

## Staff Briefing Papers

**Meeting Date** June 26, 2025

**Agenda Item \*4**

**Company** Minnesota Power

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

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

**Issues**

1. Should the Commission accept Minnesota Power's (MP) 2024 Annual CARE Program Report?
2. Should the Commission approve MP's proposed reduction to its Affordability Surcharge?

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✓ Relevant Documents	Date
Minnesota Power 13 <sup>th</sup> Annual CARE Report	March 3, 2025
Minnesota Power Initial Comments	April 16, 2025
Minnesota Department of Commerce Initial Comments	April 16, 2025
Citizens Utility Board of Minnesota and Legal Services Advocacy Project Joint Initial Comments	April 17, 2025
Energy CENTS Coalition Initial Comments	April 30, 2025
Minnesota Power Reply Comments	April 30, 2025

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

## I. Statement of the Issues

1. Should the Commission accept MP's 2024 Annual CARE Program Report?
2. Should the Commission approve MP's proposed reduction to its Affordability Surcharge?

## II. Background of CARE Program

Per the energy affordability program statute – Minn. Stat. § 216B.16, subd. 15, Minnesota Power offers its affordability program, Customer Affordability of Residential Electricity (CARE).<sup>1</sup> The program began on November 1, 2011. The CARE Program has three offerings:

- 1) *A flat monthly bill discount of \$20.*

The \$20 discount is offered to LIHEAP recipients and self-declared low-income customers who are seniors, disabled, or legacy CARE participants.

- 2) *An affordability discount that reduces the energy burden to 3% of a household's income.*

The affordability discount was closed to new enrollees partway through the 2023 program year and is now closed to new enrollees.

- 3) *An arrearage forgiveness credit for customers that have past due balances when enrolling for 24 months that the Company will match.*

Customers must be legacy CARE participants or receive affordability discounts to qualify for assistance with their arrears. An average of three customers per month received arrears forgiveness credits during the 2024 program year. Payments ceased in June 2024 due to a lack of matching arrears from the Company.<sup>2</sup>

If a customer misses two consecutive monthly payments, they are removed from the program. Enrollment drops every year after May 1, which is the end of the grace period and when MP runs its reconciliation as to whether customers have been EAP-approved.

Most notably, the CARE program allows for self-declaration of income. After one year on the program, a customer must establish Low-Income Home Energy Assistance Program (LIHEAP or EAP) eligibility or renewal or be removed from CARE.

MP worked with CAO to streamline reenrollment, and the Company will be sending confirmations of the updated discount percentages to customers who remain income eligible.

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<sup>1</sup> [Minn. Stat. § 216B.16, subd. 15 Low-income affordability programs.](#)

<sup>2</sup> MP seemingly closed the Affordability Discount of its own discretion. From the 2023 CARE Report, "At this time, due to program budget restraints, the Affordability Discount portion of the CARE program is closed to new participants and accumulating a waitlist." At p. 11

As a result, customers have the option to opt-out rather than opting-in.

MP will be conducting focus group engagement in 2025 to inform how the Company can keep self-declaration customers on the program by gaining EAP approval or are above EAP income thresholds.

This will entail surveying customers and in-person focus groups with the primary objective to gain insights about discount awareness, understanding regarding continued eligibility requirements, and barriers to pursuing EAP approval.<sup>3</sup>

### III. 13<sup>th</sup> Annual CARE Program Report

#### A. Program Funding

The CARE program is funded by the Affordability Surcharge (Surcharge). It has been in effect since June 1, 2023. It is not charged to EAP-approved customers and Lighting Class customers.

The CARE tracker balance at the end of the 2024 program year was approximately -\$484,000. There was a \$1.4 million deficit at the end of the 2023 program year, which was largely driven by a combination of the COVID-19 disconnection moratorium,<sup>4</sup> program modifications, and expanded CARE eligibility. The tracker deficit has been trending downward since June 2023. In its report, MP projected a near zero balance in December 2024 and says that “if the Surcharge is not decreased, will over collect in program year 2025.”<sup>5</sup>

The administrative costs for the 2024 program year totaled \$20,747, which is within the limit of 5% of the program budget.<sup>6</sup>

The existing Affordability Surcharge has no effect on MP’s revenue requirements. The surcharge is applied to other firm electric customers offset by the discount offered to CARE program participants and monitored through a tracker.

#### B. Program Metrics

The total number of participants at any point within the 2024 program year was 13,580

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<sup>3</sup> MP 2024 CARE report, March 3, 2025, p. 23.

<sup>4</sup> On March 25, 2020, the Commission and the Department of Commerce sent a joint letter to all utilities requesting a halt to all service disconnections in Docket No. 20-375 as a response to the COVID-19 pandemic outbreak while Emergency Order 20-01, issued by Governor Walz, was in place. In its May 26, 2021 Order in Docket No. 20-375, the Commission allowed a resumption of disconnections on August 2, 2021. As a result, for 17 months, utilities were under a disconnection moratorium. Thus, any historical data from 2020-2021 show the effects of the disconnection moratorium.

<sup>5</sup> MP 2024 CARE report, March 3, 2025, p. 8.

<sup>6</sup> **Minn. Stat. § 216B.16, subd. 15 Low-income affordability programs.**

(d) The commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis. The commission may not allow a utility to recover administrative costs, excluding start-up costs, *in excess of five percent of total program costs*, or program evaluation costs in excess of two percent of total program costs.

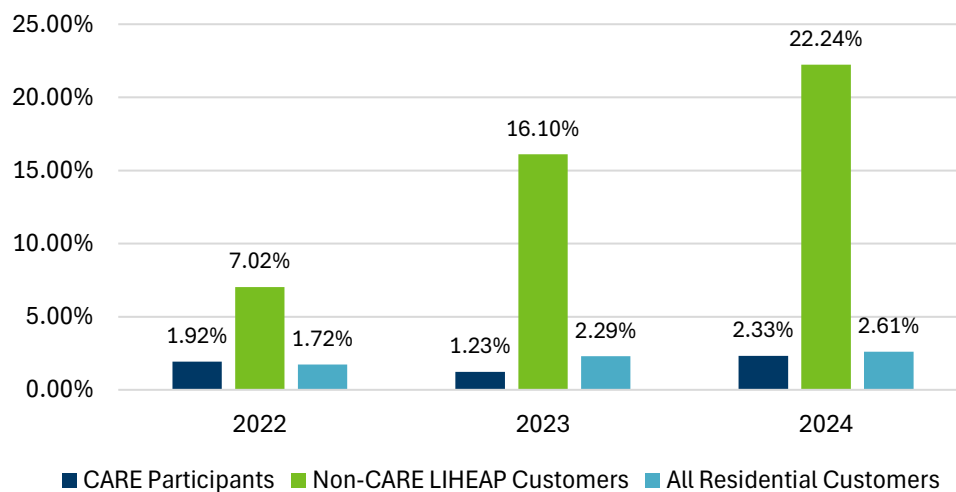
customers. At the end of the 2024 program year, there were 6,615 active participants.

Retention rates greatly decreased in 2024, because MP has been able to remove customers after the disconnection moratorium ended, and the first-year exception for self-declared customers ended. This is in addition to the typical reasons for program removal – customers missing two consecutive monthly payments and customers leaving MP’s service territory. A total of 7,538 customers were removed in 2024. When a customer is removed from the CARE program, the Company provides an onbill message.

On average, CARE participants paid 78% of billed amounts and 77% of their monthly bills in 2024. Self-declared CARE participants paid 95% of billed amounts and 89% of their monthly bills. MP points to past comments from the Department in the instant docket that it is unclear if CARE has increased frequency of payments absent a comparison between payment frequency before and after CARE customers are on the program.<sup>7</sup>

MP’s disconnection rates for all customers were higher in 2024 as compared to 2023. The Company attributes this to the disconnection moratorium ending and says the “disconnection rate in program year 2024 continued to trend toward more typical years.”<sup>8</sup> The figure below displays disconnections over the last three years comparing CARE customers, LIHEAP households that don’t participate in the CARE program, and all of MP’s residential customers.

**Figure 1: Disconnection Rates (2022-2024)<sup>9</sup>**

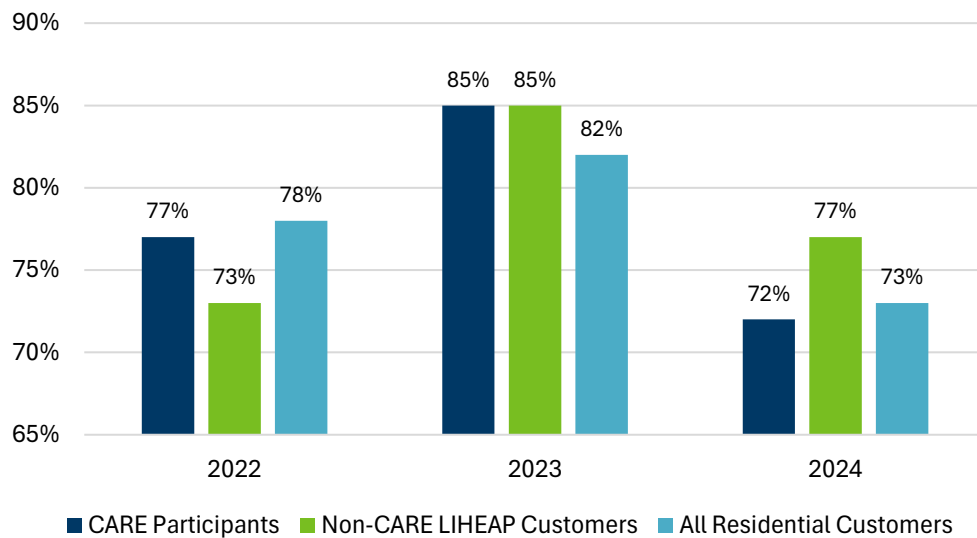


Likewise, MP said that reconnections had decreased for all customer groups. Figure 2 shows reconnection rates for CARE customers, LIHEAP households that don’t participate in the CARE program, and all residential customers.

<sup>7</sup> MP 2024 CARE report, March 3, 2025, p. 20.

<sup>8</sup> MP 2024 CARE report, March 3, 2025, p. 21.

<sup>9</sup> MP 2022, 2023, and 2024 CARE reports. Figure shows disconnections between October 1 – September 30 time periods.

**Figure 2: Reconnection Rates (2022-2024)<sup>10</sup>**

Staff notes that MP's disconnection and reconnection rates, along with other service quality metrics, will be more closely examined in Docket No. 25-29, the Company's Safety, Reliability, and Service Quality (SRSQ) report.

The average CARE participants' bill credit or discount amount was \$29 per month in 2024.<sup>11</sup>

Using its Arrearage Forgiveness match, MP matched \$11,542 for an average of three customers in 2024.

These low numbers reflect the EAP arrears paydown event in August of 2022 and the high retention rate for CARE customers receiving the Affordability Discount, as Arrearage Forgiveness is established at the time of enrollment.<sup>12</sup>

CARE customers used the least amount of electricity – 457 average kWh per month – as compared to non-CARE LIHEAP customers (533 kWh) and standard residential customers (679 kWh).<sup>13</sup>

MP uses four main outreach channels to publicize CARE – targeted, mass, online/social media, and community events/collaborative services – and has found that targeted mailings, outbound phone calls, and community events to be the most impactful.

Minnesota Power operates its Energy Partners program, which “focuses on collaborating with tribal governments and community agencies to provide income-eligible customers with educational resources and energy-efficient products and services to help them use energy more

<sup>10</sup> MP 2022, 2023, and 2024 CARE reports. Figure shows disconnections between October 1 – September 30 time periods.

<sup>11</sup> MP 2024 CARE report, March 3, 2025, p. 17.

<sup>12</sup> MP 2024 CARE report, March 3, 2025, p. 20.

<sup>13</sup> MP 2024 CARE report, March 3, 2025, p. 18.

efficiently for the long term.”<sup>14</sup> MP works with the following tribal governments and community organizations to promote CARE:

- Fond du Lac Band of Lake Superior Chippewa
- Kootasca Community Action
- Lakes and Pines Community Action
- Mahube-Otwa Community Action
- TCC Action Partnership

#### IV. Surcharge Proposal

MP is proposing to reduce its Affordability Surcharge as Table 1 displays:

**Table 1: Proposed Affordability Surcharge<sup>15</sup>**

<i>Customer Class</i>	<b>Current Surcharge</b>	<b>Proposed Surcharge</b>	<b>\$ Decrease</b>	<b>% Decrease</b>
<i>Residential</i> <i>Except LIHEAP-qualified customers</i>	\$2.41	\$1.28	<b>-\$1.13</b>	-66.3%
<i>General Service</i>	\$4.01	\$2.13	<b>-\$1.88</b>	-46.9%
<i>Large Light &amp; Power</i>	\$26.74	\$17.73	<b>-\$9.01</b>	-33.7%
<i>Large Power</i>	\$1,826.31	\$675.86	<b>-\$1,150.45</b>	-63%

The program has maintained a negative CARE tracker balance through the Affordability Surcharge. More funds have been provided in discounts as compared to funds collected through the Surcharge. As of September 30, 2024, the CARE tracker balance was just under (\$484,000).

MP justifies the reduction as:

Though the Company has seen an exceptional response rate to its self-declaration outreach, particularly by senior customers, with the requirement for EAP approval for self-declared customers to remain on CARE total customer discounts have trended downward and levelized at a lower amount overall, as was anticipated.<sup>16</sup>

There was an exceptional response rate to its self-declaration outreach initially, but CARE discounts have trended downward and levelized at lower amount overall. Therefore, MP has been anticipating a corresponding decrease in participation by maintaining the current Affordability Surcharge in future program years. The Company has gained insight on the magnitude of the conversion rates of CARE participants from self-declaration to EAP-approved.

<sup>14</sup> MP 2024 CARE report, March 3, 2025, p. 21.

<sup>15</sup> MP 2024 CARE report, March 3, 2025, p. 24. See Attachment C for redlined and clean versions of current tariff sheet for the CARE rider. \$ Decrease and % Decrease columns from DOC comments, April 16, 2024, Table 2, p. 5.

<sup>16</sup> MP 2024 CARE report, March 3, 2025, p. 24.

## V. Party Comments

### A. Minnesota Power Initial Comments

The PUC's Notice of Comment Period asked the Company the following question:

CARE Program participants that use the self-declaration process to enroll must become approved for EAP before the May 1 grace period. Describe at what interval MP flags these accounts and describe the outreach efforts MP deploys to keep these customers on the CARE Program leading up to May 1.<sup>17</sup>

MP says that the self-declaration process uses eligibility from other programs. MP receives acceptance in the following program:

- Supplemental Nutrition Assistance Program (SNAP)
- Minnesota Family Investment Program (MFIP)
- Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
- Temporary Assistance for Needy Families (TANF)
- Food Distribution Program on Indian Reservations
- Supplemental Security Income (SSI)
- MinnesotaCare
- Household income at 60 percent of State Median Income ("SMI") threshold<sup>18</sup>

Customers must check a box that they have been accepted to one of these programs to self-declare for CARE. Within one year, the customer must be accepted to LIHEAP. MP also has a May 1 grace period as described in more detail below:

For consistency with other CARE Program provisions, the grace period of May 1st under CARE is followed, meaning customers have until the May 1st following their initial one-year self-declaration anniversary to receive EAP approval and stay in the program. By filtering accounts based on enrollment dates, the Company can identify which participants need EAP approval before the May 1 grace period deadline. If they are not EAP-approved by this deadline, they are removed from the CARE Program.<sup>19</sup>

The self-declarations are recorded in the billing system with an effective date. In addition, the Company can place a flag on the account if the customer identifies that there is a senior aged 62 or older or a disabled individual in the household.

MP encourages EAP enrollment through two communications:

- 1) A first letter is sent in October, which informs customers of the timeline for EAP

<sup>17</sup> Notice of Comment Period, March 20, 2025.

<sup>18</sup> Minnesota Power initial comments, April 16, 2025, pp. 1-2.

<sup>19</sup> Minnesota Power initial comments, April 16, 2025, p. 2.

approval

- 2) A second letter is sent in the following March, which reminds customers that if they are not yet approved, they have until May 1 to complete their approval to avoid any disruption in their CARE Program participation

## B. Department of Commerce Initial Comments

The Department recommends that the Commission accept MP's report (**Decision Option 1**).

The Department filed an information request with Minnesota Power asking about the projected year-end tracker balances through 2027 under both the current Affordability Surcharge and the proposed surcharge. See Table 2 below:

**Table 2: Projected End-of-Program-Year CARE Tracker Balances (2025-2027)<sup>20</sup>**

	Current Surcharge	Proposed Surcharge
2025	\$1,080,151	\$563,825
2026	\$2,685,373	\$10,559
2027	\$4,416,071	-\$585,954

The Department says that if the surcharge is not decreased, the CARE tracker balance will balloon and see over-recovery. However, according to MP's projection, the tracker will turn negative at which point the surcharge may need to be addressed and adjusted.

Regarding the surcharge reduction, the Department says that "an avenue other than reducing the surcharge could be explored – whether the Company could keep the surcharge as-is and instead expand enrollment as a way to manage potential over-collection and tracker balance surplus."<sup>21</sup> Given that there may be cuts to federal energy assistance programs, the Department believes that MP should instead explore increasing program participation.

## C. Citizens Utility Board of Minnesota and Legal Services Advocacy Project Joint Initial Comments

The Citizens Utility Board (CUB) and the Legal Services Advocacy Project (LSAP) (together known as the Joint Commenters) says that the Company's residential customers have seen a 14% increase in rates since 2023 due to two rate cases.

Of the Affordability Discount portion of the CARE Program, the Joint Commenters state that it is especially effective at managing customers' ability to pay their bills. While flat discounts are helpful, they do not distinguish between the needs of various households, nor do they cover the full amount necessary to reduce energy burden.

As evidenced by Minnesota Power, the flat discount provides customers with an

<sup>20</sup> Department initial comments, April 16, 2025, Table 3, p. 7.

<sup>21</sup> Department initial comments, April 16, 2025, p. 8.



annual benefit of \$238, while the average percentage-of-income participant receives a much more meaningful discount of \$1,332.<sup>22</sup>

The Joint Commenters point out that the Affordability Discount is closed, that the \$20 discount is only available to some customers, but that the Affordability Discount – when open – is available to everyone. Therefore, if a customer does not meet the qualifiers for the \$20 discount, they cannot participate in CARE.

The Joint Commenters recommend that the Commission require MP to convene a stakeholder group that addresses the following issues (**Decision Option 4**):

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

Following the end of the stakeholder group process, the Joint Commenters request that MP file a report in the instant docket by August 1, 2025. After the report is submitted, the Joint Commenters request that the Commission could affirm the necessary programmatic revisions through the consent agenda or a 30-day negative check-off prior to implementation by October 1, 2025 ahead of the heating season (**Decision Option 5**).

If the Commission adopts **Decision Options 4 – 6**, the Joint Commenters are comfortable with MP's proposal to temporarily reduce the Affordability Surcharge to maintain the current program budget (**Decision Option 2**). However, the Joint Commenters say that:

A subsequent surcharge 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.<sup>23</sup>

The entire staff for administering the LIHEAP at the US Department of Health and Human Services was laid off in spring 2025. If LIHEAP were to be reduced or eliminated, programmatic changes would be needed.<sup>24</sup> Therefore, the Joint Commenters recommend that the

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<sup>22</sup> CUB-LSAP initial comments, April 17, 2025, p. 3.

<sup>23</sup> CUB-LSAP initial comments, April 17, 2025, pp. 4-5.

<sup>24</sup> [2024 Session Law revised the definition of "low-income" to account for the possibility of the elimination of LIHEAP.](#)

**Subd. 1b. Definitions.**

For the purposes of this section, "low-income" means a household:

- (1) that is approved as qualified for energy assistance from the low-income home energy assistance program;
- (2) with a household income that is 50 percent or less of the state median income; or
- (3) that meets another qualification established by the commission.

Commission require MP to continue providing CARE funding to ratepayers who received LIHEAP assistance at any time in federal fiscal year 2024. Additionally, if this provision is triggered, MP must file a compliance filing reporting its CARE funding on or before October 1, 2025 (**Decision Option 6**).

#### **D. Energy CENTS Coalition Initial Comments**

The Energy CENTS Coalition (ECC) first addresses the surcharge proposal, noting that while MP is proposing to increase its surcharge but not its overall CARE budget.

Any proposals to maintain the current surcharge level would only be appropriate if taken in tandem with a Commission order to alter the underlying budget.<sup>25</sup>

ECC provided trends that they believe warrant additional analysis. The data in YR-2 shows that outcomes for CARE participants are positive but outcomes for the broader residential customer base warrants further monitoring.

1) *Total arrears have increased dramatically.*

While the arrears for CARE participants have increased, the arrears have increased for non-CARE residential customers due to the transition to a new auto-pay system and that MP anticipates these numbers will come down as customers become accustomed to it.

2) *Total disconnections have increased dramatically.*

MP customers had a higher rate of disconnection in 2024 than at any point in the last decade. CARE participants are a small portion of the customers facing disconnection which reflects well on the program's efficacy.

Experiencing disconnection is devastating for low-income customers and it is correlated with a host of negative social outcomes.<sup>26</sup>

In their comments, ECC references Docket No. 24-198 in which 1) MP has agreed to maintain the CARE budget as long as the Partners<sup>27</sup> own the Company and 2) the Partners have committed to an infusion of funds over and above the current budget which would temporarily expand eligibility for the flat discount and provide a 100% match arrearage forgiveness for non-CARE customers who complete a 24-month payment plan.

The offer for these funds to come directly from the Partners means additional financial relief for customers with arrears that does not need to be funded by surcharges paid by other customers.<sup>28</sup>

Regarding the proposed surcharge, ECC finds that the Surcharge reduction is in keeping with program design that has previously been approved by the Commission. There is a need for the

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<sup>25</sup> ECC initial comments, April 30, 2025, p. 4.

<sup>26</sup> ECC initial comments, April 30, 2025, p. 6.

<sup>27</sup> The partners are Global Infrastructure Partners and Canada Pension Plan Investment Board, the two entities purchasing ALLETE in Docket 24-198. See Cady Rebuttal and Schedule at pp. 24-25.

<sup>28</sup> ECC initial comments, April 30, 2025, p. 6.

CARE program due to federal energy assistance that may be reduced and cost of living concerns. However, over-collection could further poor outcomes for non-CARE customers. Therefore, ECC supports CUB and LSAP's suggestion to approve the surcharge while also convening a stakeholder group (**Decision Options 2 and 4**).

### E. Minnesota Power Reply Comments

Regarding the Affordability Program waiting list, MP clarifies that "there are no Affordability Discount 'program spots' since this portion of the program was closed to new enrollments in December 2022" due to program discounts being anticipated significantly overrun the budget commitment that was ordered by the Commission.<sup>29</sup>

The Company's rationale for lowering the Affordability Surcharge includes bringing the "residential surcharge more in line with the objective of at or near \$1 and is based on the tracker balance, projected customer discounts, and anticipated administrative costs, all of which are grounded in the CARE budget of \$2,179,303, as most recently modified and approved under Orders by the Minnesota Public Utilities Commission dated October 30, 2019 and September 21, 2022."<sup>30</sup>

In response to the Joint Commenter's stakeholder recommendation, MP says that it amenable to working with stakeholders to 1) explore a new higher budget that would allow the Affordability Discount to reopen; 2) identify associated customer surcharges required to support any proposed budget revisions; and 3) explore and consider improvements to communications and outreach strategies (**Decision Option 4**). Additionally, MP is willing to provide transparent reporting (**Decision Option 5**).

The Company also takes no issue with the Joint Commenter's proposed **Decision Option 6**, which would require the Company to continue offering CARE discounts even if LIHEAP is cut or eliminated.

## VI. Staff Analysis

Minnesota Power refers to the CARE program as the "gold standard" of affordability programs in the state. The Joint Commenters said that "the CARE program is well-designed and provides valuable assistance to Minnesota Power's residential customers."<sup>31</sup> ECC concurs, saying that CARE is "one of the most effective affordability programs in the State"<sup>32</sup> and "an effective tool for bolstering the economic well-being of low-income customers of Minnesota Power as evidenced by the lack of arrears among its participants."<sup>33</sup> Staff acknowledges that there are no other Minnesota utilities that utilize self-declaration of income. The CARE program also uses auto-enrollment to provide the \$20 flat discount. Both greatly lower the barrier to entry to

<sup>29</sup> MP reply comments, April 30, 2025, p. 4.

<sup>30</sup> MP reply comments, April 30, 2025, p. 5.

<sup>31</sup> CUB-LSAP initial comments, April 17, 2025, p. 3.

<sup>32</sup> ECC initial comments, April 30, 2025, p. 3.

<sup>33</sup> ECC initial comments, April 30, 2025, p. 5.

affordability programs for low-income residential customers. Customer outcomes are positive overall. For CARE participants, disconnections are low, and reconnections are high.

All parties, except for the Joint Commenters (who were silent on the issue), support the Commission's acceptance of MP's Annual 2024 CARE Program report (**Decision Option 1**). Staff finds that MP met all the reporting requirements as well.

All parties, except for the Department (who did not make a recommendation here), support lowering the Affordability Surcharge to the Company's proposed amounts (**Decision Option 2**). The Company has concerns about over-recovery, which could harm non-CARE-participating residential customers. If the Commission opts to modify the surcharge, **Decision Option 3**, as put forth by Staff, would require the Company to adjust its CARE tariffs as well.

The Joint Commenters and ECC prefer coupling adoption of the proposed surcharges with holding a stakeholder group (**Decision Option 4**), stating that the adoption could be temporary. If the stakeholder group comes up with strategies to expand enrollment, then a higher surcharge could potentially be needed. In particular, the Joint Commenters provided four topics for the stakeholder group to cover (**Decision Options 4a – 4d**). The first and foremost topic to be determined in the stakeholder group is a new higher budget threshold that could accommodate re-opening the Affordability Discount portion of the CARE program to new customers. After that, an appropriate surcharge was to be developed, followed by a discussion of improved customer outreach and reporting standards.

MP closed the Affordability Discount of its own accord. Staff too would prefer for the Affordability Discount to be re-opened to new customers, or at least have a dialogue regarding its reopening in a stakeholder group. The average Affordability Discount covers 86% of a customer's bill.<sup>34</sup> As of September 2024, there were 779 customers on the Affordability Discount as compared to 5,891 customers on the flat \$20 discount. As the Joint Commenters pointed out, lowering the energy burden is much more meaningful to a customer's bills as compared to a flat discount no matter the household's income. While the CARE Program is helpful to MP's low-income customers, Staff finds that reopening the Affordability Discount could make the program even more helpful for lowering customers' energy burdens.

The Joint Commenters recommended that at the conclusion of the stakeholder group, the Company file a report with the group's findings to the instant docket, ideally before August 1, 2025 (**Decision Option 5**). August 1<sup>st</sup> was chosen to allow time for any possible changes to the program to be made prior to the October 1, 2025 start of the heating season in Minnesota. Staff notes that an August 1<sup>st</sup> deadline does not leave much time for the stakeholder group to conduct its work and asks that parties clarify at the agenda meeting whether they will be able to work within that timeline.

**Decision Option 6** protects customers from being removed or not being able to access the CARE program in case LIHEAP funds are cut or eliminated entirely. A similar decision option was

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<sup>34</sup> MP 2024 CARE report, March 3, 2025, p. 19.

recently adopted in Xcel Energy's most recent Gas Affordability Program (GAP) proceeding.<sup>35</sup> While Minnesota did recently receive the final 10% of its annual LIHEAP award on May 1<sup>st</sup>, the future of LIHEAP remains uncertain. Staff finds **Decision Option 6** to be prudent.

Staff recommends that Minnesota Power file 5-year CARE Program summary data in an additional spreadsheet in an .xlsx format with all future annual reports (**Decision Option 7**). The other regulated utilities file data spreadsheets in the layout Staff proposes. Examples are the natural gas utilities' Gas Affordability Program (GAP) reports.<sup>36</sup> While these are natural gas problems and not electric, like CARE, the data metrics – program retention, enrollment, payment frequency, etc. – are the same. Filing spreadsheets in this manner allows Staff and the parties to more easily analyze the program's efficacy.

## VII. Decision Options

1. Accept Minnesota Power's Annual 2024 CARE Program Report. *(MP, DOC, ECC)*
2. Approve Minnesota Power's proposal to reduce its Affordability Surcharge as detailed in Attachment B of its March 3, 2025 Report. *(MP, CUB/LSAP, ECC)*

**[If Decision Option 2 is chosen, Decision Option 3 must be chosen as well.]**

3. Accept Minnesota Power's proposed Low-Income Affordability Program Surcharge tariff language as detailed in Attachment C in its of its March 3, 2025 Report. *(Staff recommendation)*
4. Require Minnesota Power to convene a stakeholder process that addresses the following issues: *(MP, CUB/LSAP, ECC)*

**[If Decision Option 4 is chosen, one or more of Decision Options 4a-d must be chosen as well.]**

- 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.

<sup>35</sup> Docket No. 22-257 Commission Order, January 31, 2025, Order Point 4.

<sup>36</sup> See the reports in Docket Nos. 25-36 (Xcel Energy), 25-37 (Great Plains Natural Gas), 25-38 (CenterPoint Energy), 25-39 (Minnesota Energy Resources Corp.), and 25-40 (Greater Minnesota Gas).

- d. Consider what, if any, changes to reporting are warranted.
5. Require Minnesota Power to file a report and recommendation in this docket detailing the outcome of the stakeholder process by August 1, 2025, or a later date agreed to by the parties. Delegate authority to the Executive Secretary to approve the filing if no party or participant files an objection within 30 days of the Company's filing. If a party or participant files an objection within 30 days, the Executive Secretary will issue a notice of comment period on the disputed issues. *(MP, CUB/LSAP)*
6. In the event the low-income home energy assistance program ("LIHEAP") funding is discontinued by the federal government, require Minnesota Power to continue to provide CARE funding to ratepayers who have received energy assistance from LIHEAP any time in federal fiscal year 2024. If this provision is triggered, Minnesota Power shall file an update related to CARE funding in this docket by October 1, 2025. *(MP, CUB/LSAP)*
7. Require Minnesota Power to file 5-year summary data with the annual CARE reports in an .xlsx format. *(Staff recommendation)*

*Staff recommends Decision Options 1-7 all parts.*