

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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July 8, 2024

**In the Matter of Xcel Energy's Petition for an
Automatic Bill Credit Pilot Program**

Docket Nos. E002/M-24-173
E002/M-22-266
E002/RP-19-368

INITIAL COMMENTS OF FRESH ENERGY

Fresh Energy is pleased to submit these comments in support of Xcel Energy's Automatic Bill Credit Pilot Petition.

Fresh Energy applauds Xcel Energy and the other members of the Equity Stakeholder Advisory Group (ESAG) for their collaborative efforts to bring forward this innovative pilot that will provide an automatic bill credit to Minnesota's highest energy burdened customers in Xcel Energy's service territory.

A key theme raised by the ESAG was to consider changing the paradigm of how we currently provide energy assistance. Under the current energy assistance paradigm, the labor associated with learning about and applying for energy assistance falls onto the low-income customer. The customer must know that energy assistance is available, determine whether they are eligible, submit an application with personal information, and often times, provide proof of income. For many low-income customers who are already strapped for resources, time and energy, taking on the additional labor required to receive energy assistance can be difficult. Imagine caring for two children, an elderly parent, working a low-wage job, and taking public transportation to and from work. For many living in these circumstances, each day can feel like a struggle to survive and meet basic needs. Having time and energy to do more, such as learn about and apply for opportunities to save money, even though it may be time well spent, can be extremely challenging.

The application process is a significant barrier, but other barriers exist as well. Confusion over eligibility and language barriers are often cited as reasons for low energy assistance enrollment. In addition, ESAG members raised the fear and/or distrust many communities of color harbor toward the government and utilities due to past exploitation or harm. While the utility may be very well-intentioned, unfortunately, because of societal and systemic issues, communities of color may be reticent to reach out to their utility for assistance. Indeed, one ESAG member explained that when a representative knocks on doors in their community offering energy assistance or energy efficiency,

often the customer will not answer the door out of fear their power may be shut off. Finally, seeking help can be difficult, often violating one's sense of dignity or pride, and ESAG members raised this as another reason customers may not seek assistance.

To increase the number of households who receive energy assistance, the Minnesota Department of Commerce has been working to simplify the state's energy assistance application process so that more customers can readily navigate accessing the program.

In addition, many community action agencies provide customers with information about energy assistance and offer personalized support throughout the application process. These community action agencies provide valuable services to thousands of customers each year and are an important touchpoint in helping customers access available energy assistance and energy efficiency measures.

While providing individualized assistance to customers offers important benefits, many customers that are eligible for energy assistance are not receiving it. Indeed, nationally, only approximately 20% of those eligible for the Low-Income Home Energy Assistance Program (LIHEAP), the federal government's energy assistance program actually receive it. In Minnesota, the percentage of those eligible receiving LIHEAP assistance was 23% in 2023.¹

In addition to LIHEAP, Xcel Energy offers its own ratepayer-funded low-income programs. One such program, PowerOn, can reduce energy bills by up to 30% for those enrolled in the program, providing significant benefits for many customers. However, a prerequisite to receiving PowerOn is LIHEAP eligibility, meaning that those enrolled in PowerOn must have successfully gone through the LIHEAP application process. Since 2023, Xcel Energy has instituted auto-enrollment in PowerOn for customers who receive electric and gas service, which means that once a customer has enrolled in LIHEAP, they do not have to take any additional steps to receive PowerOn – but they still have to go through the LIHEAP enrollment process, which as explained above, can be a barrier.

Given these challenges, ESAG members posited that a just and fair approach was to reverse the paradigm, that is, shift the labor onto those with greater resources, in this case, Xcel Energy. ESAG members encouraged the Company to use *its* existing resources to identify those in need, and then provide those customers with automatic and direct assistance.

Indeed, Xcel Energy *does* have the resources to identify customers in need. The Company's mapping tool provides useful information to pinpoint census block groups throughout Xcel's service territory with low incomes and high energy burdens. Census block groups typically contain between 600 and 3,000 individuals and are the smallest geographic area for which the Bureau of Census collects and tabulates decennial census data. Thus, census block groups provide valuable information at a localized level.

Specifically, using the mapping tools combined with its own bill data, Xcel Energy was able to identify every census block group where the median electric energy burden exceeded 4%. Customers in these census block groups, 77 in total, have very low incomes and high energy bills relative to their income.

Importantly, Xcel Energy's Pilot would reach many low-income customers who have been difficult to reach to date. Of the 77 census block groups eligible to receive the automatic bill credit, the current

¹ LIHEAP FY 2023 State Profile, available at <https://liheappm.acf.hhs.gov/sites/default/files/private/congress/profiles/2023/FY2023MinnesotaProfile-508Compliant.pdf> last visited July 8, 2024.

energy assistance participation rates are extremely low – largely between 0% and 20%. That means that the vast majority of customers in these census block groups are not receiving any energy assistance, despite having very low incomes and high energy bills. Under Xcel Energy’s new pilot, the number of customers receiving energy assistance in the 77 census block groups could theoretically be 100% (although some customers may choose to opt-out of receiving the bill credit for any reason).

The below chart depicts 62² of the 77 census block groups that, if the Pilot Petition is approved, will receive the automatic bill credit. The chart shows a variety of other information about these census block groups including their median income, median energy burden, and current level of energy assistance participation. As the chart depicts, these census block groups are located throughout Xcel Energy’s service territory reaching urban areas and many communities outside of the Metropolitan area.

Census Tract #	City	Median Household Income	Energy Burden	% of Customers Receiving Energy Assistance
270090212015	St. Cloud	\$28,956	5.9%	8.1%
270131706003	Mankato	\$23,097	4.08%	15.04%
270131707001	Mankato	\$ 25,925	4.12%	4.83%
270131711012	Mankato	\$ 27,594	4.03%	2.28%
270270301121	Moorhead	\$ 28,705	5.63%	19.09%
270370601054	West St. Paul	\$ 23,304	4.68%	11.88%
270370605031	Inver Grove Heights	\$41,250	4.35%	15.85%
270490801012	Red Wing	\$46,250	4.2%	8.23%
270490802011	Red Wing	\$29,635	4.82%	7.76%
270530202013	Brooklyn Center	\$12,679	6.11%	1.85%
270530215022	New Hope	\$26,250	4.25%	9.18%
270530268272	Brooklyn Park	\$33,608	4.29%	8.78%
270531016004	Minneapolis	\$12,488	9.61%	14.52%
270531019002	Minneapolis	\$14,359	7.24%	2.73%
270531041003	Minneapolis	\$22,500	4.41%	16.43%
270531049011	Minneapolis	\$16,583	4.6%	0.14%
270531049012	Minneapolis	\$16,583	7.02%	0%
270531049024	Minneapolis	\$18,846	5.97%	0%
270531060003	Minneapolis	\$15,227	6.15%	8.72%
270531064001	Minneapolis	\$16,875	5.64%	1.63%
270531260003	Minneapolis	\$20,694	5.11%	5.98%
270531262011	Minneapolis	\$8,125	8.85%	6.29%
270531263003	Minneapolis	\$15,485	9.26%	7.69%

² Of the 77 census block groups, 15 have fewer than 15 customers. To protect those customers’ privacy, the Company did not make those census block groups publicly available. Thus, this information is only available for 62 of the 77 census block groups.

270833607001	Tracy	\$38,466	4.03%	10.98%
271230306013	St. Paul	\$39,960	5.09%	19.29%
271230310004	St. Paul	\$31,926	5.06%	14.86%
271230312001	St. Paul	\$32,833	4.08%	7.09%
271230313002	St. Paul	\$35,893	4.51%	10.53%
271230317025	St. Paul	\$21,136	5.78%	17.06%
271230318015	St. Paul	\$25,000	6.61%	20.27%
271230321001	St. Paul	\$28,625	4.19%	9.48%
271230322001	St. Paul	\$31,591	6.1%	4.35%
271230324003	St. Paul	\$36,199	4.13%	8.98%
271230325001	St. Paul	\$30,797	5.22%	13.87%
271230325002	St. Paul	\$36,845	4.74%	18.64%
271230326002	St. Paul	\$37,143	4.9%	18.28%
271230331001	St. Paul	\$36,667	4.83%	14.61%
271230334002	St. Paul	\$11,127	8.53%	3.42%
271230335002	St. Paul	\$28,618	6.18%	19.49%
271230337002	St. Paul	\$15,417	5.95%	16.85%
271230345002	St. Paul	\$43,125	4.31%	15.12%
271230346013	St. Paul	\$27,169	4.58%	27.62%
271230408011	Arden Hills	\$41,597	4.43%	11.34%
271230424022	Maplewood	\$49,531	4.09%	10.39%
271310708012	Fairbault	\$34,943	4.22%	16.76%
271310708021	Fairbault	\$38,500	4.88%	5.67%
271310709012	Fairbault	\$44,698	4.12%	9.37%
271310709014	Fairbault	\$40,041	4.16%	8.21%
271310709021	Fairbault	\$39,750	4.28%	13.35%
271450003041	St. Cloud	\$23,803	4.62%	14.01%
271450005012	Waite Park	\$28,556	5.24%	6.14%
271450006023	St. Cloud	\$40,000	4.31%	8.23%
271450008014	St. Cloud	\$34,189	4.18%	12.97%
271617905002	Waseca	\$33,333	5.82%	1.12%
271630701032	Forest Lake	\$38,558	4.46%	1.67%
271630709103	Landfall	\$38,971	4.43%	20.48%
271696704003	Winona	\$35,775	4.47%	5.26%
271696705001	Winona	\$20,568	5.05%	6.56%
271696705002	Winona	\$27,638	5.14%	5.88%
271696705003	Winona	\$26,208	5.97%	4.03%
271696705004	Winona	\$26,208	6.48%	3.36%
271696707001	Winona	\$36,462	4.15%	17.43%

This Pilot Petition is directly responsive to the ESAG's theme that government and utility programs which seek to provide help should be much easier for those in need to access.

This Pilot Petition also streamlines the administrative aspects of getting energy assistance into the hands of those who need it. Under the current paradigm, significant resources are spent educating customers about the availability of energy assistance, reaching out to customers to encourage them to apply, assisting customers with the application process, and verifying an applicant's income information. This process can be time-consuming and resource intensive. By contrast, the Pilot Petition does not require any of these administrative aspects. The administrative costs are so minor, the Company has proposed absorbing these costs as part of its ongoing operating and maintenance expenses.

This Pilot Petition has an unprecedented level of support with many community organizations providing input on all aspects of the program design and signing their support. The leaders of the organizations which signed on to the Petition work with people in their communities day after day and deeply understand the challenges their communities face.

As we work to broaden participation in the energy system, Fresh Energy believes the process that led to the development of this Pilot Petition is precisely the type of collaborative process which should be undertaken to address other aspects of how to create equitable energy policy.

Fresh Energy also notes that while this Pilot Petition is a positive step forward in serving the needs of marginalized communities, there is more work to be done. Many ESAG members believe that the real paradigm shift occurs when marginalized communities are no longer marginalized, but when they have the opportunity to meaningfully contribute to our economy, shape policies, and participate as truly equal members of our society. ESAG members desire that the communities they represent are invested in and have the chance to participate in the clean energy economy. Fresh Energy supports these goals and encourages Xcel Energy to continue working with the members of the ESAG and other community organizations to address the disparities that exist in our energy system, and to further our collective goals of creating an equitable clean energy transition.

Fresh Energy briefly responds to the specific questions in the Commission's Notice for Comment:

1. Does the proposed pilot meet the Commission's objectives for the Equity Stakeholder Advisory Group (ESAG)?

Yes, the Commission's Order in Docket Nos. E002/M-22-266 and E002/RP-19-368 states, in part:

Xcel shall engage in community outreach and establish a stakeholder group to do the following:

A. Design for the equitable delivery of electricity services and programs for energy burdened customers in the company's next resource plan.

This Pilot Petition is designed to increase equity in the delivery of electricity services and programs for energy burdened customers and therefore meets the Commission's objectives for the ESAG.

2. Should the Commission approve a pilot budget of \$5.4 million per year, or \$10.8 million over the two years of the pilot?

Fresh Energy recommends the Commission approve the cost of the pilot for two years: \$10.8 million.

3. Is it appropriate for Xcel Energy (Xcel or the Company) to absorb the administrative costs of delivering the pilot within its regular cost of doing business?

Given that the administrative costs are relatively minor, yes, it is appropriate for the Company to absorb those costs.

4. Is it appropriate for the pilot to be funded by Department of Energy (DOE) settlement payments, which have historically been dispersed across customer classes?

Yes, the Company and the Commission have discretion over how to distribute the DOE settlement payments. Given that each individual customer will receive a very small refund that is likely to have very little impact, aggregating this amount to create a meaningful bill credit for low-income customers in need is appropriate. As indicated in Xcel Energy's response to the Office of the Attorney General's information request #2, the \$5.4 million annual cost of automatic bill credits would translate into an estimated reduction of only \$1.53 *per year* to the average residential customer's refund from the DOE settlement payments.

5. Is the two-year time frame for the pilot sufficient?

Yes, two years will allow sufficient time for the Company to distribute the automatic bill credits, conduct an evaluation of the Pilot, and report on its results.

6. Has Xcel chosen a valid method to calculate and map energy burden?

Yes, Xcel Energy's map and bill data provides useful information on median income and energy burden by census block groups, the smallest geographic area for which the Bureau of the Census collects and tabulates decennial census data. While median income could have been chosen as the indicator to determine which census block groups receive the bill credit, median income would not have considered households actual electricity bills and whether these constitute more than 4% of income on average. Hence, energy burden is a more precise calculation and more closely relates to factors which are within Xcel Energy's control.

7. Is Xcel's chosen eligibility threshold of four percent (or greater) electric energy burden at the census block group (CBG)-level reasonable?

Yes. Generally, an energy burden at or above 6% is considered to be "high." However, this 6% rule of thumb includes both electric and natural gas (or other heating fuel) energy burden. So, a lower threshold of 4% is appropriate for electricity only. Customers experiencing high energy burdens are likely to experience chronic poverty where it can be very difficult to get ahead; for these customers, one broken appliance or car repair could be enough to create a serious setback. Given this, it is appropriate to provide these customers with deeper assistance that might allow them to create a safety net.

8. Has Xcel chosen a valid method to calculate monthly participant bill credits?

Yes. As mentioned in response to question 6, Xcel Energy could have chosen median income as the indicator, but energy burden is a more precise calculation and more closely relates to factors which are within Xcel Energy's control.

9. Is "layering" the pilot benefits on top of additional energy assistance appropriate?

Yes, customers receiving the bill credit are among the lowest income and highest energy burdened customers. As mentioned in response to question 7, these customers often face serious challenges getting ahead. Layering assistance offers deeper levels of assistance and creates a more meaningful safety net.

10. Is Xcel's treatment of "over-inclusion," by including policies for opting-out and preventing negative bills, reasonable?

Yes, providing individuals with the option to opt-out of receiving the automatic bill credit is an important aspect of this Pilot Petition. There are customers who may earn a higher income and wish to forego the bill credit. There are other customers who may be low-income but wish to decline assistance for a variety of reasons.

11. If funding using DOE funds is approved, should pilot participants still be eligible to receive a share of the remaining DOE refunds?

Yes, as mentioned in response to previous questions, customers in these 77 census block groups are among the lowest income customers in our state. Providing them with additional assistance is appropriate to allow them to use their incomes for other purposes.

12. Is it appropriate to engage a third-party evaluator to provide a pilot-specific Monitoring and Evaluation (M&E) plan?

Yes, this Pilot Petition is a departure from the traditional methods of providing energy assistance. Given the new approach, an evaluation process is appropriate.

a. What degree of oversight would the Commission and/or ESAG have over the M&E process, including the timeline of work and selection of evaluation metrics and deliverables?

Sharing information with the ESAG about the implementation and evaluation process associated with the Pilot Petition is an important facet of continuing to build trust. Many parties committed significant time and resources over the course of two years to the development and design of this Pilot. ESAG members are closer to the customers in the communities that will receive the automatic bill credit and possess cultural competency and sensitivity with the customers that will benefit. As a result, Fresh Energy encourages Xcel Energy and the selected evaluator to allow the ESAG the opportunity to shape the evaluation process.

b. How often should Xcel provide a progress report to the Commission and stakeholders?

Fresh Energy recommends that Xcel Energy provide the ESAG with updates via email every two months on the implementation of the Pilot Petition and on the evaluation process. Fresh Energy believes a report to the Commission every six months should provide the Commission with the information necessary to oversee the Pilot and the evaluation process.

c. Staff has issued an information request in the instant docket asking Xcel to estimate the costs associated with engaging a third-party evaluator. Given Xcel's estimate, are these costs reasonable?

Xcel Energy provided an estimate of the third-party evaluation costs based on costs associated with another evaluation. However, the scope of that evaluation was not provided. Fresh Energy encourages the Company to issue a Request for Proposals for a third-party evaluator and consult the ESAG on the scope of work for the evaluation. Upon receiving responses to the RFP, Fresh Energy will be able to provide a more informed recommendation regarding whether the cost estimate is reasonable.

13. Is it appropriate for Xcel to inform customers from ineligible CBGs about the automatic bill credit pilot along with information about other energy assistance opportunities?

Fresh Energy does not believe this is necessary. The Company does not provide this type of notice on bills for other programs. However, Fresh Energy encourages the Company to continue to target information about other energy assistance programs to eligible customers.

14. Are there other issues or concerns related to this matter?

Fresh Energy believes that the Pilot Petition is an important step forward in reaching many customers who are eligible for and in need of energy assistance. However, this Pilot Petition does not reach every eligible customer, as there will be customers outside of the identified 77 census block groups that have an individual household energy burden above 4%. The ESAG discussed several ideas that would allow the Company to identify and provide assistance to every eligible customer including various state agencies providing income data to the Company in an anonymized fashion that would allow the Company to provide assistance to all customers with an energy burden above 4%. Fresh Energy encourages the Company to continue to explore solutions that will reach every eligible customer.

Respectfully submitted,

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