

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

Katie Sieben	Chair
Joseph Sullivan	Vice-Chair
Hwikwon Ham	Commissioner
Audrey Partridge	Commissioner
John Tuma	Commissioner

In the Matter of Minnesota Power’s Petition for  
Approval of a Rider for Customer Affordability  
of Residential Electricity (CARE)

Docket No. E-015/M-11-409

**Initial Comments of the Citizens Utility Board of Minnesota  
and the Legal Services Advocacy Project**

The Citizens Utility Board of Minnesota (“CUB”) and the Legal Services Advocacy Project (“LSAP”) respectfully submit these comments in response to the Minnesota Public Utilities Commission’s (“Commission”) Notice of Comment issued on March 20, 2025 in the above-referenced matter.

**I. Background**

In its 2009 general rate case, Minnesota Power (the “Company”) was directed to “develop and propose a program to address the needs of low-income, high-usage residential customers” and to file regular compliance reports consistent with the requirements of Minn. Stat. § 216B.16, Subd. 15.<sup>1</sup> The Company’s Customer Affordability of Residential Electricity (“CARE”) program was subsequently approved by the Commission and remains an important assistance resource for residential customers throughout northern Minnesota.<sup>2</sup> As designed, the program is intended to “ensure affordable, reliable, and continuous service” for eligible participants by lowering the percentage of household income devoted to energy bills, decreasing or eliminating arrears, and reducing service disconnections.<sup>3</sup>

In order to qualify for CARE, customers generally must be approved as qualified for the federal Low-Income Home Energy Assistance Program (“LIHEAP”). If customers are not enrolled in LIHEAP, they can self-declare their income and receive CARE benefits on a provisional basis, with continued

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<sup>1</sup> *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-015/GR-09-1151, Findings of Fact, Conclusions, and Order at 72, Order Point 25 (Nov. 2, 2010).

<sup>2</sup> *See In the Matter of Minnesota Power’s Petition for Approval of a Rider for Customer Affordability of Residential Electricity (CARE)*, Docket No. E-015/M-11-409, Order Authorizing Pilot Program and Setting Further Requirements (Sep. 26, 2011) (approving initial petition to implement affordability program).

<sup>3</sup> Minn. Stat. 216B.16, Subd. 15(a) – (c).

eligibility dependent on LIHEAP approval within one year of self-declaration.<sup>4</sup> This process streamlines accessibility to CARE and allows customers to receive assistance benefits even if the LIHEAP application period has closed.

Minnesota Power's CARE program provides varying levels of assistance to enrolled participants. A monthly bill credit of \$20 is provided to LIHEAP recipients and self-declared low-income customers who are seniors, disabled, or legacy CARE participants.<sup>5</sup> In addition, customers with past-due balances at the time of enrollment are offered 24 months over which to pay down arrears, with the Company matching customer contributions through an arrearage forgiveness credit. Customers must be legacy CARE participants or receive affordability discounts in order to qualify for assistance with their past-due bills.<sup>6</sup> An average of three customers per month received arrearage forgiveness credits during the 2024 program year, with payments ceasing in June 2024 due to a lack of matchable arrears.<sup>7</sup> Lastly, a percentage-of-income Affordability Discount is provided to select customers to limit energy burdens to three percent of household income.<sup>8</sup> This portion of the CARE program was closed to new enrollees partially through the 2023 program year, with otherwise qualified customers now being added to a waitlist.<sup>9</sup>

The annual compliance report for the 2024 CARE program year was filed on March 3, 2025. Within that report, Minnesota Power details the program's role in reducing arrearages and disconnections, increasing payment frequency, and rendering electricity more affordable for low-income households. The Company also requests to lower the program surcharge for non-participating customers to align with the program's budget and prevent anticipated over-recoveries during the 2025 program year. Under the Company's proposal, the surcharge would be reduced by approximately 47 percent for the residential and general service classes; 34 percent for the large light and power class; and 63 percent for the large power class.<sup>10</sup>

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<sup>4</sup> Minnesota Power, Electric Rate Book – Vol. I, Section V, Page 92.0, <https://minnesotapower.blob.core.windows.net/content/Content/Documents/CustomerService/mp-ratebook.pdf> (last accessed Apr. 14, 2025)

<sup>5</sup> See *In the Matter of Minnesota Power's Petition for Approval of a Rider for Customer Affordability of Residential Electricity (CARE)*, Docket No. E-015/M-11-409, Minnesota Power Annual CARE Report for the 2024 Program Year at 2 (Mar. 3 2025) (hereinafter "2024 Annual CARE Report").

<sup>6</sup> See Minnesota Power, Electric Rate Book – Vol. I, Section V, Pages 92.0 - 92.3, <https://minnesotapower.blob.core.windows.net/content/Content/Documents/CustomerService/mp-ratebook.pdf> (last accessed Apr. 14, 2025) (explaining that customers must either receive affordability credits or have been enrolled in CARE "as of September 30, 2019 or prior to the initial offering of the flat and affordability discounts . . . whichever is later" in order to receive arrearage forgiveness assistance).

<sup>7</sup> 2024 Annual CARE Report at 20-21.

<sup>8</sup> *In the Matter of Minnesota Power's Petition for Approval of a Rider for Customer Affordability of Residential Electricity (CARE)*, Docket No. E-015/M-11-409, Order Accepting Report and Approving Program Changes at 4 (Oct. 30, 2019) (initially approving percentage-of-income discount).

<sup>9</sup> 2024 Annual CARE Report at 9; see also Minnesota Power, *CARE: Customer Affordability of Residential Electricity*, MNPPOWER.COM, <https://www.mnpower.com/customerservice/careprogram> (last visited Apr. 1, 2025) (stating that "The Affordability Discount portion of the CARE program is at maximum capacity and applications are closed. A waiting list has been created and can be accessed through the link below. If funding becomes available, a representative from Minnesota Power will contact customers in the order received").

<sup>10</sup> 2024 Annual CARE Report at 23-24.

## II. Analysis

Minnesota Power customers face increasing affordability challenges. Since 2023, the Company's residential customers have borne more than a 14 percent increase in rates as a result of two general rate cases.<sup>11</sup> This has placed a significant burden on northern Minnesota households, with more residential disconnections being carried out by Minnesota Power in 2024 than any other year in the past decade.<sup>12</sup>

The CARE program's Affordability Discount can provide meaningful relief to qualified households. For this reason, CUB and LSAP recommend Minnesota Power undertake steps to increase the program's budget with the goal of reopening the affordability discount portion of CARE at the start of the next program year.

### ***A. Percentage-of-income offerings are well-designed to accomplish the objective of residential energy affordability.***

The CARE program is well-designed and provides valuable assistance to Minnesota Power's residential customers. In particular, the percentage-of-income Affordability Discount helps increase utility affordability for qualified low-income households. The Affordability Discount provides varying benefit amounts to participants based on a target that each participating household pay three percent of household income toward its electricity bill.<sup>13</sup> By tailoring benefits based on income, customers are provided with individualized assistance that better enables them to stay current on utility bills, increase payment frequency, avoid disconnection, and materially contribute to fulfilling the other statutory factors outlined in Minn. Stat. § 216B.16, Subd. 15.

In this way, the Affordability Discount portion of Minnesota Power's CARE program is especially effective at maintaining customers' ability to pay for utility services. While flat discounts provide important benefits, they do not distinguish between the needs of each individual household, nor do they cover the full amount necessary to reduce energy burden to affordable levels for all customers. As evidenced by Minnesota Power, the flat discount provides customers with an annual benefit of \$238, while the average percentage-of-income participant receives a much more meaningful discount of \$1,332.<sup>14</sup> This additional \$1,094 in assistance is necessary to guarantee electric bills are affordable, based on each household's respective income.

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<sup>11</sup> *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E015/GR-21-335, Findings of Fact, Conclusions, and Order (Feb. 28, 2023) (issuing a final order on Minnesota Power's 2021 general rate case), Interim Rate Refund Proposal at 1 (Jun. 14, 2023); *In the Matter of the Application of Minnesota Power for Authority to Increase Electric Service Rates in the State of Minnesota*, Docket No. E015/GR-23-155, Order Accepting and Adopting Agreement Setting Rates at 5 (Nov. 25, 2024) (collectively showing that residential rates were increased in the rate cases by 9.39 and 4.86 percent, respectively).

<sup>12</sup> See generally Docket No. E,G-999/PR-25-02, Minnesota Power February 2025 Residential Customer Status Report, Tab 4 "Annual" (Mar. 20, 2025).

<sup>13</sup> 2024 Annual Care Report at 6.

<sup>14</sup> Minnesota Power's Response to CUB Information Request 002, attached as Ex. CUB-02.

**B. *Reopening the percentage-of-income portion of CARE would enable households struggling with energy costs to access meaningful assistance.***

Minnesota Power closed the percentage-of-income Affordability Discount portion of CARE during the 2023 program year.<sup>15</sup> As currently designed, the \$20 flat discount is only available to eligible low-income customers who are seniors, who have household members with disabilities, or who are legacy recipients of CARE.<sup>16</sup> In contrast, the Affordability Discount—when open—is available to all eligible customers whose energy burden exceeds three percent of household income.<sup>17</sup> Because this portion of the program is currently closed to new participants, customers that do not meet one or more of the qualifying criteria for the flat discount are unable to receive any assistance through CARE.<sup>18</sup>

Reopening the Affordability Discount would improve accessibility to assistance resources and provide greater benefit amounts for those households with high energy burdens. CUB and LSAP strongly support this approach and have engaged in discussions with Minnesota Power about how best to effectuate program changes. We agree with the Company that stakeholder meetings would allow parties to thoughtfully propose an updated budget and associated surcharge, and address other topics relevant to reopening the Affordability Discount.

For this reason, we recommend the Commission order Minnesota Power to convene a stakeholder process that addresses the following issues:

- a. Determine a new, higher budget threshold that will allow the percentage-of-income Affordability Discount to be reopened to new participants;
- b. Determine the associated customer surcharge required to support this budget;
- c. Consider improvements to communications and outreach strategies to inform customers of programmatic revisions and raise awareness of assistance resources; and
- d. Consider what, if any, changes to reporting are warranted.

Minnesota Power would then file the outcome of the stakeholder negotiations, ideally by August 1, 2025, with the goal of implementing changes prior to the new program year commencing on October 1, 2025. Upon filing, we respectfully suggest the Commission could affirm the necessary programmatic revisions either through its consent agenda or a 30-day negative check-off prior to implementation.

If the Commission approves this pathway for identifying and implementing program revisions, CUB and LSAP are comfortable with Minnesota Power's proposal to temporarily reduce the CARE affordability surcharge in order to maintain the current program budget. A subsequent surcharge

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<sup>15</sup> 2024 Annual CARE Report at 9.

<sup>16</sup> See Minnesota Power, Electric Rate Book – Vol. I, Section V, Page 92.0.

<sup>17</sup> *Id.*

<sup>18</sup> Arrearage forgiveness benefits are also only available to legacy customers or those already receiving the percentage-of-income affordability discount. See Minnesota Power, Electric Rate Book – Vol. I, Section V, Page 92.2.

increase will likely be necessary to expand the Affordability Discount prior to the next program year, based on the proposed budget developed during the stakeholder process.

Given that any resulting changes will not be implemented until this fall, CUB, LSAP, and Minnesota Power are continuing to discuss options for reducing disconnection risks for customers during the intervening months.

***C. Risks to the Energy Assistance Program may necessitate additional programmatic changes.***

The federal government recently announced the layoffs of more than 10,000 employees of the Department of Health and Human Services, including the entire staff responsible for administering the Low-Income Home Energy Assistance Program ("LIHEAP").<sup>19</sup> This raises serious questions about the availability of future program funding, which would affect the CARE program as well as affordability programs administered by other Minnesota utilities.

In addition to providing essential assistance to energy-burdened households, receiving LIHEAP is a prerequisite for enrolling in most utilities' affordability programs. Even with the option to self-declare household income in Minnesota Power's CARE program, households must be approved for LIHEAP within one year to continue receiving assistance.

If LIHEAP were to be reduced or eliminated at the federal level, programmatic changes would be necessary to allow utility affordability programs to continue to operate. The Minnesota Legislature is currently considering statutory changes to address these concerns by altering eligibility requirements to no longer be dependent on energy assistance. While being approved for LIHEAP would still provide a pathway for verifying eligibility, alternative qualification methods could be established by the Commission should the need arise.<sup>20</sup>

The Commission can take interim steps to protect customers as well. In its recent decision on Xcel Energy's Gas Affordability Program ("GAP"), the Commission ordered Xcel to continue providing assistance payments to qualifying households if the LIHEAP funds remaining for the 2025 fiscal year are not made available to the state.<sup>21</sup> We appreciate the proactive efforts undertaken to mitigate the impact of federal actions on utility affordability programs and recommend a similar directive be established for Minnesota Power. This approach would allow the CARE program to continue providing valuable assistance resources to low-income households.

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<sup>19</sup> Brad Plumer, *Entire Staff Is Fired at Office That Helps Poorer Americans Pay for Heating*, NEW YORK TIMES (Apr. 2, 2025).

<sup>20</sup> Minn. S.F. 2393, Art. 2, Sec. 4, 1st Engrossment (2025).

<sup>21</sup> *In the Matter of Xcel Energy's 2021 Gas Affordability Program Evaluation Report*, Docket No. G-002/M-22-257, Commission Order at 1, Order Point 4 (Jan. 31, 2025).

### III. Conclusion

CUB and LSAP recommend the Commission take the following actions to expand the value and reach of Minnesota Power's CARE program:

1. Require Minnesota Power to convene a stakeholder process that addresses the following issues:
  - a. Determine a new, higher budget threshold that will allow the percentage-of-income affordability discount to be reopened to new participants, with the goal of implementing changes at the start of the next program year (October 1, 2025);
  - b. Determine the associated customer surcharge required to support this budget;
  - c. Consider improvements to communications and outreach strategies to inform customers of programmatic revisions and raise awareness of assistance resources; and
  - d. Consider what, if any, changes to reporting are warranted.
2. Require Minnesota Power to file a report and recommendation in the instant docket detailing the outcome of the stakeholder process by August 1, 2025.
3. In the event the low-income home energy assistance program ("LIHEAP") funding is discontinued by the federal government and Minnesota does not receive its Spring 2025 LIHEAP payment, Minnesota Power shall continue to provide CARE funding to ratepayers who have received energy assistance from LIHEAP any time in federal fiscal year 2024. In the event this provision is triggered, Minnesota Power shall file an update related to CARE funding with the Commission on or before October 1, 2025.

Sincerely,

April 17, 2025

/s/ Annie Levenson-Falk

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**Citizens Utility Board of Minnesota  
Information Requests**

Date of Request: March 31, 2025

Requested By: Brandon Crawford  
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Requested From: Minnesota Power

Request Due: April 14, 2025

**In the Matter of Minnesota Power's Petition  
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**MPUC Docket No. E-015/M-11-409**

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Please copy the following individuals on all responses to CUB information requests: Annie Levenson-Falk ([annielf@cubminnesota.org](mailto:annielf@cubminnesota.org)); Brian Edstrom ([briane@cubminnesota.org](mailto:briane@cubminnesota.org)); Olivia Carroll ([oliviac@cubminnesota.org](mailto:oliviac@cubminnesota.org)); and Brandon Crawford ([brandonc@cubminnesota.org](mailto:brandonc@cubminnesota.org)).

2. Reference Tables 5 and 6 on page 17 of Minnesota Power's Annual CARE Report. Please replicate these tables and provide separate information for customers receiving affordability discounts:

Table 5: CARE Average Participant's Average Discount, Bill, and Arrears Amounts

Designation	Number of Participants or Bills		Annual Total		Annual Average		Monthly Average	
	Affordability Discount [a]	No Affordability Discount [b]	Affordability Discount [c]	No Affordability Discount [d]	Affordability Discount	No Affordability Discount	Affordability Discount	No Affordability Discount
					[e]=[c]/[a]	[f]=[d]/[b]	[g]=[e]/12	[h]=[f]/12
Average Bill Credit or Discount Amount								
Average Total Billed Amount								
Average Arrearage Amount								

Table 6: CARE Participant Billing Impact

Designation	Affordability Discount Participants			Average per Customer	
	Total Amount	Monthly Amount	# of Customers	Annual	Monthly
CARE Customer Bill					
Average Bill Credit or Discount Amount					
CARE Arrears					
	Non-Affordability Discount Participants			Average per Customer	
	Total Amount	Monthly Amount	# of Customers	Annual	Monthly
CARE Customer Bill					
Average Bill Credit or Discount Amount					
CARE Arrears					

**Response:**

Tables 5 & 6 in the CARE Annual Filing are essentially the same data. Going forward, the Company will only include one of these tables and remove that duplication. For this information request, to accommodate the delineation requested and best align with the CARE Tracker, discount and participant data is based on discounts provided in the referenced month. This methodology differs from that used for participation counts in the broader CARE filing. These tables are not exactly as requested, but they do break down total discounts by discount type.

Table 5: CARE Average Participant's Average Discount, Bill, and Arrears Amounts

Average Bill and Arrears for CARE Average Participants, October 1, 2023 to September 30, 2024				
Designation	Number of Participants or Bills	Annual Total	Average	
			Annual Total	Monthly Total
	[a]	[b]	[c]=[b]/[a]	[d]=[c]/12
Average Bill Credit or Discount Amount	9,832	\$ 3,401,900	\$ 346	\$ 29
Affordability Discount	884	\$ 1,177,277	\$ 1,332	\$ 111
Flat Discount	9,347	\$ 2,224,624	\$ 238	\$ 20
Average Total Billed Amount	13,577	\$ 8,101,584	\$ 597	\$ 50
Average Arrearage Amount	1,841	\$ 457,200	\$ 248	\$ 21

Table 6: CARE Participant Billing Impact

Average Bill and Arrears Billing Impact for CARE Average Participants, October 1, 2023 to September 30, 2024					
Designation	CARE Discount Participants			Average per Customer	
	Total Amount	Monthly Amount	Number of Customers	Annual Amount	Monthly Amount
CARE Customer Bill	\$ 8,101,584	\$ 675,132	13,577	\$ 597	\$ 50
Affordability Discount	\$ 1,177,277	\$ 98,106	884	\$ 1,332	\$ 111
Flat Discount	\$ 2,224,624	\$ 185,385	9,347	\$ 238	\$ 20
CARE Arrears	\$ 11,542	\$ 962	3	\$ 3,847	\$ 321