

Stipulation between CenterPoint Energy Minnesota Gas and City of Minneapolis

To resolve the Tariffed On Bill (“TOB”) program issues between them in Minnesota Public Utilities Commission (“MPUC” or “Commission”) Docket No. G-008/GR-19-524, CenterPoint Energy Minnesota Gas (“Company”) and City of Minneapolis (“City”) agree as follows:

The City and Company acknowledge the importance of including all energy conservation measures and all energy savings to provide the best chance for long-term success of a TOB program. At the same time, the City and Company recognize the constraints on the Company, as a natural gas only provider, that time will be required for the City and Company to work together with electric providers to incorporate electric measures and savings, and that there is value in working to pilot a TOB program as that broader effort continues.

Therefore, provided the MPUC: (1) determines a TOB program is within the Commission’s authority and complies with Minnesota law, (2) approves such a program designed in accordance with the terms set forth below, and (3) approves deferred accounting of all TOB program costs not covered by participants, including the Company’s cost of capital, the Company will work to initiate a 3-year TOB pilot program (“Program”), as set forth below.

The City and the Company agree to the following TOB pilot program parameters:

1) Program Scoping

- a. Participation goals: goals are not caps and Company can enroll all eligible participants, subject to available resources
 - i. Year 1: 500 homes
 - ii. Year 2: 1000 homes
 - iii. Year 3: 1500 homes
- b. Available measures: all energy conservation measures to be determined prior to program launch and based on energy savings in residential applications in the State of Minnesota Technical Reference Manual, with initial focus on natural gas conservation measures
- c. City of Minneapolis: the Program will initially be available only to residents of the City of Minneapolis (“Participants”), with additional communities to be added in future years, as feasible

2) Participant Consent

- a. Participating renters must obtain property owner consent and vice versa.

3) Notice to Future Participants

- a. The City intends to modify their Truth-In-Sale-of-Housing (TISH) form to require disclosures of TOB enrollment.
- b. The City will also explore the possibility of including TOB participation on lease agreements.

4) Program Cost Effectiveness

- a. To qualify, Program measures must pass the 80/20 cost-effectiveness threshold, as discussed in the City's Direct Testimony in this matter.
- b. Electric savings:
 - i. The Program Operator will seek to estimate electric bill savings related to the installation of gas measures that may also result in electricity savings (e.g. insulation) and estimated electric savings will be presented to the customer before they make the decision on whether or not to enroll in TOB.
 - ii. As a condition of participation, Participants will consent to allow CenterPoint Energy and the TOB Program Implementer to receive information from the electric utility about their electric bill.
 - iii. Electric bill savings will not be initially included in determining whether the project satisfies cost-effectiveness criteria for enrollment (i.e. the 80% rule). However, the Company will endeavor to quantify annual electric bill savings to Participants enrolling in the first year after the program has been in operation for 18 months.

5) Program Funding

- a. Participant charges will cover measure installation costs, including an interest rate of two and one-half percent (the "TOB Charges"). All other costs, including the Company's cost of capital, will be deferred and included in a Program tracker account for recovery in a future rate case.

6) Annual Billing Review

- a. The Program Operator will complete a billing analysis each year that a home is receiving TOB charges. The billing analysis will compare energy usage in the home on a weather-normalized basis to usage in the home in the five years preceding enrollment in the Program.
- b. If it is determined based on the billing analysis that savings are not being realized the Program Operator will reach out to the customer to determine whether the failure to realize savings (1) can be corrected; (2) cannot be explained; or (3) is clearly explained by a change in customer behavior.
- c. If the failure to realize savings can be corrected, for example by an equipment repair, the Company may direct the Program Operator to arrange for the correction or the Company may waive future TOB Charges. The Company will also refund any TOB Charges for prior periods when savings were not being realized.
- d. If the failure to realize savings cannot be explained, the Company will refund TOB Charges issued during the period under review.
- e. If the failure to realize savings is clearly explained by a change in customer behavior, no refund or waiver of TOB Charges will be issued.

7) Disconnection

- a. TOB Charges to Participants will be treated as utility service charges and the Company will follow its normal disconnection processes in the event of nonpayment.

8) Annual Program Evaluations

- a. There will be an annual pilot evaluation conducted by the Company and filed with the MPUC. The Company will seek feedback from the City in completing the annual evaluation. The annual pilot evaluation will be subject to comment, and the City is free to comment on the evaluation at the PUC.
- b. The annual Pilot evaluation will include at least the following:
 - i. Pilot spending by category (administrative, evaluation, marketing, and project implementation, repairs, and bill refunds/waivers for unrealized savings);
 - ii. Identification of number of projects that do not realize estimated savings and reporting of the types and costs of associated repairs and any refunds or waivers issued;
 - iii. Expected gas and electric pilot savings both by first-year and over the life of the measures broken out by renter vs. homeowner, low-income vs. non-low-income (to the extent such information is available to the Company), green zone vs. non-green zone (as defined by the City), and by nine digit zip-code for homes that enrolled in the Program in the current evaluation year and potential savings identified for initial evaluation only participation;
 - iv. Realized gas and electric pilot savings both for the year and cumulatively since installation of the measures broken out by renter vs. homeowner, low-income vs. non-low-income, green zone vs. non-green zone, and by nine digit zip-code for homes that have been enrolled in the program for a year or more;
 - v. Participation broken out by renter vs. homeowner, voluntary identification of low-income vs. non-low-income and race/ethnicity, green zone vs. non-green zone, initial-evaluation only participation vs. enrolled in TOB, and by nine-digit zip-code;
 - vi. Counts of upgrades installed by type;
 - vii. Median and range of participant bill amounts before and after TOB upgrades;
 - viii. A discussion of whether any participants saw increased bills and how their situations were addressed;
 - ix. The range and median of specific project costs and TOB Charges;
 - x. Description of any complaints received by the Company regarding the Program and their resolution;
- c. Discussion of Company proposals for Program modification, expansion, or termination, if any. The Commission will evaluate and make a final

determination on the prudence of TOB costs incurred by the Company as part of their review of annual evaluations.

- d. In considering annual evaluations, the MPUC may approve the continuation of the pilot, with or without modifications, or disapprove the continuation of the pilot program.

9) Third-Party Evaluation

- a. During the second year of pilot program operation, the Company will hire an evaluator to conduct a third-party review of pilot program operation. This evaluation will be an additional Program cost and may include such things as customer and trade ally surveys, field visits to participating homes, and research on similar programs operated by other utilities. The third-party evaluation will be filed with the PUC in the next annual program evaluation report.
- b. The third-party evaluation will seek to address at least the following questions:
 - i. Whether the Program is successful at encouraging installation of energy saving upgrades;
 - ii. What barriers exist to Program participation for renters and moderate-income households;
 - iii. Whether the Program is cost-effective for the utility;
 - iv. Whether there are reasonable modifications that would allow more projects to qualify for Program inclusion under the 80% rule; and
 - v. Whether it would be prudent to expand the pilot to include additional areas of CenterPoint Energy's service area.

10) Interaction with CIP

- a. As a condition of participation, the customer will cooperate with the Program Operator to secure all applicable CIP rebates for equipment installed. Rebates will be paid to the Program Operator to offset upfront costs of equipment installation and thereby improve the cost-effectiveness for the home at project enrollment.
- b. The Program Operator will offer audits to customers free of charge prior to determining eligibility for TOB enrollment. These audits will not be funded by CIP but will instead be a Program expense to be tracked and deferred.
- c. The Company will investigate the feasibility of the Company's Home Energy Squad implementation contractor offering TOB enrollment audits as an add-on to a Home Energy Squad visit. If it is feasible, it is the Company's intention that CIP will cover the same costs currently allowed for Home Energy Squad visits. Any additional costs will be a non-CIP Program expense.

11) Year Two and Three Modifications

- a. Electric savings: As the Program develops, the Company and City will work together in an effort to incorporate electric measures and savings into the cost-effectiveness test for project enrollment (i.e. 80% rule). This will likely require the participation of the electric utility in order to ensure the electric savings are being realized.
- b. Additional municipalities: As the Program develops, the Company will endeavor to expand the Program to other communities.

- c. Integration with CIP: As the Program develops, the Company will endeavor to optimize the Program's integration with CIP to streamline the customer experience and maximize available savings.
- d. Performance-based incentive: As the Program develops, the Company will evaluate whether a performance-based incentive could better incent the Company to maximize Program results.

12) Tariff filing

- a. Upon Commission approval of a TOB Program designed in accordance with the terms set forth above, the Company will work with the City to develop a proposed tariff in accordance with these terms for MPUC review and approval.