



505 Nicollet Mall
PO Box 59038
Minneapolis, MN 55459-0038

June 17, 2020

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

**RE: In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic
Docket No. E,G-999/CI-20-492**

Compliance Filing

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") respectfully submits its initial response to the Commission's Notice of Reporting Required by Utilities requesting utilities to provide a list of ongoing, planned, or possible investments that may assist Minnesota's economic recovery from the COVID-19 pandemic.

The Company thanks the Commission for creating this forum to bring forward ideas for helping our communities recover from the economic consequences of the pandemic. The Company will also take this opportunity to discuss how it may assist the communities it serves in the metropolitan area to rebuild after the recent civil unrest centered in Minneapolis. We look forward to the discussion and ideas that will be generated during this proceeding so the Company can maximize its opportunity to assist Minnesota's recovery.

Sincerely,

/s/ Amber Lee

Amber Lee
Director, Regulatory Affairs

C: Service List

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Katie Sieben
Valerie Means
Matt Schuerger
Joseph Sullivan
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of an Inquiry into Utility Investments
that May Assist in Minnesota's Economic
Recovery from the COVID-19 Pandemic

Docket No. E,G-999/CI-20-492

COMPLIANCE FILING

Introduction

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, ("CenterPoint Energy" or the "Company") respectfully submits the following Initial Filing to the Minnesota Public Utilities Commission ("Commission") in response to its May 20, 2020, Notice of Reporting Required by Utilities.

The Commission requested that utilities provide a list of all ongoing, planned, or possible investments that meet the following criteria:

- Provide significant utility system benefits;
- Are consistent with approved resource plans, approved natural gas distribution infrastructure or pipeline safety plans, triennial conservation plans, and existing Commission orders;
- Reduce carbon or other pollutant emissions in the power sector or across economic sectors;
- Increase access to conservation and clean energy resources for Minnesotans;
- Create jobs or otherwise assist in economic recovery for Minnesotans; and
- Use woman, veteran, or minority owned businesses as much as possible and provide documentation of these efforts.

The Commission also requested that utilities provide a brief description about how each listed investment meets the above conditions, an estimate of the time period for initiating and completing each project, and the project costs.

In this filing CenterPoint Energy will discuss its overall plan for capital spend in the near-term. The Company will then describe the following projects which it believes satisfy the criteria from the Notice:

- Home insulation pre-bates;
- Double rebates to rebuild Minneapolis and other communities;
- Increased CIP low-income spending;
- Development of a CIP community dashboard
- Construction of a renewable hydrogen project;
Renewable natural gas (“RNG”) interconnection; and
- Nowthen extension project.

In addition, the Company will briefly describe a few projects ideas which are too nascent to be described in detail, but of which the we would like to make the Commission aware.

I. Capital Plans

CenterPoint Energy has a robust capital budget for 2020 and beyond. As discussed in Mr. Tutunjian’s testimony in the Company’s currently pending rate case¹ CenterPoint Energy has increased its rate of capital spending over the last decade. For the years of 2002 through 2011 the Company’s annual capital expenditures averaged \$65 million whereas since 2016 annual capital expenditures have averaged over \$200 million. The primary driver of this increase is new regulations from the Pipeline and Hazardous Materials Safety Administration (“PHMSA”).

The work CenterPoint Energy is investing capital in is important to ensure the safety of its system, and the Company anticipates continuing these levels of capital investment for at least the next several years. That said, the Company’s capital is not unlimited, and our parent company must balance integrity, growth and other capital projects across all the jurisdictions it serves.

Generally speaking to the extent the Commission can minimize regulatory lag it will help to accelerate some of the work the Company anticipates implementing later in 2020 and in 2021. The Commission could also consider other options that would spur capital investment, such as implementing rider recovery for the capital investments made during the pandemic recovery period. Such a mechanism would shorten the regulatory lag associated with a rate case proceeding, and it would also allow the Commission to set a rate of return appropriate for the unusual circumstances caused by the pandemic.

The Company is committed to working with and meeting the needs of the communities it serves in Minnesota, and we appreciate this opportunity to participate in a broader discussion of the policies that could be implemented to speed Minnesota’s recovery from the economic downturn and civil unrest. In the remainder of this submission the Company will highlight several projects that it is undertaking or plans to undertake that will assist Minnesota with financial recovery. The Company has attempted to be creative in finding ways it can help without substantially increasing capital spending. Many of the proposed projects will be funded through CIP because CIP is somewhat flexible and the rider mechanism allows for more certain and rapid cost

¹ G-008/GR-19-524.

recovery. In addition, the Company highlights two projects that are pending Commission approval that would benefit from expedited review so that, if the projects are approved, the Company could begin construction later this season and early next year. Each of these projects is discussed in more detail below.

II. Home Insulation Pre-Bates

The Company intends to begin offering a new rebate option for its CIP Home Insulation Rebates project. The Home Insulation Rebates project provides incentives for home weatherization upgrades in single-family and small multi-family residential buildings. Rebate amounts vary depending on the total project cost and the nature of the insulation upgrades, but the average customer participating in the project in 2019 received about \$500. The project has existed for many years but has grown significantly in the last several years. In 2019, just under 2,000 homes took advantage of project rebates. The Company is proud of this achievement and we want to keep up this momentum despite the economic crisis. The Company is particularly focused on maintaining strong participation in its insulation program because of local government interest in residential weatherization throughout our service territory.

A well-known barrier that prevents homeowners from investing in energy efficiency is the upfront cost of projects. Rebates are an effective way of helping customers overcome this barrier, but even with rebates, customers are required to find the funding for the full upfront cost of the project until their rebate check comes in the mail.²

The Company proposes to help additional customers access insulation by offering a new rebate payment option. The Company will work with insulation contractors to offer pre-bates. Participating insulation contractors will reduce what they charge customers by the applicable rebate amount in exchange for the customer agreeing that their rebate will be paid to the contractor. In effect, this means that the insulation contractor will front the rebate money instead of the customer.

The Company outlines below how this investment meets the Commission's specified conditions.

Utility System

Insulating homes reduces the need for natural gas generally and at peak times. Accordingly, to the extent that a pre-bate program drives additional insulation projects, the approach may help CenterPoint Energy avoid the need for additional capacity and other system upgrades in the future.

² Energy efficiency loans and other existing mechanisms can help with this situation, but it is still the case that most customers must find a way to pay for the project and wait to receive a rebate from their utility.

Consistency with Approved Plans and Commission Orders

Offering insulation pre-bates is consistent with CenterPoint Energy's approved 2020 CIP Plan and the flexibility the Deputy Commissioner has granted regarding rebate structures. The Company will submit the required courtesy notification to the Department of Commerce, Division of Energy Resources ("DER") once program details are finalized.

Reduce Carbon or Other Pollutants

Insulating homes reduces the need for natural gas and accordingly carbon emissions from burning natural gas. Insulated homes will also require less cooling in the summer months and so insulation avoids emissions associated with electricity as well.

Increase Access to Conservation and Clean Energy Resources

By offering pre-bates, the Company hopes to make its insulation rebates more accessible to customers that might be discouraged by the need to front the amount of the rebate.

Create Jobs or Otherwise Assist Economic Recovery

The Company has discussed the pre-bate idea with some of the insulation contractors that participate in the Home Insulation Rebates project. Based on these conversations, the Company understands that contractors are looking for ways to expand their businesses and are interested in the pre-bate structure as one more tool to encourage homeowners and landlords to invest in home insulation. It is the Company's goal to support the energy efficiency industry with this change.

In addition, insulation reduces utility bills and pays for itself in the long-term. Accordingly, homeowners and landlords that invest in insulation now will be more economically resilient in the future.

Use Women, Veteran, or Minority Owned Businesses as Much as Possible and Provide Documentation of these Efforts

The Company does not control customers' selection of insulation contractors³ and will make pre-bates available to all contractors that participate in the Company's Home Insulation Rebates project.

Timeline and Costs

The Company plans to begin offering pre-bates by or before the fourth quarter of 2020. Because pre-bates replace existing CIP rebates no additional funding is needed from CenterPoint Energy or ratepayers, and any administrative costs from the offer will be well within

³ The Company does require participating insulation contractors to have certain qualifications to ensure competence and completes quality assurance checks on contractor work.

the approved CIP program delivery budget. The average customer participating in the home insulation program pays approximately \$2,500 for their insulation project, including the approximately \$500 that they get back via CenterPoint Energy rebate.

III. Double Rebates to Rebuild Minneapolis and Other Communities

The Company plans to offer increased rebates for business affected by unrest in Minneapolis and surrounding communities. Businesses certifying that they are installing new energy efficiency equipment or rebuilding portions of their buildings as a result of unrest in Minneapolis or surrounding communities will be eligible for double rebates through the Company's commercial and industrial CIP projects.

Utility System

Energy efficiency reduces the need for natural gas. Accordingly, additional energy efficiency investments may help CenterPoint Energy avoid the need for system upgrades in the future.

Consistency with Approved Plans and Commission Orders

Offering higher rebates for equipment already included in CIP is consistent with the Company's currently approved 2020 CIP Plan. The Company is required to provide a courtesy notification of the temporary change in rebate amount to the DER, and we will provide this notice when project details are finalized.

Reduce Carbon or Other Pollutants

Natural gas energy efficiency reduces the need for natural gas and accordingly carbon emissions from burning natural gas.

Increase Access to Conservation and Clean Energy Resources

The intention of this offering is to help affected businesses overcome financial hurdles that might prevent them from taking full advantage of the Company's CIP program. CenterPoint Energy recognizes that these businesses were not planning to remodel or replace equipment and so did not incorporate these expenses into their plans.

Create Jobs or Otherwise Assist Economic Recovery

Increased CIP spending will support the energy efficiency industry in Minnesota. CIP spending helps support HVAC technicians, insulation contractors, energy auditors, and others. In addition, energy efficiency reduces utility bills. Accordingly, customers that access energy efficiency improvements will be more economically resilient as a result.

Use Women, Veteran, or Minority Owned Businesses as Much as Possible and Provide Documentation of these Efforts

The Company does not control customers' selection of contractors and will make double rebates available to customers regardless of what contractors they select.

Timeline and Costs

The Company plans to begin offering double rebates before the end of 2020. The Company estimates that the Company may pay an additional \$20,000 to \$50,000 in rebates as a result of this promotion.

IV. Increased Low-Income CIP Spending

The Company has a history of significantly exceeding its statutory requirement for low-income CIP spending. In 2019, the Company spent over five million dollars for the benefit of low-income customers, which is more than double our required minimum spend.

Over the course of the next Triennial, the Company proposes to continue to increase its low-income spending. In our upcoming 2021-2023 CIP Triennial Plan the Company will propose increasing low-income spending goals, climbing to over \$5.5 million in 2023, and representing 0.92% of the Company's residential gross operating revenue, as compared to the 0.4% required by statute.

Utility System

Energy efficiency reduces the need for natural gas. Accordingly, additional energy efficiency investments may help CenterPoint Energy avoid the need for system upgrades in the future.

Consistency with Approved Plans and Commission Orders

This is a proposal for the upcoming CIP Triennial Plan rather than an approved plan, but the proposal is not inconsistent with any approved plan or Commission order.

Reduce Carbon or Other Pollutants

Natural gas energy efficiency reduces the need for natural gas and accordingly carbon emissions from burning natural gas.

Increase Access to Conservation and Clean Energy Resources

Our goal in increasing our low-income spend is to ensure that financial barriers do not prevent income qualified customers from participating in our CIP programs.

Create Jobs or Otherwise Assist Economic Recovery

Increased low-income CIP spending will support the energy efficiency industry in Minnesota. CIP spending helps support HVAC technicians, insulation contractors, home energy auditors, etc. In addition, energy efficiency reduces utility bills. Accordingly, income qualified customers that access energy efficiency improvements will be more economically resilient as a result.

Use Women, Veteran, or Minority Owned Businesses as Much as Possible and Provide Documentation of these Efforts

The Company's procurement processes give a preference to minority and women owned businesses, and the Company specifically monitors what percentage of its CIP vendor spend goes to minority and women owned business enterprises ("MWBE"). The Company reports on its progress in its annual CIP status reports.

Timeline and Costs

The Company's next Triennial will take effect in January 2021. As discussed above, the Company is proposing to increase low-income spending each year of the Triennial up to approximately \$5.5 million in 2023.

V. CIP Community Dashboard

An increasingly important piece of CenterPoint Energy's conservation and other clean energy efforts is engaging with community partners. As CenterPoint Energy has noted in its comments in response to Citizens Utility Board's Petition for Open Access Data Standards,⁴ communities are increasingly interested in access to utility data about energy usage and CIP participation. In response to this interest, the Company has been developing a CIP Community Dashboard.

The Dashboard will allow community representatives to view maps showing aggregated residential energy usage and CIP participation data. The Dashboard will also include demographic data for the mapped area from the U.S. Census. It is the Company's hope that communities will find the Dashboard to be a useful tool for understanding their energy use and CIP participation and how those relate to demographic information such as income, age, and race.

Utility System

The goal of the Dashboard is to help communities understand energy usage and CIP participation so that they may be more successful in achieving their clean energy and conservation goals. Additional energy efficiency investments may help CenterPoint Energy avoid the need for system upgrades in the future.

Consistency with Approved Plans and Commission Orders

This effort is consistent with the Company's currently approved 2020 CIP Plan.

⁴ Docket No. E,G-999/M-19-505.

Reduce Carbon or Other Pollutants

Natural gas energy efficiency reduces the need for natural gas and accordingly carbon emissions from burning natural gas.

Increase Access to Conservation and Clean Energy Resources

Our goal is to help communities achieve their conservation and clean energy goals by more effectively targeting citizens who are not currently taking advantage of CIP offerings.

Create Jobs or Otherwise Assist Economic Recovery

Increased CIP participation will support the energy efficiency industry in Minnesota. CIP spending helps support HVAC technicians, insulation contractors, home energy auditors, etc.

Use Women, Veteran, or Minority Owned Businesses as Much as Possible and Provide Documentation of these Efforts

The Company employed a certified women-owned enterprise to build the CIP Community Dashboard.

Timeline and Costs

The Company began the Dashboard in 2019 and projects finishing it in July 2020. The Company estimates total costs for constructing the Dashboard to be approximately \$250,000.

VI. Renewable Hydrogen Pilot

As described in Mr. Tutunjian's testimony in the Company's pending rate case,⁵ the Company plans to construct a small-scale renewable hydrogen facility. The Company has refined its plans since it filed its rate case last November. Here are key features of the renewable hydrogen pilot as the Company now envisions it:

- The pilot will be built at CenterPoint Energy's River Building facility near downtown Minneapolis;
- The project will convert 1 MW of renewable electricity to renewable hydrogen; and
- The renewable hydrogen will be injected into CenterPoint Energy's distribution system and provide energy to CenterPoint Energy gas customers.

⁵ Docket No. G-008/GR-19-524.

Utility System

Renewable hydrogen has potential to be an important low carbon alternative to traditional natural gas as society moves towards lower carbon energy sources. This pilot will help CenterPoint Energy gain familiarity with constructing and operating this technology.

Consistency with Approved Plans and Commission Orders

CenterPoint Energy will include investments made for the RNG facility in its next rate case. The Company does not expect the facility to be operating until 2021 or 2022, so there will be no impact on the Company's currently pending rate case.

Reduce Carbon or Other Pollutants

Renewable hydrogen is generally carbon free,⁶ so replacing natural gas with hydrogen eliminates the carbon emissions from the natural gas.

Increase Access to Conservation and Clean Energy Resources

The renewable hydrogen from this facility will serve CenterPoint Energy customers who at this time do not have access to any lower-carbon gas.

Create Jobs or Otherwise Assist Economic Recovery

While this project is small, some contract engineers, technicians, and construction workers will be employed for its development and construction. Likely more important than the work created by this specific project is the opportunity for workers to develop some experience with renewable hydrogen projects. This will give these workers an advantage when looking for work as we continue to transition to a clean energy economy. For example, the engineering firm that has been assisting CenterPoint Energy with project design is an experienced Minnesota-based gas engineering consultant but has no hydrogen experience. They are excited for the opportunity to learn about this technology and will be able to tout this experience as new hydrogen projects are proposed in our region.

Use Women, Veteran, or Minority Owned Businesses as Much as Possible and Provide Documentation of these Efforts

The Company's procurement processes give a preference to minority- and women-owned businesses and the Company monitors how much of its vendor spending goes to certified MWBEs. The Company can report MWBE spending for this particular project, if that is desired.

⁶ If the renewable electricity used to create renewable hydrogen comes from biomass, the lifecycle carbon equivalent emissions may not be zero; they may be negative or positive depending on feedstock. Renewable hydrogen from wind or solar will have zero lifecycle carbon emissions.

Timeline and Costs

The Company expects to begin design work and possibly construction later this year and put the facility in service in 2021 or 2022. Total project costs are estimated to be approximately \$2 million.

VII. Renewable Natural Gas (“RNG”) Interconnection

On April 23, 2020, the Company filed a petition to introduce an RNG interconnection service in Docket No. G-008/M-20-434. In that petition, the Company is not seeking permission to purchase RNG, but instead only to allow producers of RNG proximate to CenterPoint Energy’s system to interconnect with and transport their RNG through the Company’s system.

Utility System

Connecting local sources of RNG will make Minnesota more resilient to gas supply interruptions. In addition, RNG producers will become utility customers and will help pay for shared costs of service (e.g. transmission pipes, office staff, etc.) reducing the costs that would fall on other utility customers.

Consistency with Approved Plans and Commission Orders

The offering is not yet approved, but the proposal is not inconsistent with any approved plan or Commission order.

Reduce Carbon or Other Pollutants

RNG has a much lower carbon intensity than conventional natural gas and in some cases may have negative carbon emissions. In addition, RNG has benefits for water quality and waste management.

Increase Access to Conservation and Clean Energy Resources

Developing Minnesota’s RNG resources will increase the supply of RNG available in the national marketplace. It is also the Company’s intention to introduce a new green tariff proposal⁷ after it has interconnected producers and therefore can source locally produced RNG.

Create Jobs or Otherwise Assist Economic Recovery

CenterPoint Energy will install piping and equipment to connect RNG producers, which will create construction work. More jobs will be created by RNG producers who will need workers to construct and operate anaerobic digesters and other equipment. If the Commission expedites

⁷ CenterPoint Energy’s first green-tariff proposal was denied without prejudice in Docket No. G-008/M-18-547.

approval of this docket the Company could begin constructing the interconnection facilities and associated piping for RNG projects that will be shovel-ready later in 2020 or in 2021.

Use Women, Veteran, or Minority Owned Businesses as Much as Possible and Provide Documentation of these Efforts

The Company's procurement processes give a preference to minority- and women-owned businesses and the Company monitors how much of its vendor spending goes to certified MWBEs. The Company can report MWBE spending for RNG projects specifically, if that is desired.

Timeline and Costs

There has been a great deal of interest in CenterPoint Energy's interconnection proposal and there are several RNG producers who are interested in connecting to the Company's system in the near-term.⁸ If the Company receives Commission approval, it expects to be constructing interconnections to RNG producers as soon as 2021. If the Commission expedites approval, the Company could begin design work, and possibly construction work, later in 2020. Costs will be dependent on the facilities seeking to interconnect to CenterPoint Energy's system, but the Company has structured its proposal so that interconnection costs will be borne by interconnecting RNG producers and not existing ratepayers.

VIII. Nowthen Extension Project

On December 31, 2019 in Docket No. G-008/M-19-840, the Company submitted a petition for recovery mechanisms that will allow the Company to extend service to the town of Nowthen in Anoka County. Specifically, the Company requested to (1) include a portion of the project in Net Utility Plant in Service in our next rate case or alternatively to establish a Natural Gas Extension Project Rider and (2) to establish a New Area Surcharge for customers in Nowthen.

Utility System

Connecting the town of Nowthen will add additional customers to the natural gas system. These new customers will help pay for shared costs of service (e.g. transmission pipes, office staff, etc.) reducing the costs that would fall on other utility customers. In addition, CenterPoint Energy knows anecdotally that the typical resident in the Nowthen project area is using propane as their primary heating fuel. Natural gas service is more reliable than propane. Customers with access to natural gas do not need to fill their propane tank and will not run out of heating fuel in the winter. Accordingly, there are benefits to the state's energy systems, in the broader sense, when customers are moved off of propane fuel and onto natural gas.

⁸ As of the date of this filing, three RNG development companies have filed comments in Docket No. G-008/M-20-434 discussing specific Minnesota RNG projects they are discussing or planning.

Consistency with Approved Plans and Commission Orders

The proposal is not yet approved, but it is not inconsistent with any approved plan or Commission order.

Reduce Carbon or Other Pollutants

Because natural gas is a cleaner fuel than propane, switching these customers will bring down carbon emissions from homes in Nowthen.

Increase Access to Conservation and Clean Energy Resources

Because Nowthen residents currently heat their homes with propane, an unregulated fuel, they do not have access to a utility CIP for their heating source. If they become CenterPoint Energy customers they will have access to our CIP offerings.

Create Jobs or Otherwise Assist Economic Recovery

Construction labor will be needed to complete the project, but, more significantly, the community of Nowthen will benefit economically from the proposed project. Natural gas is a much cheaper source of energy than propane as well as a more reliable one.

Use Women, Veteran, or Minority Owned Businesses as Much as Possible and Provide Documentation of these Efforts

The Company's procurement processes give a preference to minority- and women-owned businesses and the Company monitors how much of its vendor spending goes to certified MWBEs. The Company can report MWBE spending for this project specifically, if that is desired.

Timeline and Costs

The Company is still hopeful that it might go forward with the Nowthen project in 2020, although whether the Company is able to proceed will depend on the timing of Commission approval. Project costs are described in the Company's Petition in Docket No. G-008/M-19-840.

IX. Other Project Ideas

While the projects described in this section are too nascent to be described with the level of detail provided for the projects above, the Company would like to make the Commission aware of several ideas that we are beginning to pursue.

- **Partnership with Ever-Green Energy around district energy systems.** The Company has had some initial conversations with Ever-Green Energy about working with them to promote district energy systems in conjunction with combined heat and power. Customers interested in installing a combined heat and power system would generate

both electricity and heated water much more efficiently and with less greenhouse gas emissions than if they were to buy electricity from the grid and heat water with natural gas. Jobs would be created in the construction and design of these systems.

- **Additional natural gas extension projects.** As discussed above, CenterPoint Energy submitted a proposal for extension project recovery mechanisms in Docket No. G-008/M-19-840 for the community of Nowthen, Minnesota. The Company is contemplating several more extension projects to bring natural gas to Minnesotans who have no current natural gas service available. Extending service to new parts of the state creates construction work. Additionally, Minnesotans who can switch from propane to natural gas will see reduced utility bills and will therefore be more economically resilient.
- **Build Back Better.** The Company is striving to find more ways to help its customers affected by the recent unrest centered in Minneapolis. As described above, the Company plans to double rebates for affected businesses, but we do not want to stop there. The Company is in discussions with community leaders to find out what they need and may develop additional projects as we learn how we can be most helpful.

X. Conclusion

The Company thanks the Commission for this opportunity to describe how it plans to help Minnesota's economic recovery. We look forward to hearing from other utilities and interested stakeholders about other ways the Company may assist.

CERTIFICATE OF SERVICE

Erica Larson served the above Compliance Filing of CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/ _____

Erica Larson
Regulatory Analyst
CenterPoint Energy



505 Nicollet Mall
PO Box 59038
Minneapolis, MN 55459-0038

September 15, 2020

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

**RE: In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic
Docket No. E,G-999/CI-20-492**

Compliance Filing

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") respectfully submits this filing in compliance with the Minnesota Public Utilities Commission's ("Commission") Notice of Comment Period issued on August 12, 2020.

We continue to appreciate the Commission's leadership and innovative thinking as we evaluate the proposals to be brought forward to spur economic recovery in the near term. Though it will be challenging to devise an overall plan that yields immediate results, mitigates and stabilizes customer rates and maintains the financial health of the utility, we will continue to work toward these objectives. We look forward to the stakeholder engagement that will be necessary for realization of these goals.

Sincerely,

/s/ Amber Lee

Amber Lee
Director, Regulatory Affairs

C: Service List

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

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

In the Matter of an Inquiry into Utility Investments
that May Assist in Minnesota’s Economic Recovery
from the COVID-19 Pandemic

Docket No. E,G-999/CI-20-492

COMPLIANCE FILING

I. Introduction

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) respectfully submits the following Compliance Filing to the Minnesota Public Utilities Commission (“Commission”) in response to the Commission’s August 12, 2020 Notice of Comment Period.

The Commission’s Notice requires utilities to file information regarding the first tranche of investments, that will begin construction in the spring of 2021, to assist in Minnesota’s economic recovery. In addition, the Commission noticed the following topics for comment:

- What process should the Commission use to evaluate the filings by utilities of investments that may assist Minnesota’s economic recovery from the COVID-19 pandemic?
- What rate mitigation options are available that can reduce the impact on ratepayers from investment identified by the utilities?
- Should the Commission evaluate facilities investments put forward in this docket under Minnesota Statutes § 216E.06?
- What process should the Commission use to evaluate facilities projects subject to the Power Plant Siting Act for purposes of evaluating need and siting/routing considerations?
- Are there other issues or concerns related to this matter?

In its June 17, 2020 filing in this docket, the Company described seven ongoing and planned projects that may assist with economic recovery in Minnesota, focusing primarily on investments that the Company could undertake in the immediate term in 2020. The Company still intends to undertake each of the efforts described in its initial filing, and, in fact, has already implemented

some of the projects listed. However, with the exception of the renewable natural gas (“RNG”) interconnection proposal, none of the originally listed projects require additional Commission action at this time.¹

Therefore, the Company will take the opportunity, in this filing, to bring forward new investment ideas that will require Commission action to come to fruition. The timing of the investments that the Company describes in this filing are driven by the economic crisis and the Commission’s call-to-action in this docket.

As previously described, CenterPoint Energy has a robust capital budget for 2020 and beyond. Our average annual capital expenditures since 2016 are more than triple our average from 2002 to 2011. Moving forward with substantial additional investments, beyond the investments already planned, will require careful and creative thinking around rate mitigation and recovery mechanisms. We believe we have a role to play, however, in the recovery of the economy, through the immediate steps we have taken to provide relief to our customers who are facing hardships as a result of the pandemic, and by stimulating economic development and job creation over the coming years. The projects we propose in this filing will create jobs, improve our system, and deliver customer and environmental benefits, and we look forward to engaging with the Commission and stakeholders about the rate mitigation and cost recovery mechanisms that could enable these investments without exacerbating the pandemic’s effects on our customers.

In this filing, the Company will briefly describe additional investment proposals, discuss possible cost recovery and rate mitigation and stabilization options, and provide recommended next steps for the Commission’s consideration.

II. Economic Recovery Investments

The proposed projects and investments described below would directly create an estimated 60 to 300 jobs each year in the 2021-2023 time period and reduce or avoid over 17,000 metric tons of CO₂-equivalent emissions annually upon their completion. All of the proposed projects are investments we would have made at some point in the future; this proposal merely advances these investments to a time when they will benefit the state and our communities even more through needed job creation and economic activity.

Table I below provides information about project timelines and anticipated incremental expenses. Additional details about the proposed investments, as well as each investment’s expected benefits are described below and in Exhibit A to this filing.

¹ The Company’s RNG Interconnection proposal is being considered in Docket No. G-008/M-20-434.

Table I: Incremental Costs and Expense, Timeframe, and Benefits					
Phase 1	Proposed Investment	Incremental Capital/Expense	Timeframe	Job Creation	Emissions Reductions/Avoidance
1	Accelerated Pipe Replacement	Up to \$38M	18-month planning to begin 2021, with construction slated for 2022-2025	47-63 FTE construction contractors per year	1,500 metric tons CO ₂ e annually upon project completion
2	Additional Hydrogen Projects	Approximately \$5.5M	2021-2023	1.5 FTE contractors per year	4,100 metric tons CO ₂ e annually upon project completion
3	High-Tech Demonstration Kitchen	Approximately \$6M	2021	30 FTE contractors; 3 permanent FTE	2,000 metric tons CO ₂ e annually
4	Workforce Training and Development	Approximately \$1M	2021	Goal to support 150 tradespeople	Savings likely associated with more energy efficiency contractors
5	Damage Prevention Campaign	Up to \$80M	2021-2025	36-80 FTE contractors per year	400 metric tons CO ₂ e annually
6	Hennepin County RNG Project	TBD	2021-2025	15-20 permanent FTEs; 30-40 FTEs during construction	9,788-15,081 metric tons CO ₂ e annually
Phase 2	Proposed Investment	Incremental Capital/Expense	Timeframe	Job Creation	Emissions Reductions
7	LNG Facilities	Approximately \$20M	2022-2023	8 FTE contractors per year; 1 permanent FTE	N/A
8	Advanced Meter Rollout	Up to \$280M	2022-2025	26-77 FTE contractors per year; also indirect manufacturing jobs in Minnesota	Will reduce quantities of lost gas

The Company proposes the Commission review these proposed investments in two phases. The first six projects listed in Table 1 are consistent with the Commission's direction and the Company's planned investments and they can be implemented upon Commission approval beginning in 2021. The final two projects in Table 1 comprise the Phase 2 projects and they will require additional scoping, analysis and review. The Company proposes to submit additional information regarding these projects and we would request the Commission approve the projects in Phase 2 by July 2021 so we could begin their planning in late 2021, with implementation to follow in 2022.

Brief descriptions of each investment are as follows:

Accelerated Pipe Replacement: Regardless of the outcome of this docket, CenterPoint Energy will continue significant levels of pipe replacement in compliance with federal regulations and to ensure our system is safe and reliable. However, there is an opportunity to accelerate some pipe replacement that would otherwise occur after 2025. CenterPoint Energy would accelerate replacement of some sections of bare steel main and protected steel main installed before 1950.

Additional Hydrogen Projects: The Company has announced its intention to construct a 1 MW hydrogen facility in Minneapolis in 2021. This facility will inject renewable hydrogen into the Company's gas distribution system and displace the need for some fossil gas. The Company now proposes two additional slightly larger hydrogen pilots to be planned in 2021 and constructed in 2022 and 2023.

High-Tech Demonstration Kitchen: The Company proposes to construct a new Commercial Food Service Learning Center that would support a rejuvenating foodservice industry. The Center will be used to train and promote commercial participants with a goal of 800 participants per year by 2023. The Company will partner with manufacturers to bring in and rotate the newest state-of-the-art natural gas technology on consignment to demonstrate the most up-to-date technology in the market. The Center will expand customer access to conservation programs and drive additional energy savings in the Company's commercial CIP portfolio.

Workforce Training and Development: The Company proposes an investment focused on increasing the energy efficiency workforce. This investment will have a particular focus on developing additional air sealing and insulation professionals, which are in short supply in many parts of CenterPoint Energy's service area. The Company proposes that one-fifth of this investment be targeted toward increasing the number of Minority and Women Owned Business Enterprises ("MWBES") doing energy efficiency work and increasing the diversity of energy efficiency tradespeople in CenterPoint Energy's service area.

Damage Prevention Campaign: Over the last several years, the Company has sought to incorporate additional prevention measures into its portfolio to prevent system damages. In this filing, we propose to undertake a series of processes that can be accomplished in a short time frame but have potential to better protect CenterPoint Energy's lines in a more lasting way. Projects include: finalizing the digitization of CenterPoint Energy's line records, a city ambassador program for the top 20 cities with the most locate activity, auditing excavators with the most locate requests and most damage incidents, increased locator training, tagging CenterPoint Energy facilities with GPS coordinates, and repairing/replacing tracer wires and marker balls to make lines easier to locate.

Hennepin County RNG Project: Like many local governments, Hennepin County has been financially impacted by the pandemic. The County approached the Company to collaboratively help keep their planned anaerobic digestion facility on track. The Company and the County are in the early stages of discussing the possibilities that could come from this collaboration.

LNG Facilities: CenterPoint Energy anticipates the need for additional design day capacity in the fall of 2023. The Company can meet the need for additional capacity by purchasing interstate pipeline system entitlement, or by building peak shaving capacity, depending on the specific capacity need. Building additional LNG peaking facilities is likely a cost-effective option to meet some of the increased customer demand and it will also diversify the Company's resources used to meet design day conditions.

Advanced Meter Rollout: This project entails the replacement of substantially all residential meters in CenterPoint Energy's service area with next generation gas meters. The primary benefits of this investment are increased safety and quality of service. Next generation meters include features that automatically shut off the flow of gas in response to large leaks or fires. In addition, the meters can be shut off remotely, so technicians need not be onsite to stop the flow of gas. The Company plans to primarily use Itron Intelis meters, which are manufactured in Minnesota.

Table II provides an overview of the expected benefits of each proposed investment.

Table II: Investment Benefits						
Proposed Investment	System Benefits	Consistent with PUC Direction	Reduces Emissions	Increases conservation and clean energy access	Supports MWBEs	Safety
1. Accelerated Pipe Replacement	X	X	X		X	X
2. Additional Hydrogen Projects	X	X	X	X	X	
3. High-Tech Demonstration Kitchen	X	X	X	X	X	
4. Workforce Training and Development	X	X	X	X	X	
5. Damage Prevention Campaign	X	X	X		X	X
6. Hennepin County RNG Project	X	X	X	X	X	
7. LNG Facilities	X	X			X	
8. Advanced Meter Rollout	X	X	X		X	X

In total, these incremental investments will supply an estimated 60 to 300 jobs each year in the 2021-2023 time period and reduce or avoid over 17,000 metric tons of CO₂-equivalent emissions annually upon their completion. All of these investments are consistent with Commission direction, will support minority and/or women owned businesses, and have system benefits such as reducing lost gas (pipe replacement, damage prevention campaign), meeting customer energy needs (hydrogen, high-tech demonstration kitchen, workforce training and development, Hennepin County RNG project, LNG facilities), and improving measurement accuracy (advanced meter roll out). Each of these projects also boast at least one additional benefit such as reducing or avoiding emissions, increasing access to conservation or clean energy resources, or promoting safety.

III. Cost Recovery

The proposed investments identified above are beyond what the Company would undertake, in terms of timing, but for the pandemic and the Commission's call to action in this docket. We believe that these investments will bring benefits to the state, in terms of economic activity, and these projects were already on our list to consider due to their benefits to our system and stakeholders. Nevertheless, the Company is mindful that these projects will result in costs to our customers and we are therefore exploring various rate mitigation tools. The Company is continuing to evaluate rate mitigation and recovery options, and we expect a creative approach will be necessary to move these projects forward earlier than planned.

Below, we briefly discuss some of the options we are considering. The Company does not see these options as mutually exclusive and, in fact, it is likely we will need to utilize some form of these options in tandem or collectively.

A. New Recovery Mechanisms

One cost recovery mechanism the Commission could consider using to spur economic development would be a tracker or rider recovery for the incremental capital to be invested beginning in 2021. The Commission could approve the Company's proposed investments and direct the Company to track all associated costs and expenses for recovery at a later date. The majority of the projects the Company proposes (those in Phase 1) are consistent with longstanding Commission direction and do not require additional process. Therefore, these projects could begin immediately after the Commission approves the associated recovery method. By allowing cost recovery via a rider, the Company would have regulatory certainty to begin making these investments, subject to a later review for prudence. This method of cost recovery would also enable the Commission to set a specific return on these investments as appropriate.

B. Deferred Accounting

Similar to the rider method described above, the Company is considering whether deferred accounting would be a suitable recovery mechanism for the incremental investments.

Deferred accounting is a regulatory tool used primarily to hold utilities harmless when they incur out-of-test-year expenses that, because they are unforeseen, unusual, and large enough to have a significant impact on the utility's financial condition, should be eligible for possible rate recovery in the next rate case. Deferred accounting has also been permitted when utilities have incurred sizeable expenses to meet important public policy mandates.

If structured correctly, deferred accounting could shift recovery to a later date when the pandemic is behind us and the economy is stronger. The Company notes, however, that in order to pursue additional investments Minnesota, beyond investments that the Company would

otherwise make, it will be necessary for the return on those investments to be competitive with the return that the Company could achieve in other jurisdictions where we operate, because our capital is not limitless. To attract the level of investment required to fund the proposed projects, the return on the deferral could be calculated to equal the weighted average of the authorized return in the Company's other natural gas jurisdictions. Utilizing this weighted average should allow the Company to attract and acquire the capital needed to fund the proposed investments. Additionally, or in the alternative, the Commission could calculate an appropriate adder to the Company's authorized return to account for the pandemic conditions and the task at hand.

IV. Rate Mitigation

A. Mitigative Measures

To ensure that these investments do not add to our customers' burdens during the pandemic, it will be important to mitigate the rate increases for these investments that, under the Company's normal rate case schedule, customers would bear beginning in 2022. We will continue to look at amortizations, commodity costs and depreciation lives that could be adjusted as offsets to the proposed increases related to these incremental investments. Additionally, as discussed below, we will look for ways to stabilize and smooth customer rates in the upcoming years to assist our customers in budgeting and planning.

B. Rate Stabilization and Rate Design Adjustments

As mentioned, deferred accounting could shift recovery to a later date when the pandemic is behind us and the economy is stronger. If the return on the deferral is appropriately calculated, the Company could be able to delay the recovery of the deferred amount to a time more appropriate for our customers, and all parties will need to consider the appropriate and workable end point. Similarly, trackers or riders, and true-ups present the opportunity to shift or stabilize recovery while still ultimately making the Company financially whole for robust investments in Minnesota. Ultimately these recovery tools could also be used to smooth and stabilize the rate increases associated with the proposed investments.

Deferred accounting and mechanisms like capital true-ups also provide an avenue to tailor the rate recovery impacts by customer class once recovery is implemented. Upon recovery, the Company could propose to tailor the recovery of the deferred amounts by customer class. By allowing the Company to track and defer certain costs we will have flexibility as to when and how we eventually seek recovery of the deferred amounts.

C. 2022 Rate Case Stayout or Filing of Multi-Year Rate Plan

In addition to the mitigation and stabilization measures related to the incremental investments proposed herein, the Company is evaluating what tools could be used to postpone our next general rate case. As the Commission is aware, high levels of investment have caused the

Company to file rate cases every other year for some time now. Because federal regulations and the need to maintain a safe and reliable system demand that these high levels of investment continue, the Company may continue to file rate cases every other year for some time. If the Company maintains its current rate cycle, we will file another general rate case in 2021, with interim rates implemented in 2022 (the rate case test-year).

A possibility, in lieu of another rate case filed in 2021, may be to implement a capital true-up or deferral, to postpone the 2022 rate increase. It also might be possible to file a multi-year rate plan ("MYRP") with an initial 2022 test year, but to structure the MYRP to delay rate increases, again shifting recovery until the economy is stronger. For example, if the Company filed a three-year plan it may be possible to reduce or eliminate the need for a rate increase in 2022 by shifting recovery into 2023 and 2024. In this scenario, the Company would under-recover in 2022 but make up for that under-recovery in later years when the economy is more robust.

Because the Company will be implementing final rates in its pending rate case in 2021, we believe it is important to fully analyze all options that could allow the Company to delay its next rate increase that under normal course would occur with the implementation of interim rates in 2022.

D. Other Programming to Lower Customer Bills

In addition to the mechanisms described herein that could be used to keep customer bills manageable in the near and longer terms, several of the investments we have identified could themselves lower customer bills. This is particularly true of some of the energy efficiency projects proposed in our first filing including home insulation pre-bates, double rebates to rebuild after unrest in the metro area, increased low-income CIP spending, and the CIP Community Dashboard. Increased investments in energy efficiency programs allow our customers to reduce their natural gas usage, and thereby lower their bills, and we will continue to look for additional programming in our CIP offerings.

V. Recommended Commission Process for Evaluation

The Company provides the following recommendations with respect to the Commission process for considering the investments we have proposed in this filing.

A. Utility-Specific Docket

First, the Company supports opening a separate docket to evaluate CenterPoint Energy's investment proposals. By allowing utility-specific dockets the Commission will be able to review each utility's plan and determine the most appropriate methods for cost recovery and rate mitigation. The utilities' plans will be unique, as will the recovery and mitigation methods, and utility-specific dockets are therefore the preferred venue to evaluating the proposals.

B. Review in Two Phases

Second, the Company proposes the Commission evaluate our proposals using two tracts. As mentioned above, the Company has identified investments that would be implemented in two phases.

The projects included in Phase 1 are all consistent with the Commission's direction and they do not require additional review or process; the Company is ready to implement these projects once the Commission approves their associated cost recovery. Therefore, for Phase 1 projects the Company proposes to make a filing in the separate docket requesting Commission approval and cost recovery for immediate implementation.

The projects included in Phase 2, LNG facilities and the deployment of advanced meters, do require additional process and review. In particular, the Company plans to provide (1) an evaluation of project alternatives; and (2) further detail around the scope of these projects, year by year. Because these projects will require additional analysis and review, the Company proposes to make a second filing to supply the additional information when it is available. Roughly, the Company expects that it could make its Phase 2 filing in January 2021, with Phase 2 project implementation to begin later in 2021.

C. Certificates of Need and Site Permits

The Company's proposed investments do not require certificates of need or site permits, and therefore Minn. Stat. § 216E.06 and the Power Plant Siting Act are not applicable, and the Company does not offer an opinion on the Commission's questions related to those laws.

D. Stakeholder Engagement and Investment Criteria

To implement this program over the next few years without significant increases in customer bills over the same period, we need to implement solutions to create off-setting rate relief, rate shaping, and rate smoothing. We are exploring rate mitigation and stabilization tools that can effectively facilitate increased investment, while maintaining financial stability for the Company. We intend to engage with stakeholders to discuss our plans to stabilize rates, and work through potential options to find tools that can be prudently implemented to lessen the rate impact of the added investments proposed in this filing but also at the same time ensure that we maintain the financial integrity of the utility.

Importantly, as commenters have already noted, equitable models for accelerated projects should be used to ensure that the project benefits accrue for all, especially those historically marginalized. The Company agrees that thoughtful, ambitious and specific criteria should be adopted to inform how and where these investments are made. We look forward to the

collaborative process with our stakeholders and communities to develop and utilize these criteria.

While individual project details remain to be finalized, without question more discussion needs to be had regarding the deployment, recovery and mitigation of the overall plan. The Company plans to begin engaging stakeholders regarding our proposed Phase 1 and Phase 2 investments and we hope to engage in fruitful discussions to appropriately structure the investment plan to optimize the customer benefits to be achieved, so that all customers receive benefits in the near-term and the recovery is staggered appropriately in the mid- and longer-terms.

VI. Conclusion

While the Company has offered a wide variety of ideas for potential projects, cost recovery, and rate mitigation, much work remains. The Company believes that there is great potential for it to assist in Minnesota's economic recovery. In particular, while the Company has attempted to estimate direct job numbers that might be created by these efforts, we will continue to consider how our spending may be best leveraged to create jobs and other benefits indirectly. For example, the Company's proposed meter replacement project would likely create manufacturing jobs in Minnesota. Similarly, the Company's workforce development proposal will not directly create any jobs, but is designed specifically to enhance the energy efficiency workforce in the state.

The Company thanks the Commission for consideration of this filing and looks forward to further discussions and actions to allow the Company to assist in Minnesota's economic recovery

Investment 1: Accelerated Pipe Replacement	
Background	As discussed in the Company’s pending rate case, the Company has greatly increased its rate of pipe replacement in recent years in order to comply with federal safety standards. The Company will continue these high levels of investment in its system in coming years in order to ensure that it is safe and reliable. In addition to ensuring that the system is safe and reliable, pipe replacement has the benefits of reducing lost gas and methane emissions.
Baseline	The Company anticipates spending approximately \$200,000,000 from 2021-2025 on pipe replacement projects. Among other things, the Company anticipates ramping up replacement of bare steel mains and beginning large scale replacement of protected steel mains installed before 1950 after completion of the Beltline Replacement in 2022.
Proposal	The Company has the ability to accelerate some pipe replacement that would otherwise occur after 2025 in order to assist with Minnesota’s economic recovery. The Company would accelerate replacement of bare steel and protected steel installed before 1950, spending an additional \$38,000,000 in total from 2022-2025, with the bulk of that accelerated spending occurring in 2022-2024.
Utility System Benefits	Reduced gas leakage.
Reduces Emissions	Will reduce greenhouse gas emissions by an estimated 1,500 metric tons of CO2e per year once the project is fully completed.
Create Jobs or Otherwise Assist in Economic Recovery	Estimated labor hours by local contractors equivalent to 63 full time employees in 2022-2024 and 47 full time employees in 2025.
Supports MWBEs	The Company’s procurement processes give a preference to certified MWBEs. The Company monitors how much of its vendor spending goes to certified MWBEs.
Safety	Reduced gas leakage reduces the chances of an incident.

Investment 2: Additional Hydrogen Pilots	
Background	As discussed in the Company’s pending rate case and our first filing in this docket, the Company plans to construct a 1 MW hydrogen pilot project in Minneapolis. The project will convert renewable electricity into hydrogen for blending into the Company’s system. The Company anticipates constructing this pilot in 2021 and placing it into service near the end of 2021. The pilot will give the Company an opportunity to gain experience with this technology which may play an important role in decarbonizing Minnesota’s energy system.
Baseline	The Company estimates that its planned hydrogen project will cost approximately \$2,000,000. The Company estimates that this project will result in carbon emissions reductions of approximately 1,200 tons of CO ₂ e per year.
Proposal	The Company proposes to expand its hydrogen producing capacity, spending \$5.5 million in 2022-2023.
Utility System Benefits	Diversifies energy supplies. Gives the Company and local contractors experience with hydrogen technology.
Reduces Emissions	The 2022 project may reduce greenhouse gas emissions by an estimated 1,800 tons of CO ₂ per year. The 2023 project may result in a reduction of an estimated 2,300 tons of CO ₂ per year.
Increases Conservation and Clean Energy Access	Provides all CenterPoint Energy customers with access to lower-carbon gas.
Create Jobs or Otherwise Assist in Economic Recovery	Projects will require estimated labor hours equivalent to 1.5 full time employees per year during construction. Gives the Company and local contractors experience with hydrogen technology, providing them with a competitive advantage as the hydrogen economy grows.

Supports MWBEs	<p>The Company's procurement processes give a preference to certified MWBEs.</p> <p>The Company monitors how much of its vendor spending goes to certified MWBEs</p>
-----------------------	--

Investment 3: High-Tech Demonstration Kitchen and Training Space	
Background	<p>CenterPoint Energy’s award-winning nationally-recognized Commercial Foodservice program (“Rebate Program”) and Commercial Foodservice Learning Center (“Learning Center”) provides foodservice customers (e.g. restaurants, schools and health care, etc.) the opportunity to learn through hands-on and lecture-style training about the benefits of high-efficiency natural gas equipment. Many foodservice customers do not have the ability to test new high-efficiency natural gas foodservice equipment prior to purchasing. This is a barrier to significant energy savings and customer operating cost savings because restaurants use five to seven times more energy per sq. ft. compared to any other commercial facilities.</p>
Proposal	<p>To help with economic recovery, CenterPoint Energy proposes constructing a new Commercial Foodservice Learning Center (“Energy Resource Center” or “Center”) that would support a rejuvenating foodservice industry. The Center will be used to train and promote commercial participants with a goal of over 800 participants per year by 2023. The primary audience for the Center would remain commercial customers and trade allies who are in the workforce, interested in building on their skills and/or knowledge or for trainees who are just entering the workforce. Finally, a main component of success for the Center is that the Company will partner with manufacturers to bring in and rotate the newest state-of-the-art natural gas technology on consignment (at little to no cost) in order to demonstrate the most up to date technology in the market.</p> <p>CenterPoint Energy expects that constructing the Energy Resource Center would have secondary benefits to all of the commercial CIP portfolio. Other trainings currently offered in CIP could be held in a space to better accommodate large groups, but the main benefit will be that this highly energy efficient (i.e., EnergyStar Certifiable) building will showcase other commercial energy efficiency measures used to support the kitchen, including for example: an HVAC system (including demand control ventilation and commercial smart thermostat), water heaters, dishwasher, and fireplace. The project is estimated to cost about \$6 million.</p>
Utility System Benefits	<p>Energy efficiency reduces operations and maintenance expense associated with gas delivery.</p>

	<p>Energy efficiency reduces the need to purchase gas.</p> <p>Energy efficiency can reduce peak demand.</p>
Reduces Emissions	<p>In 2019, the Company rebated equipment for 200 foodservice customers estimated to lead to over 740,000 dekatherms saved over the next twelve years and avoiding over 45,000 tons CO₂. 2,000 avoided tons of CO₂e per year is an estimated based on 5% of Foodservice program savings.</p>
Increases Conservation and Clean Energy Access	<p>The High-Tech Demonstration project's primary purpose is to showcase energy efficient technologies and allow foodservice professionals to test those technologies. The goal of this initiative is to increase energy savings from the CIP Foodservice project by at least 5%.</p>
Create Jobs or Otherwise Assist in Economic Recovery	<p>The investment will require an estimated 30 full time employees during construction.</p> <p>The kitchen will employ 2-3 full time staff on an ongoing basis.</p>
Supports MWBEs	<p>A relatively high proportion of restaurants are minority-owned businesses and this investment would directly serve the restaurant industry.</p> <p>The Company's procurement processes give a preference to certified MWBEs.</p> <p>The Company monitors how much of its vendor spending goes to certified MWBEs.</p>

Investment 4: Workforce Development	
Background	<p>A major barrier to customer and trade ally to expanding energy efficiency work and participation in utility energy efficiency programs is shortages of new tradespeople entering the workforce, in part due to retirement of an aging workforce. Allocating funds to support development of a trade workforce with knowledge in energy efficiency could be a significant help to creating a pipeline for energy efficiency projects. Starting in 2021, the Company proposes to spend \$1 million on workforce development initiatives.</p>
Proposal	<p>CenterPoint Energy could support economic recovery and boost the capacity of trade allies and customers by leveraging existing partnerships with trade schools such as Dunwoody, Century College, and Minnesota State Community and Technical College that offer two year degrees and partnerships with other college internship programs such as the Minnesota Technical Assistance Program “(MnTAP)” internship program. A prerequisite for receiving funds would be that energy efficiency needs to be a part of the education and training. Increased financial support for scholarships, internship programs, and coverage of certification costs could help future tradespeople who could help expand energy efficiency efforts. The Company proposes a goal of supporting over 100 tradespeople through existing initiatives using \$800,000.</p> <p>CenterPoint Energy proposes to use \$200,000 on building new workforce development initiatives focused on increasing women and minority-owned business enterprises (“MWBE”) and improving the diversity of tradespeople. Some potential initiatives these funds could be put towards, with the goal of supporting 50 participants, include:</p> <p>The Company could partner with non-profit institutions focused on offering internships providing hands-on experiences to diverse high-school students in the areas of energy efficiency. The purposes of such initiatives could help move interested students into careers related to energy efficiency, including the trades.</p> <p>The Company sees a growing need in the residential sector for tradespeople with the capability of completing weatherization projects. To meet this need, two potential initiatives are funding new or renewable weatherization certifications for MWBE and/or developing a training and education program focused on helping build new</p>

	<p>weatherization businesses to participate in CIP. The training program could partner with existing established MWBE tradespeople to develop the program.</p> <p>The Company could provide supplemental funds to MWBE and diverse tradespeople to help access C&I training and education programs supported through CIP in order to encourage leadership and develop the ability to identify energy efficiency opportunities. For example, starting in 2021, the Company plans on offering rebates to cover a portion of the cost of Building Operator Certification. The rebate only covers about 33 percent of the certification due to cost-effectiveness concerns, but costs could be further reduced for MFBEs and/or diverse tradespeople.</p>
Utility System Benefits	<p>Energy efficiency reduces operations and maintenance expense associated with gas delivery.</p> <p>Energy efficiency reduces the need to purchase gas.</p> <p>Energy efficiency can reduce peak demand.</p>
Reduces Emissions	<p>Energy efficiency reduces emissions associated with the combustion of natural gas.</p>
Increases Conservation and Clean Energy Access	<p>The investment is intended to increase the number of trades people and therefore the accessibility of energy efficiency in CenterPoint Energy's service area.</p>
Create Jobs or Otherwise Assist in Economic Recovery	<p>This investment is intended to help people access careers in energy efficiency.</p>
Supports MWBEs	<p>The Company proposes to earmark one fifth of this investment specifically for development of MWBEs.</p>

Investment 5: Damage Prevention Campaign	
Background	CenterPoint Energy currently follows utility industry best practices with respect to preventing damages to its lines.
Proposal	<p>CenterPoint Energy proposes the following short-term initiatives to improve line-locating practices:</p> <p>Excavator Audit Pilot: The Company currently audits its locators to ensure that they are accurately marking CenterPoint Energy facilities. The Company proposes a one-year pilot program to begin in 2021 to also audit some third-party excavators with the goals of identifying misunderstandings or communication issues, educate on best practices, and build stronger relationships between the Company and excavators. The Company would target excavators with the highest numbers of locate requests and excavators who are most frequently responsible for damaging lines.</p> <p>City Ambassador Pilot: The Company proposes a one-year pilot City Ambassador program to begin in 2021 for the twenty cities with the most locate requests. The City Ambassador would work with the city’s engineering and permit departments to better coordinate CenterPoint Energy locate activities with city projects. Like the excavator audit program, the goals of the pilot would be to identify misunderstandings and communication issues, educate on best practices, and build stronger relationships between the Company and city personnel.</p> <p>Locator Training Camp Pilot: The Company would run a locator training camp for two years before the construction season in 2021 and 2022 to provide training and to make connections between more experienced and less experienced locators. High turn-over in the location industry poses a challenge for ensuring adequate training of all locators. The Company hopes to raise morale and encourage connections/mentorships between new locators and more seasoned professionals.</p> <p>Untenable Underground Facilities: Over time, locate wires and marker balls installed with underground facilities may fail or become damaged, which makes it more difficult to locate lines. The Company proposes to initiate a major campaign to restore and repair locate wires and marker balls in areas where they have failed or been damaged. We would target a 2021 implementation with closeout in 2023.</p> <p>GPS Data Collection: The Company has GPS data for only a small minority of its facilities, primarily those that have been recently</p>

	<p>installed.² The Company would initiate a campaign to collect GPS data for substantially all of its Minnesota facilities. This will allow for more accurate location and would facilitate use of advanced location technologies in the future.³ We would target to begin effort in 2022 and complete the collection in 2025.</p> <p>Finalizing Digitization of Records: As the Company described in its currently pending rate case,⁴ the Company has undertaken an effort to digitize all of its existing records (called the Permanent Records Integrity Management Excellence (“PRIME”) project). The PRIME project, which is substantially complete, validated assets in CenterPoint Energy digital systems, however, its scope did not include handling every exception that was encountered. While the vast majority of records were handled by the PRIME project, there were approximately 45,000 Minnesota records that could not be completely digitized for various reasons. For example, some paper records are so old that they have become faded, other records appear to be incomplete. These records will require a more manual review.</p>
<p>Utility System Benefits</p>	<p>Reduced gas leakage.</p> <p>Reduced expenses associated with line hits.</p>
<p>Create Jobs or Otherwise Assist in Economic Recovery</p>	<p>Estimated 15 FTEs for excavator audit pilots.</p> <p>Estimated 5 FTEs for City Ambassador program.</p> <p>No estimated additional employment for the locator training camp; but goal is to encourage worker morale and retention.</p> <p>Estimated 11 FTEs for Untonable Underground facilities.</p> <p>Estimated 80 FTEs for GPS project.</p> <p>Estimated 23 FTEs for one half year for finalization digitalization of records.</p>

² The Company discussed its efforts to begin GPS data collection for new installations in *In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-008/GR-19-524, Direct Testimony of Mr. William A Kuchar III, P.E., p. 54 (Aug. 12, 2020).

³ For example, augmented reality technology is becoming available to display underground facilities to excavators in real time. This technology has great promise to reduce line hits but requires GPS coordinates for utility facilities. See e.g. <https://www.vgis.io/esri-augmented-reality-gis-ar-for-utilities-municipalities-locate-and-municipal-service-companies/>.

⁴ *In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-008/GR-19-524, Direct Testimony of Mr. William A Kuchar III, P.E., p. 52 (Aug. 12, 2020).

Reduces Emissions	The Company has calculated that every leak avoided reduces emissions by approximately 10.2 metric tons of CO ₂ e; the goal for this set of projects is to reduce system damages by at least 5% resulting in an estimated emissions reduction of over 400 tons CO ₂ e.
Supports MWBEs	<p>The Company's procurement processes give a preference to certified MWBEs.</p> <p>The Company monitors how much of its vendor spending goes to certified MWBEs.</p>
Safety	Reducing lines hits reduces the chances of danger to workers associated with leaking gas.

Investment 6: Hennepin County Anaerobic Digester	
Background	<p>As the Partnership on Waste and Energy has noted in Comments to the Commission,⁵ Hennepin County plans to construct an anaerobic digester to recycle organic waste into RNG. The anaerobic digester project supports state goals and mandates to reduce the amount of waste going into landfills.</p> <p>Like many local governments, Hennepin County’s revenues have been reduced by the current economic crisis. The County reached out to CenterPoint Energy about the possibility of collaborating to keep the anaerobic digester project on track. Discussions are still in their early stages, but the Company and County have discussed various ways that the Company may be involved such as by entering into an offtake agreement for some or all of the RNG produced. The County is aiming to construct the facility in 2023-2024, with the facility coming online in early 2024.</p>
Utility System Benefits	Bringing RNG onto CenterPoint Energy’s system will reduce the need for fossil gas purchase and increase diversity of supply.
Reduces Emissions	The County estimates that the facility will reduce greenhouse gas emissions by between 9,788 – 15,081 metric tons of CO ₂ e per year. This estimate is preliminary.
Increases Conservation and Clean Energy Access	Bringing RNG onto the Company’s system would provide CenterPoint Energy’s customers with access to RNG
Create Jobs or Otherwise Assist in Economic Recovery	<p>The County estimates that the RNG facility would employ between 15 and 20 people on an ongoing basis after its construction.</p> <p>During construction, they estimate that the facility will between 30-40 FTEs.</p>
Supports MWBEs	To the extent that Company is involved in selecting contractors for this facility, the Company’s procurement processes give a preference to certified MWBEs

⁵ *In the Matter of CenterPoint Energy’s Petition to Introduce a Renewable Natural Gas Service*, G-008/M-20-434, Comments of the Partnership on Waste and Energy (June 25, 2020).

	The Company monitors how much of its vendor spending goes to certified MWBEs
--	--

Investment 7: LNG Facilities	
Background	As the number of customers in the Company’s service area continues to grow, we face continuing needs to expand our peak capacity. We expect to need additional capacity in 2023.
Baseline	The Company could purchase additional interstate pipeline capacity, the cost of which would be passed on to customers through the Purchased Gas Adjustment.
Proposal	The Company would spend \$20,000,000 to construct additional peak shaving facilities in 2022-2023.
Utility System Benefits	Meets peak demand cost effectively and allows Company to have a robust mix of resources to call on during peak times.
Create Jobs or Otherwise Assist in Economic Recovery	<p>Estimated labor hours by local contractors equivalent to 6-10 full time employees during construction.</p> <p>Estimated ongoing employment equivalent to one-half of one full-time employee.</p>
Supports MWBEs	<p>The Company’s procurement processes give a preference to certified MWBEs.</p> <p>The Company monitors how much of its vendor spending goes to certified MWBEs.</p>

Investment 8: Advanced Meter Rollout	
Background	As described in the Company’s pending rate case, ⁶ the Company has been piloting Itron Intelis meters. These residential meters have several advantages relative to traditional meter technology. They have a flow alarm and temperature sensor along with an integrated shutoff valve. These features allow them to detect potentially dangerous conditions such as large gas leaks in the home and fires and to automatically shut off. Itron Intelis meters can also be shutoff remotely, which can allow technicians to avoid entering homes in dangerous conditions. Finally, Itron Intelis meters are less likely to have problems with accuracy than traditional meters. The Company has been pleased with the performance of these meters in its pilots and plans to begin regular deployment of the meters in residential homes in Minnesota. The Company is also in the early stages of evaluating other meters with similar advanced features; Honeywell, for example, is developing similar meter technology. ⁷
Baseline	The Company had planned to begin installing Itron Intelis meters in the ordinary course of replacing or installing new meters. The Company would expect to spend approximately \$9 million from 2021-2025 on installation of Itron Intelis meters in the ordinary course of business.
Proposal	The Company would accelerate deployment of next generation meters, spending approximately \$280,000,000 to replace substantially all residential meters in our Minnesota service territory. The Company would primarily install Itron Intelis meters but would also potentially pilot and/or deploy other advanced meters developed by other companies. The project would begin in 2022 and be completed in 2025 with the majority of spending occurring in 2023 and 2024.
Utility System Benefits	Installation of next generation meters will increase measurement accuracy. Remote shut-off capabilities may reduce operations and maintenance expenses.

⁶ *In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-008/GR-19-524, Rebuttal Testimony of Mr. William A Kuchar III, P.E., p. 6 (Aug. 12, 2020).

⁷ Honeywell Next-Gen Cellular Module meters have similar safety features to Itron Intelis meters.

Reduces Emissions	Because the meters automatically shut off in the event of a large leak and allow for remote shutoff, methane emissions can be avoided.
Create Jobs or Otherwise Assist in Economic Recovery	<p>Estimated labor hours by local contractors equivalent to 17 to 77 full time employees in each year, with the most labor hours needed in 2023 and 2024.</p> <p>Investment may also drive employment at Itron’s manufacturing facility in Waseca, Minnesota.</p>
Supports MWBEs	<p>The Company’s procurement processes give a preference to certified MWBEs.</p> <p>The Company monitors how much of its vendor spending goes to certified MWBEs.</p>
Safety	<p>Advanced gas meters automatically shut off when they detect unusual gas flows or high temperatures.</p> <p>Advanced meters are capable of remote shut-off.</p>

CERTIFICATE OF SERVICE

Erica Larson served the above Compliance Filing of CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/ _____

Erica Larson
Regulatory Analyst
CenterPoint Energy



505 Nicollet Mall
PO Box 59038
Minneapolis, MN 55459-0038

October 30, 2020

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

**RE: In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic
Docket No. E,G-999/CI-20-492**

Reply Comments

Dear Mr. Seuffert:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") respectfully submits these reply comments in response to comments filed by interested parties on October 16, 2020, regarding the procedures the Commission should use to evaluate "first Tranche" utility projects.

In this docket, the Company has proposed over \$400 million in investments, comprised of nine discrete projects, to be implemented in two tranches, beginning in 2021. In total, these incremental investments will supply more than 300 jobs and reduce or avoid approximately 20,000 metric tons of CO₂-equivalent emissions annually, and result in long-term benefits to our system, our customers and our communities upon their completion. The Company continues to finetune these investment proposals and appreciates the opportunity to weigh in on the process to be used to evaluate the project costs and benefits.

In this filing, the Company provides additional project details and proposes a procedural process for the projects it has proposed. Specifically, the Company proposes the Commission (1) create a new Company-specific docket for the Commission's consideration of our Tranche I and II investments, and (2) evaluate both tranches of investments via a Notice and Comment process.

Additionally, in this filing, CenterPoint Energy shares its initial evaluation of proposed metrics and reporting, and commits to file an annual report on approved economic recovery investments

each year until all projects are completed and for an additional two years after project completion.

The Company continues to thank the Commission for its leadership and initiative in this docket, and we look forward to the future proceedings that will bring these investments to fruition.

Sincerely,

/s/ Amber Lee

Amber Lee
Director, Regulatory Affairs

C: Service List

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Katie Sieben	Chair
Valerie Means	Commissioner
Matt Schuenger	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

In the Matter of an Inquiry into Utility Investments
that May Assist in Minnesota's Economic Recovery
from the COVID-19 Pandemic

Docket No. E,G-999/CI-20-492

REPLY COMMENTS

I. Introduction

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, ("CenterPoint Energy" or the "Company") respectfully submits the following Reply Comments to the Minnesota Public Utilities Commission ("Commission") in response to Comments filed by interested parties on October 16, 2020.

On August 12, 2020, the Commission issued a Notice of Comment Period setting a deadline for utilities' filings of "first Tranche" investments to begin construction in the spring of 2021 to assist in Minnesota's economic recovery from the COVID-19 Pandemic. CenterPoint Energy and other utilities made filings on September 15, 2020, listing projects for consideration, and the Company proposed several investments in response to the call to action in this docket.

Specifically, the Company has proposed over \$400 million in investments, comprised of nine discrete projects, to be implemented in two tranches, beginning in 2021. In total, these incremental investments will supply more than 300 jobs and reduce or avoid approximately 20,000 metric tons of CO₂-equivalent emissions annually, and result in long-term benefits to our system, our customers and our communities upon their completion.

On October 16, 2020, more than twenty interested parties filed comments addressing the following topics:

1. What process should the Commission use to evaluate the filings by utilities of investments that may assist Minnesota's economic recovery from the COVID-19 pandemic?
2. What rate mitigation options are available that can reduce the impact on ratepayers from investment identified by the utilities?

3. Should the Commission evaluate facilities investments put forward in this docket under Minnesota Statutes § 216E.06?
4. What process should the Commission use to evaluate facilities projects subject to the Power Plant Siting Act for purposes of evaluating need and siting/routing considerations?
5. Are there other issues or concerns related to this matter?

In this filing the Company will address the following topics in light of the Comments received:

- Commission process to evaluate CenterPoint Energy's proposals;
- Proposed project costs and benefits; and
- Metrics and reporting for approved projects.

The Company provides the following Exhibits, attached, in support of these Reply Comments:

- Exhibit A: Tranche I Projects – Cost/Benefit Analyses
- Exhibit B: Tranche I Projects – Job Estimates and Methodology Used for Estimations; and
- Exhibit C: Summary of CenterPoint Energy's Supplier and Workforce Diversity Practices.

II. Recommended Commission Process for Company's Tranche I and Tranche 2 Projects

The Comments received reflect the importance and difficulty of balancing full and rigorous review of utility proposals with the need to act quickly to time economic stimulus with the time of greatest need.¹ To address this issue, the Company has grouped its projects into two tranches based on how quickly we can implement the proposed projects. The Tranche I projects can begin upon Commission approval; the Tranche II projects need more development and review. Tables 1 and 2 below delineate the two tranches of projects.

¹ See e.g. Center for Energy and Environment, August 7, 2020 ("It is important that everyone, but especially the Department, has a chance to weigh-in on and evaluate each proposal. But it is also important that worthy projects get deployed in time to have the desired stimulus effect.")

Table 1: Tranche I Projects Incremental Expense, Timeframe and Benefits					
Project	Proposed Investment	Incremental Capital/Expense	Timeframe	Job Creation	Emissions Reductions/Avoidance
1.1	Accelerated Pipe Replacement	Up to \$38M	18-month planning to begin 2021, with construction slated for 2022-2025	47-63 FTE construction contractors per year	1,500 metric tons CO ₂ e annually upon project completion
1.2	Additional Hydrogen Projects	Approximately \$5.5M	2021-2023	1.5 FTE contractors per year	4,100 metric tons CO ₂ e annually upon project completion
1.3	High-Tech Demonstration Kitchen	Approximately \$6M	2021	30 FTE contractors; 3 permanent FTE	2,000 metric tons CO ₂ e annually
1.4	Workforce Training and Development	Approximately \$1M	2021	Goal to support 150 tradespeople	Savings likely associated with more energy efficiency contractors
1.5	Damage Prevention Campaign ²	Approximately \$7.5M	2021-2023	36 FTE contractors per year	250 metric tons CO ₂ e annually
1.6	Hennepin County RNG Project ³	TBD	2021-2025	15-20 permanent FTEs; 30-40 FTEs during construction	9,788-15,081 metric tons CO ₂ e annually
Totals Tranche I Projects (Approximate)		\$58M	2021-2025	275-300 jobs (permanent and temporary)	17,638-22,931 metric tons CO₂e annually

² Note that upon further review the Company has determined that it is prudent to separate the Damage Prevention Campaign into two phases, and proposes to move forward with the GPS tagging project in 2022 as part of Tranche II. The table below reflects this change and regrouping from our prior filing.

³ The Hennepin County RNG project is not ripe for Commission review as the Company and County are still working to determine the contours of that project. However, the Company and County will continue this planning work and do not need any sort of Commission review or approval to keep moving forward. The Company is not requesting deferred accounting or any form of recovery for the Hennepin County RNG project at this time, and we will keep the Commission apprised as the project develops.

Table 2: Tranche II Projects Incremental Expense, Timeframe and Benefits					
Project	Proposed Investment	Incremental Capital/Expense	Timeframe	Job Creation	Emissions Reductions
2.1	LNG Facilities	Approximately \$20M	2022-2023	8 FTE contractors per year; 1 permanent FTE	N/A
2.2	Advanced Meter Rollout	Up to \$280M	2022-2025	26-77 FTE contractors per year; also indirect manufacturing jobs in Minnesota	Will reduce quantities of lost gas
2.3	GPS Tagging	Up to \$72M	2022-2025	12 FTE contractors per year	150 metric tons CO _{2e} annually
Totals Tranche II Projects		\$372M	2022-2025	47-77 jobs (permanent and temporary)	150 metric tons CO_{2e} annually

a. Tranche I

The Company believes that the Commission can approve the Tranche I projects without much further process, and the Company is prepared to move forward with Tranche I work upon approval of deferred accounting. The Company proposes to file all Tranche I project information in a new docket (specific to the Company's Tranche I and II proposals) so the Commission can appropriately evaluate CenterPoint Energy's Tranche I investments and the request for deferred accounting via a Notice and Comment period. All of the Tranche 1 projects can move forward during 2021 if Commission approval is received by early Spring.

b. Tranche II

The Company recognizes a need for more analysis and discussion around the Tranche II projects (advanced meter rollout, LNG facilities, and GPS tagging), and we propose to make an additional filing (specific to the Company's Tranche I and II proposals) detailing our proposed Tranche II investments in the upcoming months. This filing will include detailed project cost estimates, an evaluation of alternatives, a project timeline, cost-benefit analyses for each project, and details on how the Company's methodology used to develop the job creation estimates for the Tranche II projects. In addition, the Company will include full ratepayer impacts and methods for cost recovery for the proposed projects. The Company then proposes

that the Commission evaluate the proposed Tranche II investments via a Notice and Comment period.

c. Recommended Process

The Company proposes the Commission open new dockets, specific to each utility, so that the Commission may appropriately evaluate each investment proposal on its own merits. As mentioned, the Company proposes to file Tranche I and Tranche 2 project information in a docket specific to CenterPoint Energy. The Tranche I filing will contain project detail and an evaluation of whether the criteria for deferred accounting are met. The Company believes this is the most expeditious way for the Department of Commerce, the Commission, and others to evaluate our proposals and their ratemaking impacts.

In addition, and as discussed below, many of the proposed reporting and equitable metrics included in the comments filed on October 16, 2020, should be evaluated specifically in application to the projects proposed. In other words, while CenterPoint Energy commits to many of the proposed metrics, the application of metrics and reporting requirements should be determined on a case-by-case, in light of each project's characteristics.

As a result, the Company proposes to make Tranche I and Tranche II project filings and that the Commission issue Notice of Comments for each filing. This docket has been helpful in developing this initiative as a whole, and framing the evaluative criteria, but we propose that specific dockets will afford the best application of those criteria, and that this initiative should continue in company-specific dockets. In that vein, the Commission could terminate this 20-492 docket, or in the alternative, the Commission could keep this docket as an "umbrella" docket, with sub-dockets specific to each utility's investment proposals.⁴ We believe this process will allow the appropriate review, and also enable the Company to quickly move forward with Tranche I projects and optimize the benefits to the state's economic recovery.

III. Cost Benefit Review

Many parties made recommendations regarding the criteria that the Commission should use to evaluate projects for approval, but in general, the criteria proposed sought to clarify or emphasize different aspects of the original set of criteria that the Commission specified in its May 20, 2020 Notice, and to which the Company has already responded.⁵ However, the Department of Commerce additionally proposed that the Commission focus its review of each project by "weighing the incremental cost and benefits of utility investment projects, through the lens of ratepayer impacts."

⁴ If the Commission wishes to group the economic filings, it could utilize sub-dockets as it has with CIP Triennial filings, so, for instance, CenterPoint's sub-docket here for its Tranche I and Tranche II filings would be 20-492.1.

⁵ The Company addressed each of the Commission's criteria for each project in our September 15, 2020 Compliance Filing.

The Company agrees that this may be a helpful way of framing the analysis for each project and believes that if appropriate weight is given to more difficult to quantify benefits such as reductions or avoidance of emissions, access to conservation and clean energy, and safety, all of the projects the Company has proposed are cost-justified even without considering the benefits of job creation during the economic crisis. As a whole, and individually, these proposed investments are in the public interest, writ large.

Nevertheless, in preview to our Tranche I filing, we submit Exhibit A, as a snapshot of the costs and benefits of each of the Tranche I projects, as identified at this time. The Company has quantified cost and benefit estimates where feasible and has otherwise provided qualitative descriptions. Additionally, because the Company understands the broader benefits of job growth at this time, Exhibit B provides detail on the methodology the Company used to estimate direct job creation for Tranche I projects. As mentioned above, the Company intends to provide cost-benefit information and more details on job estimates for Tranche II projects in our upcoming filings.

IV. Metrics

Many commenters proposed particular metrics for the utilities to track in relation to economic recovery investments proposed in this docket. The Company has reviewed the various proposals and, again in preview to our Tranche I filing, proposes the following set of metrics for reporting on CenterPoint Energy's proposed investments. The Company proposes to provide ongoing reporting on approved economic recovery dockets on an annual basis until all projects are completed and for the following two years (so that the performance of projects can be evaluated for a period following completion). The Company preliminarily proposes to report on the following for each investment in annual reports:

General Project Information

1. Information on investment status and timeline.

Job Creation & Equity for all investments except Workforce Training and Development

2. Direct jobs by location and by Minnesota residency status.⁶ For purposes of this reporting metric, a direct job would be a new CenterPoint Energy position or CenterPoint Energy contractor or subcontractor labor.
3. Where possible, and to the extent the breakout can be provided without jeopardizing privacy, CenterPoint Energy will also break out direct job creation by union or non-

⁶ The Company is proposing the same kind of reporting that is required in Labor Statistics Reporting for large generation projects. See *In the matter of the Application of Nobles 2 Power Partners, LLC for a Site Permit for the up to 260 MW Nobles 2 Wind Project and Associated Facilities in Nobles County, IP-6964/WS-17-597*, Order Issuing Site Permit for Large Wind Energy Conversion System, at Ordering Point 1 (Jan. 31, 2019).

union, race/ethnicity, sex, disability status, veteran status, and management or non-management role.⁷

4. Where possible, CenterPoint Energy will also report on apprentice work hours.
5. Any specific information CenterPoint Energy has on indirect job creation.
6. Dollars spent with certified minority & women business enterprises (“MWBE”).
7. Where possible, CenterPoint Energy will also break out dollars spent with MWBEs according to the sex and race/ethnicity of ownership.

Job Creation & Equity for Workforce Training and Development

8. Participation in scholarship, internship, or certification programs by race/ethnicity, sex, disability status, and veteran status.⁸

Environmental Benefits

9. Estimated greenhouse gas emissions reduced or avoided.
10. The method used to estimate greenhouse gas emissions reduced or avoided.

Ratepayer/System Impact

11. Costs incurred.
12. System benefits realized.⁹

The Company will continue to evaluate the proposed metrics as they relate specifically to our proposed investments, and we will include a recommendation for applicable metrics in our Tranche I and II filings. At this juncture, we are planning to file an annual report on approved economic recovery investments each year until all projects are completed and for an additional two years (annual reports through 2027 under proposed timelines).

V. Equity Information

The Company already engages in a variety of practices to promote supplier and workforce diversity as outlined in Exhibit C. The Company will continue these practices with respect to the projects proposed in this docket. As described further below, the Company proposes to track and report on a variety of equity-related metrics for the projects proposed in this docket.

The Company believes that most of the projects it has proposed in this docket will be specifically beneficial to historically marginalized communities as follows:

- **Addressing Climate Change:** Accelerated pipe replacement, renewable hydrogen, the high-tech demonstration kitchen, workforce training and diversity, damage prevention campaign, Hennepin County RNG project, and GPS Tagging projects will all reduce CO₂e emissions. Historically marginalized groups will be the most harmed by climate

⁷ In contracts entered into specifically for economic recovery docket projects, the Company will require that contractors and subcontractors compile and provide the Company with this information (subject to employee preferences not to provide certain information to their employer).

⁸ Subject to student/trainee preference not to provide such information.

⁹ While some system benefits will be fairly easy to quantify (e.g. avoided gas costs resulting from renewable hydrogen pilots) other benefits will require estimation (e.g. avoided third-party damages due to damage prevention campaign) and some system benefits may not be quantifiable at all, but can be described qualitatively (developing utility expertise with innovative clean technologies).

change.¹⁰ Accordingly, efforts to combat climate change will have the most benefit to these same groups, all else equal.

- **Keeping Rates Low:** As stated above, the Company believes that all of the projects it has proposed are cost-justified even without considering the benefits of job creation provided all benefits are appropriately considered. However, the LNG Facilities project is an example of a prudent investment to keep rates low and is accordingly of particular benefit to customers who struggle to pay their energy bills.
- **Supporting the Foodservice Industry:** The High-Tech Demonstration Kitchen investment is specifically targeted at helping Minnesota's restaurant and foodservice industry access energy efficiency as it recovers from the pandemic. The foodservice industry has been especially hard hit during the pandemic and has a relatively high proportion of minority-owned businesses compared to other industries.¹¹
- **Workforce Training and Development:** The Company has proposed that twenty percent of the workforce training and development investment be particularly targeted at fostering minority and women owned business enterprises. The Company also anticipates that women and minorities will participate in the other portion of this proposal targeted at supporting the education and training of individual tradespeople.

VI. Conclusion

To summarize, CenterPoint Energy recommends the following procedural path for its proposals:

- Creation of a new Company-specific docket for the Commission's consideration of our Tranche I and II investments. The Tranche I and II filing will include additional analysis on the projects and the corresponding rate recovery options.
- Commission issues Notice of Comments on both filings and each Tranche proceeds on the schedule set by the Commission, in light of with the timing of the state's economic recovery.
- CenterPoint Energy files an annual report on approved economic recovery investments each year until all projects are completed and for an additional two years (annual reports through 2027 under proposed timelines).

The Company thanks the Commission and all of the Commenters for their analysis and input into this docket. The breadth and comprehensiveness of the filings indicate how important this recovery initiative is to the state, and we look forward to continued discussion of how CenterPoint Energy may help our community during this difficult time.

¹⁰ See e.g. Jalonne L. White-Newsome, et al., Am J Public Health (April 2018), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5922198/>.

¹¹ See Katanga Johnson & Jonnelle Marte, Reuters "Why some black-owned U.S. businesses are hardest hit by coronavirus shutdowns", June 16, 2020 ("U.S. black-owned small businesses are highly concentrated in retail, restaurants and other service industries most affected by shutdowns and social distancing."), <https://www.reuters.com/article/us-usa-economy-blackbusiness/why-some-black-owned-u-s-businesses-are-hardest-hit-by-coronavirus-shutdowns-idUSKBN23N34A> (last visited October 27, 2020).

Incremental Costs and Benefits Tranche I Projects			
Project	Proposed Investment	Incremental Costs	Incremental Benefits (Other than Direct Jobs Created)
1.1	Accelerated Pipe Replacement	None ¹²	<p>Approximately 6,000 metric tons CO₂e emissions avoided due to project acceleration, environmental cost value of approximately \$55,000 - \$260,000¹³</p> <p>Approximately 9,500 Dth or \$28,500 of lost gas avoided due to project acceleration</p> <p>Safety benefits as result of reduced gas leakage</p>
1.2	Additional Hydrogen Projects	<p>Approximately \$5.5M in capital costs</p> <p>Ongoing costs for renewable electricity</p>	<p>Reduction of estimated 82,000 metric tons CO₂e emissions, environmental cost value of \$900,000 - \$4.1M</p> <p>Approximately 1.5M Dth or \$4.5M gas not purchased</p> <p>CenterPoint Energy and Minnesota-based engineering contractor gain experience with incorporating hydrogen into gas supply</p> <p>Increases access to clean energy</p>
1.3	High-Tech Demonstration Kitchen	<p>Approximately \$6M in capital costs</p> <p>Ongoing costs for permanent FTEs</p>	<p>Estimated 47,000 metric tons CO₂e emissions avoided with environmental cost value of \$550,000-\$2.3M</p> <p>Approximately 0.9M Dth or \$2.7M in gas not purchased</p> <p>Supports Minnesota restaurant/foodservice industry</p> <p>Increases access to conservation</p>

¹² As stated above, the Company estimates that pipe replacement will cost \$38M, however the Company will incur this expense whether or not the Commission approves project acceleration. The Company expects that without acceleration it will nonetheless be necessary to replace these sections of pipe beginning after 2025.

¹³ All environmental cost estimates in this table use the high and low ranges for environmental cost values of CO₂ emissions for electric generation from *In the Matter of the Further Investigation into Environmental and Socioeconomic Costs Under Minnesota Statutes Section 216B.2422, Subdivision 3*, Docket No. E-999/CI-14-643, Order Updating Environmental Cost Values (Jan. 3, 2018).

Incremental Costs and Benefits Tranche I Projects			
Project	Proposed Investment	Incremental Costs	Incremental Benefits (Other than Direct Jobs Created)
1.4	Workforce Training and Development	Approximately \$1M in upfront costs	<p>Goal to support 150 tradespeople</p> <p>Gas saving and CO₂e emissions avoidance likely associated with more energy efficiency contractors</p> <p>Increases access to conservation</p>
1.5	Damage Prevention Campaign	Approximately \$7.5M	<p>Estimated 1,850 metric tons CO₂e emissions reduced, environmental cost value of \$20,000-\$90,000.</p> <p>\$80,000 in system costs to repair leaks</p> <p>Safety benefit from fewer leaks</p>
1.6	Hennepin County RNG Project	TBD	<p>Estimated 9,788-15,081 metric tons CO₂e emissions reduced annually</p> <p>Supports Hennepin County organics recycling program</p> <p>Increases access to clean energy</p>

Job Estimates for Tranche I Projects			
Project	Proposed Investment	Estimated Jobs	Methodology/Job Descriptions
1.1	Accelerated Pipe Replacement	47-63 FTE construction contractors per year	<p>The Company estimates needing four crews for the first three years of the project and three crews for the final year with each crew working 160 days of each year. Each crew for 160 days equates to approximately 15.75 FTEs.</p> <p>Skilled and unskilled positions will be created. Some examples of positions include foreman, welder, laborer, vactruck operator, truck driver, backhoe operator, engineer, and construction inspector.</p>
1.2	Additional Hydrogen Projects	1.5 FTE contractors per year	Estimate includes time for engineering design/analysis and construction. Primarily skilled labor, and particularly engineering time, is needed for these projects.
1.3	High-Tech Demonstration Kitchen	30 FTE contractors; 3 permanent FTE	<p>Total construction cost estimates are based on a proposal received from a construction firm. While the proposal did not break out labor costs, the Company assumed that labor likely represented at least 20% of total construction costs. 20% of total costs included in the proposal was approximately \$1.2M or 30 FTEs at a salary of \$40,000.</p> <p>The Company anticipates needing three permanent FTEs to manage the building and kitchen.</p>
1.4	Workforce Training and Development	Goal to support 150 tradespeople	As described in the Company's September 15, 2020 Compliance Filing, this is the Company's goal for the project.

Job Estimates for Tranche I Projects			
Project	Proposed Investment	Estimated Jobs	Methodology/Job Descriptions
1.5	Damage Prevention Campaign	36 FTE contractors per year	<p>The Company estimates needing only a partial FTE for finalization of digitalization of CenterPoint Energy's line records.</p> <p>The Company estimates hiring 10 additional field auditors to support the city ambassadors project (one auditor for every two cities).</p> <p>The Company estimates hiring 10 additional field auditors to increase auditing of excavators with the most locate requests and 5 additional field auditors to increase auditing of excavators with most damage incidents.</p> <p>No new FTEs are associated with increased locator training, but the Company would pay an estimated 115 locators for additional training time.</p> <p>The Company estimates 11 FTEs for repairing/replacing tracer wires and marker balls and estimates that the project will take approximately three years.</p>
1.6	Hennepin County RNG Project	15-20 permanent FTEs; 30-40 FTEs during construction	Job estimates provided by Hennepin County; more detail will be provided in future filing specific to Hennepin County RNG project

CenterPoint Energy Workforce and Supplier Diversity Current Practices Summary

I. Recruitment

- CenterPoint Energy contracts with localjobnetworks.com in Minneapolis to source qualified candidates representative of minority, female, veteran, and individuals with disabilities within a 30-mile radius of the zip code in which we are posting a job.
- Localjobnetworks guarantees CenterPoint Energy one qualified candidate from each of those groups for every job posted.
- As an example, a recent Appliance Repair Technician local Job posting targeted 48 diversity/minority organizations, 35 non-profits that focus on individuals with disabilities, 42 veterans organizations and 5 organizations that focus on women.

II. Supplier Diversity

- Consideration of supplier diversity is a standard part of the Company's Request for Proposal process.
- CenterPoint Energy maintains a corporate relationship and support of the North Central Minority Supplier Development Council (NCMSDC) – one of 23 affiliate councils of the National Minority Supplier Development Council (NMSDC) that provides:
 - Advocacy, development and certification for Minority Business Enterprises/MBE (Hispanic American, African American, Asian Pacific, Asian Indian, Native American) for company's seeking primarily to procure product and services in Minnesota
 - Access to the regional database that provides statistics on certified Minority Business Enterprises for procurement opportunities
- CenterPoint Energy participates in the annual NCMSDC Business Opportunity Exchange – the council's premier forum that brings together Minority Business Enterprises and procurement and supplier diversity professionals from all industries for networking and one on one meetings to discuss sourcing opportunities.
- CenterPoint Energy began providing an analysis of supplier diversity spending in its annual CIP Status Reports in 2017, and is, so far, the only utility providing such an analysis.

III. Mentorship

- Since 2016, CenterPoint Energy has expanded its Home Service Plus ("HSP") internship program from two to eighteen HVAC technician internship positions. The Company works directly with local technical schools, including: Century College, Dunwoody College of Technology, Hennepin Technical College, and Minneapolis Community Technical College, to recruit potential interns. Approximately 75% of the Company's past HSP interns have stayed on for full-time employment.
 - In 2020, the HSP internship program was put on hold while the Company worked to develop Covid-19 safety protocols to protect interns and employees. The

program will recommence in 2021 with new safety protocols in place to prevent the spread of Covid-19.

- CenterPoint Energy works with the Minnesota Department of Labor and Industry and our local trade unions to hire apprentices in Technical Field Operations and typically have several apprentices at any given time.
- Since 2012, CenterPoint has hosted 14 Minneapolis Step Up program interns representative of diverse communities across Minneapolis.

CERTIFICATE OF SERVICE

Erica Larson served the above Reply Comments of CenterPoint Energy to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/

Erica Larson
Regulatory Analyst
CenterPoint Energy