



August 2, 2022

**VIA E-FILING**

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101-2147

**Re: In the Matter of Minnesota Power's Petition for Approval of a Rider for  
Customer Affordability of Residential Electricity (CARE)  
Docket No. E015/M-11-409**

Dear Mr. Seuffert:

Minnesota Power (or the "Company") submits, by way of this letter to the Minnesota Public Utilities Commission ("Commission"), a request to modify its CARE program. CARE was established and approved in Docket Nos. E015/M-11-409 and E015/GR-09-1151 and pursuant to Minn. Stat. §216B.16, subd. 15. This modification request is intended to supplement the Tenth Annual Report for CARE, which was submitted on March 1, 2022, and is pending a comment period. Procedural matters are consistent with those summarized in Section II of the Tenth Annual Report.

The Company recognizes that these remain challenging times for customers, particularly our most economically vulnerable residential customers. Arrears, approximately 80% of which are for residential customer accounts, are nearly double the level of a typical year. This is largely due to the ordered protections<sup>1</sup> for residential customers during the COVID-19 pandemic, where Minnesota Power and other utilities were ordered to suspend disconnections and have been urged by the Commission and various consumer advocates to extend longer-duration payment agreements to residential customers who have arrears. These protections and payment agreements have spanned two Cold Weather Rule periods and balances are likely to span a third. While increased funding to the Low Income Home Energy Assistance Program ("LIHEAP") during the pandemic has provided much-needed relief for many residential customers, the Department of Commerce has recently indicated that the next LIHEAP year is expected to resume to more typical funding and related benefit levels. As such, Minnesota Power anticipates an expanded need for affordability programs such as CARE.

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<sup>1</sup> MPUC Docket No. E, G-999/CI-20-375, August 13, 2020 ORDER ESTABLISHING PEACETIME EMERGENCY REQUIREMENTS AND MODIFYING REPORTING REQUIREMENTS and May 26, 2021 ORDER ADOPTING BROAD TRANSITION PLAN PROPOSAL, SUSPENDING NEGATIVE REPORTING, AND ESTABLISHING NOTICE AND COMMUNICATION REQUIREMENTS.

To that end, in its current general rate case,<sup>2</sup> Minnesota Power reached an agreement with Energy CENTS Coalition (“ECC”) and the Citizens Utility Board of Minnesota (“CUB”) on several issues that are summarized in the attachment. This modification request is specific to items 2b and 2c in the attached partial settlement agreement, where the Company has agreed to request: 1) an increase to the annual CARE budget by \$429,303 and 2) to implement three related program changes in terms of the flat discount amount and expanded eligibility for CARE discounts. All other CARE provisions would continue to apply. Items 1 and 2a in the attached are specifically part of the general rate case and will be addressed as part of that proceeding. As such, they are not included as part of this modification request for CARE.

Minnesota Power is requesting an expedited review process and recommends an October 1, 2022 effective date for these proposed program modifications, to coincide with the next CARE program year and the start of the next Cold Weather Rule season.

Please contact me at (218) 355-3805 or [tkoecher@mnpower.com](mailto:tkoecher@mnpower.com) if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tina Koecher', with a stylized flourish at the end.

Tina S. Koecher  
*Director - Customer Experience Operations*

TSK:th  
Attach.

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<sup>2</sup> MPUC Docket No. E015/GR-21-335, June 6, 2022 Surrebuttal Testimony and Schedules of Minnesota Power witness Jennifer J. Cady at pages 11-12. The Company’s proposed budget increase is \$429,303.

## PARTIAL SETTLEMENT AGREEMENT

Minnesota Power (“MP” or “Company”) filed a general rate case on November 1, 2021 in MPUC Docket No. E015/GR-21-335. The Minnesota Public Utilities Commission (“Commission”) accepted MP’s rate case and referred the matter to the Office of Administrative Hearings. Energy CENTS Coalition (“ECC”) petitioned for party status on November 4, 2021. The Citizens Utility Board of Minnesota (“CUB”) petitioned for party status on November 23, 2021. Both ECC’s and CUB’s petitions were granted under Commission rules as part of the Commission’s December 30, 2021 Notice of Order for Hearing. On April 18, 2022, ECC filed initial testimony in the case with recommendations on a number of items discussed below. On May 16, 2022, both MP and ECC filed rebuttal testimony further clarifying their respective positions on those issues. On April 18, 2022 CUB filed initial testimony in the case with recommendations on a number of issues impacting MP’s residential customers and on May 16, 2022 MP filed rebuttal testimony addressing CUB’s issues.

Concurrently, and as referenced in the testimony, MP, ECC, and CUB have been in discussions on whether there are areas of agreement based on these respective positions. For purposes of settling specific issues between MP ECC, and CUB, the Company, ECC, and CUB have reached a partial settlement agreement (“Partial Settlement Agreement” or “Agreement”) on the two issues described below. Commitments by these parties are not dependent upon adoption of this Partial Settlement Agreement by the Administrative Law Judge or the Commission. Through this Agreement, the vast majority of the Company’s low-income customers will receive additional assistance.

- 1) In the rate case, MP proposed to increase its Residential Service Charge from \$8.00 per month to \$10.00 per month (Direct Testimony of Company witness Leah N. Peterson starting at page 18). ECC initially opposed MP’s proposal to increase the Residential Service Charge to \$10.00 per month. However, based upon MP’s support of the Agreement set forth in Paragraph 2 below, ECC and CUB will not oppose a \$9.00 per month Residential Service Charge.
- 2) Regardless of whether the Administrative Law Judge and the Commission ultimately adopt the recommendation on the Residential Service Charge in Paragraph 1, MP will request Commission approval of the following modifications to its Customer Affordability of Residential Electricity (“CARE”) program under Docket No. E015/M-11-409 and the low-income, usage-qualified discount under the Residential Rate Schedule, as most recently approved under Docket No. E015/M-20-850, and as discussed in the current general rate case:<sup>1</sup>
  - a) Increase the low-income, usage-qualified discount amount to 40% of the standard residential rate on the first 600 kWh from the currently proposed 35% discount, to be timed with implementation of final rates, as determined in the general rate case.
  - b) Increase, up to \$429,303, the annual budget for the CARE Program. The CARE budget increase is based on three proposed program changes and related assumptions: 1)

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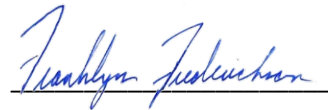
<sup>1</sup> *In the Matter of the Petition for Approval of Minn. Power’s Residential Rate Design*, Docket No. E015/M-12-233, ORDER APPROVING TRANSITION FROM INVERTED BLOCK RATE TO TIME-OF-DAY RATES (Aug. 27, 2021); *In the Matter of Minn. Power’s Compliance Report for its Temp. Rider for Residential Time-of-Day Rate for Participants of the Smart Grid Advance Metering Infrastructure Pilot Project*, E015/M-20-850, ORDER APPROVING TRANSITION FROM INVERTED BLOCK RATE TO TIME-OF-DAY RATES (Aug. 27, 2021).

increasing the amount of the current CARE flat discount from \$15 to \$20/month, 2) extending the CARE flat discount to an estimated 80% of the anticipated additional 12,447 non-LIHEAP, low-income customers, and 3) extending the CARE affordability credit to an estimated 20% of the anticipated additional 12,447 non-LIHEAP, low-income customers. Items 2 and 3 would be a CARE qualification exception for those who initially self-declare as low-income, using a process approved in Docket No. E015/M-20-850. Continued eligibility for the CARE program, beyond the initial exception, would be subject to customers requesting and being approved for LIHEAP within one-year of their low-income self-declaration.

- c) The CARE program changes will be submitted as a program modification request through Docket No. E015/M-11-409 and subject to Commission approval.

The signatories to this Partial Settlement Agreement acknowledge and affirm that the actions and agreements described herein do not resolve any other disputed costs or issues raised in filed testimony. This Agreement may be executed in counterparts, all of which, shall constitute the entire Agreement.

AGREED TO BY:



06/03/2022

Franklyn Frederickson

Vice President - Customer Experience

Minnesota Power



06/03/2022

Pam Marshall

Executive Director

Energy Cents Coalition



06/03/2022

Annie Levenson-Falk

Executive Director

Citizens Utility Board of Minnesota

STATE OF MINNESOTA     )  
                                      ) ss  
COUNTY OF ST. LOUIS     )

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AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 2<sup>nd</sup> day of August, 2022, she served Minnesota Power's Modification Request in **Docket No. E015/M-11-409** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.



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Tiana Heger