

State of Minnesota
Before the Public Utilities Commission

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| Joseph Sullivan | Vice-Chair |
| Valerie Means | Commissioner |
| Matthew Schuerger | Commissioner |
| John Tuma | Commissioner |

In the Matter of a Petition for Approval of a
Modification to Low-Income Discount
Program

Docket No. E-002/M-04-1956

In the Matter of a Petition for Approval of
Low-Income Energy Discount Rider Funding

Docket No. E-002/M-10-854

Reply Comments of the Citizens Utility Board of Minnesota

The Citizens Utility Board of Minnesota (“CUB”) respectfully submits these Reply Comments regarding Northern States Power Company, dba Xcel Energy’s (“Xcel” or the “Company”) Petition for Approval of a Modification to the Company’s Low Income Discount Program (the “Petition”) filed in the above referenced dockets.

Consistent with our Initial Comments on this issue, CUB continues to support the reallocation of funds from Xcel’s Medical Affordability Program (“MAP”) to PowerOn. The \$5.6 million transfer contemplated in the Company’s Petition will provide much-needed support for PowerOn while ensuring MAP retains a sufficient operating budget.¹ CUB recognizes that this transfer alone does not provide a permanent solution to PowerOn funding shortfalls; additional modifications are necessary for continued program success. The remainder of our comments therefore focus on Xcel’s proposal to establish an annual PowerOn budget of \$14.5 million. CUB is supportive of the Company’s request.

ANALYSIS

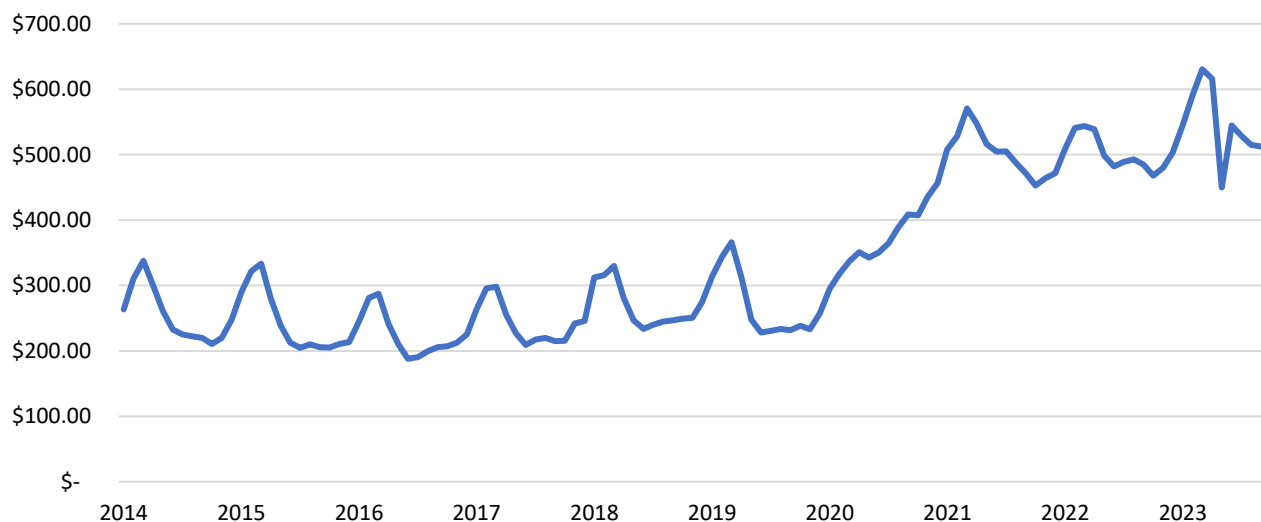
CUB appreciates the extensive overview of Low-Income Program history provided by the Company and the Department. As acknowledged within their respective comments, Xcel’s affordability offerings have undergone significant changes over the years. But at all times, the overarching purpose of these programs has remained the same: to ensure income-eligible customers receive affordable and reliable utility service. PowerOn plays an important role in this calculus, as it “provides meaningful relief to those residential customers in the

¹ As of the Company’s latest filing in this docket, MAP had a tracker balance of \$9.0 million; a \$5.6 million transfer would allow MAP to retain \$3.4 million, which is more than its required annual budget of \$3.0 million.

greatest need of assistance.”² Because PowerOn bill and arrearage credits are based on households’ specific economic circumstances, benefits can be adjusted to reduce energy burdens to no more than three percent of household income. In this way, PowerOn aligns with legislative directives focused on protecting low-income customers.³

Minnesota has faced numerous challenges since the PowerOn surcharge was last increased in 2014.⁴ As previously recognized by the Commission, the global COVID-19 pandemic contributed to long-lasting economic and inflationary pressures that exacerbated customers’ struggles to pay for electricity service.⁵ Rising energy costs and utility rate increases have compounded these effects, leaving many Minnesotans behind on utility bills and in need of affordability programs. The table below captures the increase in average past-due balances seen in Xcel’s service territory over the past decade.⁶ Average arrearage balances more than doubled from \$242.36 in January 2014 to \$512.37 in September 2023. In March 2023, average past due balances reached a record high of \$630.57. Arrearage balances remain substantially elevated over pre-pandemic levels.

Table 1: Average Amount Past Due Per Past Due Account, 2014 - 2023



² *In the Matter of the Petition of Northern States Power Company for Approval of a Credit Mechanism to Return to Customers Department of Energy Settlement Payments*, Docket No. E-002/M-21-69, Order Approving Modified Refund Plan at 5 (May 12, 2021) (hereinafter “Commission May 12 Order”).

³ See, e.g., Minn. Stat. § 216B.16, subds. 14 and 15 (requiring that low-income programs be established and ability to pay be considered when setting rates).

⁴ ECC Initial Comments at 5 (noting that the PowerOn surcharge was last raised on January 1, 2014).

⁵ See Commission May 12 Order at 5; see also *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-21-630, Order Setting Interim Rates at 6-7 (Dec. 23, 2021) (finding exigent circumstances justified deviating from statutory interim rate formulas for the residential customer class).

⁶ Data pulled from YY-02 dockets (14-02 through 23-02), as well as Docket No. 20-375. Xcel’s data represents combined gas and electric reporting.

This overarching trend illustrates the importance of PowerOn, which provides arrearage assistance in addition to customer bill credits. As more customers avail themselves of the program, longer-term solutions must be implemented to maintain program effectiveness and ensure appropriate relief continues to reach PowerOn participants. As captured below, PowerOn participation has nearly tripled in the last ten years to a high of 22,887 households. Average monthly credits have similarly increased from \$54 in the 2014-15 program year to over \$100 currently.⁷

Table 2: PowerOn Participation Levels⁸

| Program Year | PowerOn Participants |
|---------------------|-----------------------------|
| 2013-14 | 7,720 |
| 2014-15 | 7,930 |
| 2015-16 | 15,554 |
| 2016-17 | 17,870 |
| 2017-18 | 12,587 |
| 2018-19 | 17,828 |
| 2019-20 | 18,561 |
| 2020-21 | 18,550 |
| 2021-22 | 19,600 |
| September 6, 2023 | 22,887 |

We appreciate the Company's efforts to expand the program and provide affordability benefits to more Minnesotans. However, the world is not the same as it was nearly a decade ago, and PowerOn funding has fallen behind. Over the course of the past year, the sharp increase in PowerOn participation has caused monthly program spending to rise from around \$800,000 to over \$1.4 million.⁹ Xcel's proposal seeks to align the PowerOn budget with the current needs of more than 22,000 income-eligible Minnesotans.¹⁰ CUB views the requested budget increase as a necessary and prudent modification that will allow Xcel and the Energy CENTS Coalition to continue providing meaningful assistance to low-income customers.

⁷ See ECC Initial Comments at 2; see also *In the Matter of the Petition of Northern States Power Company for Approval of a Modification to the Company's Low Income Discount Program*, Docket No. E002/M-04-1956, 2016 Annual Report at 13 (Dec. 1, 2016).

⁸ Data pulled from annual reports filed in Docket No. E002/M-04-1956. September 6, 2023 participation value reported in ECC Initial Comments at 2.

⁹ ECC Initial Comments at 2.

¹⁰ *In the Matter of a Petition for Approval of Low-Income Energy Discount Rider Funding*, Docket No. E-002/M-10-854, Petition of Xcel Energy at 4 (Sep. 1, 2023); see also *In the Matter of a Petition for Approval of Low-Income Energy Discount Rider Funding*, Docket No. E-002/M-10-854, Comments of the Energy CENTS Coalition at 2 (Oct. 25, 2023) (hereinafter "ECC Initial Comments") (explaining that PowerOn participation has risen by more than 7,000 customers in the past year).

Since filing Initial Comments, CUB has continued to engage in conversations with Xcel and the Energy CENTS Coalition about how best to ensure the PowerOn program can support current and expected levels of enrollment. It is our understanding that the Company slightly revised its petition after its initial filing. Instead of a \$14.5 million funding increase, Xcel is now requesting that the total budget be set at that amount. This change represents an overall budget decrease of approximately \$3.5 million from the Company's initial Petition. The Low-Income Energy Discount Rider surcharge will be subject to a moderately lower increase that aligns with the updated values. CUB supports this change, and finds it strikes an appropriate balance between the interests of participating and non-participating customers.

Sincerely,

November 15, 2023

/s/ Brandon Crawford

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cc: Service List