL Consulting	32 Lawton St Saint Paul, MN 55102-2617	Electronic Service	No	OFF_SL_21-220_M-21-220
Todd J.	Guerrero	todd.guerrero@kutakrock.c om	Kutak Rock LLP	Suite 1750 220 South Sixth Stree Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_21-220_M-21-220
Annete	Henkel	mui@mnutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St.Paul, MN 55101	Electronic Service	No	OFF_SL_21-220_M-21-220
Michael	Норре	lu23@ibew23.org	Local Union 23, I.B.E.W.	445 Etna Street Ste. 61 St. Paul, MN 55106	Electronic Service	No	OFF_SL_21-220_M-21-220

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Richard	Johnson	Rick.Johnson@lawmoss.co m	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-220_M-21-220
Sarah	Johnson Phillips	sarah.phillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-220_M-21-220
Peder	Larson	plarson@larkinhoffman.co m	Larkin Hoffman Daly & Lindgren, Ltd.	8300 Norman Center Drive Suite 1000 Bloomington, MN 55437	Electronic Service	No	OFF_SL_21-220_M-21-220
Eric	Lipman	eric.lipman@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	No	OFF_SL_21-220_M-21-220
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_21-220_M-21-220
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_21-220_M-21-220
Andrew	Moratzka	andrew.moratzka@stoel.co m	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-220_M-21-220
David	Niles	david.niles@avantenergy.c om	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_21-220_M-21-220
Generic Notice	Residential Utilities Division	residential.utilities@ag.stat e.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_21-220_M-21-220
Richard	Savelkoul	rsavelkoul@martinsquires.c om	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_21-220_M-21-220

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_21-220_M-21-220
James M	Strommen		Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_21-220_M-21-220
Lynnette	Sweet	Regulatory.records@xcele nergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	Yes	OFF_SL_21-220_M-21-220