



March 3, 2025

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
ANNUAL REPORT

Dear Mr. Seuffert:

Minnesota Power (or the "Company") submits to the Minnesota Public Utilities Commission ("Commission") its Thirteenth Annual Report in compliance with Commission Orders in Docket Nos. E015/M-11-409 and E015/GR-09-1151 and pursuant to Minn. Stat. §216B.16, subd. 15, including Order Point 6 of the Commission's December 19, 2018 Order that requires Minnesota Power to "submit future annual reports on its CARE program on March 1, each year." The Company looks forward to working with the Commission to review the information contained in this Annual Report.

If you have any questions regarding this filing, please contact me at (218) 591-4870 or avang@mnpower.com.

Yours truly,



Analeisha Vang
Regulatory Compliance Specialist, Senior

AMV:th
Attach.

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

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

Docket No. E015/M-11-409

Thirteenth Annual Report

SUMMARY

Minnesota Power seeks Minnesota Public Utilities Commission ("Commission") approval of its Thirteenth Annual Report for the Rider for Customer Affordability of Residential Electricity (or "CARE") discount program that is submitted in compliance with Commission Orders in Docket Nos. E015/M-11-409 and E015/GR-09-1151 and pursuant to Minn. Stat. § 216B.16, subd. 15.

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**STATE OF MINNESOTA
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MINNESOTA PUBLIC UTILITIES COMMISSION**

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

Docket No. E015/M-11-409

Thirteenth Annual Report

I. INTRODUCTION

Minnesota Power (or the "Company") seeks Minnesota Public Utilities Commission ("Commission") approval of its Thirteenth Annual Report for its 2023-2024 Customer Affordability of Residential Electricity discount program ("CARE", "CARE program" or "program") that is submitted in compliance with Commission Orders in Docket Nos. E015/M-11-409 and E015/GR-09-1151 and pursuant to Minn. Stat. §216B.16, subd. 15. Of note are the renewal requirements for CARE participants who had first year eligibility under the exception provision provided for Minnesota Power's self-declaration process. The Company saw a large increase in participation in 2022-2023 as a result of these expanded eligibility qualifications and discounts under CARE. In this program year, there was a significant decrease in CARE participants, largely regarding self-declaration customers who were not approved for the Energy Assistance Program ("EAP") by the May 1, 2024 grace period deadline. As part of this filing, the Company also seeks approval of changes to its Affordability Surcharge.

A. Background and Procedural History

Minn. Stat. § 216B.16, subd. 15, the low-income affordability program statute, allows the Commission to establish affordability programs. Minnesota Power offers an affordability program under this statute, pursuant to the Commission's November 2, 2010 Order in its general rate case under Docket No. E015/GR-09-1151.

Minnesota Power has offered its CARE program to its residential customers since November 1, 2011. The CARE program provides a monthly bill discount for eligible residential customers and includes an arrearage forgiveness component under specific circumstances. A participant may be removed from the program if two consecutive payments are missed or they fail to establish Energy Assistance Program ("EAP" or "LIHEAP") eligibility and/or renewal within the grace period of each year. In an effort to better serve low-income customers, the CARE program has evolved since it was initially

offered in 2011. Updates include automatic re-enrollment for continued eligibility for EAP and removing the cap of 5,000 participants in the CARE program,¹ the addition of an arrearage forgiveness component,² and the removal of the requirement for budget billing.³ The program underwent a significant transformation in 2020 to include an affordability discount based on a target energy burden of three percent; an automatic flat \$15 discount for EAP-approved customers who are senior, disabled, and legacy CARE participants; limited enrollment based on program funding; and a change in the grace period from May 31 to May 1.⁴ Another modification was approved by the Commission on September 1, 2022⁵ which allowed an increase to the annual CARE budget related to the implementation of three program changes effective October 1, 2022. Specifically, the modification 1) increased the amount of the current CARE flat discount from \$15 to \$20/month, 2) extended the CARE flat discount to non-LIHEAP, low-income customers, and 3) extended the CARE affordability credit to non-LIHEAP, low-income customers. Items 2 and 3 are a CARE qualification exception for those who initially self-declare as low-income, using the self-declaration process as part of Minnesota Power's residential rate transition.⁶ Continued eligibility for the CARE program, beyond the initial self-declaration exception, would be subject to customers requesting and being approved for EAP within the grace period that follows one year of their low-income self-declaration. All other CARE provisions continue to apply.

In its December 19, 2018 Order,⁷ the Commission established an Annual Report filing date of March 1. Minnesota Power's last Annual Report was submitted on March 1, 2024 and approved.⁸

¹ Order Accepting the Second Annual Report (July 3, 2014).

² Order Accepting the Third Annual Report (July 10, 2015).

³ Order Accepting the Fifth Annual Report (January 5, 2018).

⁴ Order Accepting the Seventh Annual Report (October 30, 2019).

⁵ MPUC Docket No. E015/M-11-409, Modification Request In the Matter of Minnesota Power's Petition for Approval of a Rider for Customer Affordability of Residential Electricity (CARE), ORDER (September 21, 2022).

⁶ MPUC Docket No. E015/M-20-850, In the Matter of the Petition for Approval of Minnesota Power's Residential Rate Design, COMPLIANCE FILING (December 1, 2022).

⁷ Order Accepting Sixth Annual Report and Changing Annual Filing Date.

⁸ Order Accepting Twelfth Annual Report (April 16, 2024).

B. Organization of Filing

Minnesota Power's Thirteenth Annual CARE Program Report covers the period of October 1, 2023 through September 30, 2024 ("program year 2024") and includes the standard CARE-required report elements provided in the past. Additionally, it contains the reporting requirements related to program modifications that were developed through a collaborative stakeholder engagement process and approved by the Commission in its Order dated October 30, 2019, with a program implementation date of January 1, 2020.

II. PROCEDURAL MATTERS

Pursuant to Minn. Stat. § 216B.16, subd. 1 and Minn. Rule 3825.1300, Minnesota Power submits the following information:

A. Name, Address, and Telephone Number of Utility (Minn. Rules 7825.3500 (A))

Minnesota Power
30 West Superior Street
Duluth, MN 55802
(218) 722-2641

B. Name, Address, and Telephone Number of Utility Attorney (Minn. Rules 7825.3500 (A))

Sarah Whiting
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C. Date of Filing and Modified Rates Effective Date (Minn. Rule 7829.1300, subp. 3 (C))

This report is being filed on March 3, 2025. Minn. Rule 7825.3200 requires that utilities serve notice to the Commission at least 90 days prior to the proposed effective date of modified rates. Minnesota Power is not proposing to implement changes to the CARE Program without prior Commission approval and has not proposed program design changes as part of this filing. However, the Company is proposing a change to its Affordability Surcharge.

D. Statute Controlling Schedule for Processing the Petition (Minn. Rule 7829.1300, subp. 3(D))

Minnesota Power's Thirteenth Annual Report falls within the definition of a "Miscellaneous Tariff Filing" under Minn. Rules 7829.0100, subp. 11 and 7829.1400, subp. 1 and 4, permitting comments in response to a miscellaneous filing to be filed within 30 days, and reply comments to be filed no later than 10 days thereafter.

E. Utility Employee Responsible for Filing

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F. Impact on Rates and Services (Minn. Rule 7829.1300, subp. 3(F))

The existing Affordability Surcharge will have no effect on Minnesota Power's overall revenue requirements. The Affordability Surcharge applied to other firm electric customers will be offset by the discount offered to CARE program participants and monitored through a tracker. The additional information required under Minn. Rule 7829.1300, subp. 3(F) is included throughout this Annual Report.

G. Official Service List

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H. Service on Other Parties

Minnesota Power is eFiling this report and notifying all persons on Minnesota Power's CARE Program Service List that this report has been filed through eDockets. A copy of the service list is included with the filing along with a certificate of service.

I. Filing Summary

As required by Minn. Rule 7829.1300, subp. 1, Minnesota Power is including a summary of this filing on a separate page.

III. ANNUAL REPORT

A. CARE Reporting Requirements

This section of the Annual Report provides information required by the Commission's Orders under Docket No. E015/M-11-409.

1. Program Tracker, Administration and Funding

a. CARE Tracker

The CARE tracker is provided in detail as Attachment A.

b. CARE Program Administration and Administrative Costs

In its December 19, 2018 Order, the Commission authorized Minnesota Power to maintain administration of the CARE program and reaffirmed that authorization in its October 30, 2019 Order. Energy Assistance Program ("EAP") Service Providers in Minnesota Power's service territory continue to qualify and approve customers for EAP as they have done in the past. The Company requested recovery of program administrative costs as part of its Eighth Annual Report. This was approved as part of the Commission's October 30, 2019 Order, effective January 1, 2020. As shown in the CARE tracker, administrative costs for program year 2024 totaled \$20,727, well within the limitation of five percent of the program budget that was proposed by the Company and approved by the Commission.

c. CARE Program Funding

The current Affordability Surcharge (or "Surcharge") under the Company's CARE Rider has been in effect since June 1, 2023, as approved in the Commission's May 16, 2023 Order. The Affordability Surcharge is not applicable to EAP-approved customers or the Company's Lighting Class. Included as Attachment B is Minnesota Power's proposed Affordability Surcharge and Attachment C is Minnesota Power's current tariff sheet for the CARE Rider, which summarizes the Surcharge by customer class.

Minnesota Power's CARE tracker balance at the end of program year 2024 was at a deficit of approximately \$484,000, which is less than the \$1.4 million deficit at the end of the last program year. As shared in previous filings, this deficit was largely driven by a combination of 1) COVID-19-related grace provisions that extended well into 2022 and 2) the approved program modifications implemented beginning in October 2022 that expanded CARE eligibility. The tracker deficit reached its peak in June 2023 and has been gradually trending downward since the increased Surcharge went into effect, with the most significant decreases following the May 2024 grace period. Minnesota Power projects the tracker reached a near-zero balance in December 2024 (two months after the end of this program year reporting period) and, if the Surcharge is not decreased, will over collect in program year 2025. As such, Minnesota Power is requesting a change to the Affordability Surcharge in this filing. See Section III. C. for more details.

2. Program Retention, Satisfaction and Enrollment

a. Program Retention

The total number of participants enrolled at any point in the CARE program year 2024 was 13,580. At the end of program year 2024, there were 6,615 active participants. Table 1 shows the breakdown in number of customers and retention rates during program year 2024. The retention rate decreased significantly in program year 2024 due to the reinstatement of pre-COVID program removal guidelines and the expiration of the grace period for the first-year exception for customers receiving a CARE discount as part of the self-declaration process. A total of 7,538 customers were removed from the program during program year 2024, largely because they were not EAP-approved within the grace period under the program, as referenced above, but also for the same prevalent reasons as in the previous years: customers missed two consecutive payments or left the Company's service territory. The program modifications in 2020 did help with some program attrition challenges related to the Cold Weather Rule ("CWR") protection where a customer does not generally need to choose one option over the other. The exception is those with arrears forgiveness. The Company's billing system cannot accommodate both a CWR payment plan and an arrears forgiveness arrangement. With CARE retention rates high for those on the Affordability Discount, most customers have completed their

arrears forgiveness period, making this largely a non-issue for current participants starting in the latter part of program year 2024. The monthly average number of customers with arrears forgiveness was three, with none receiving arrears forgiveness starting in June 2024.

Table 1 - CARE Program Customer Retention

CARE Program Retention Plan Year 2024 – Period October 1, 2023 to September 30, 2024		
Designation	Number of Customers	Percentage of Customers
Participant stayed 0-30 days	141	1%
Participant stayed 31-60 days	247	2%
Participant stayed 61-90 days	315	2%
Participant stayed 91-150 days	656	5%
Participant stayed over 150 days	12,221	90%
Total Participants	13,580	100%

b. Program Satisfaction

Approximately 8,764 calls or contacts⁹ were received in program year 2024, a significant decrease from prior years, largely because there were not program modifications that needed to be communicated. The Company regularly reviews affordability program participation to ensure customers are enrolled in the program that best meets their specific needs. This includes cross-program referrals to the Company's energy conservation program. Due to program budget restraints, the Affordability Discount portion of the CARE program was closed to new participants and has been accumulating a waitlist since mid-program year 2023. As such, third-party energy auditors delivering energy conservation programs to income-qualified customers are no longer distributing CARE applications but are familiar with the Company's self-declaration of income process under its residential rate transition. They have self-declaration applications on-hand for those customers who may qualify for the Company's Income- and Usage-Qualified Discount. Households with members who are living with a disability or meet the senior

⁹ Contacts are notes made in customer account records in the billing system related to a conversation with or actions on customer accounts.

eligibility criteria may continue to qualify for the CARE Flat Discount of \$20 per month as part of the automated enrollment processes under self-declaration or through EAP.

c. Enrollment

The enrollment trend for program year 2024 is provided in Figure 1.

As described in prior Annual Reports, Minnesota Power and the Department of Commerce (“Department”) have successfully worked together to realize secure data sharing efficiencies that allow for more timely updates to customer accounts regarding application status and income through the EAP process. Weekly files from the Department containing customer-related data points from EAP continue to provide the Company with information needed to provide customers the most accurate discount available, simplify the application process for customers, and ensure consistency in the implementation of program processes and qualification guidelines.

An enrollment drop generally occurs each year when the grace period for EAP approval ends. Customers are removed from the program if they have not applied with the EAP Service Providers and been determined EAP-approved. May 1 marks the end of the grace period¹⁰ and is the date when Minnesota Power runs its reconciliation program to remove customers who have not yet renewed their EAP approval. As of October 1, 2022, the pool of eligible customers expanded to include those who self-declared as income-eligible under Minnesota Power’s Income-and Usage-Qualified Discount. With this implementation, Minnesota Power became the first utility in the state to allow customers to self-declare their income in order to qualify for, and participate in, the Company’s income-qualified programs and an Income- and Usage-Qualified rate discount, an important effort to remove barriers for customers to access needed assistance.

This program modification doubled participation in the CARE program, primarily through the \$20 Flat Discount in program year 2023. It has since decreased, as over 5,000

¹⁰ The grace period date changed from May 31 to May 1 as part of the program modifications approved in the Order Accepting the Seventh Annual Report (October 30, 2019).

customers were removed when they did not obtain EAP-approved status by the end of the grace period.

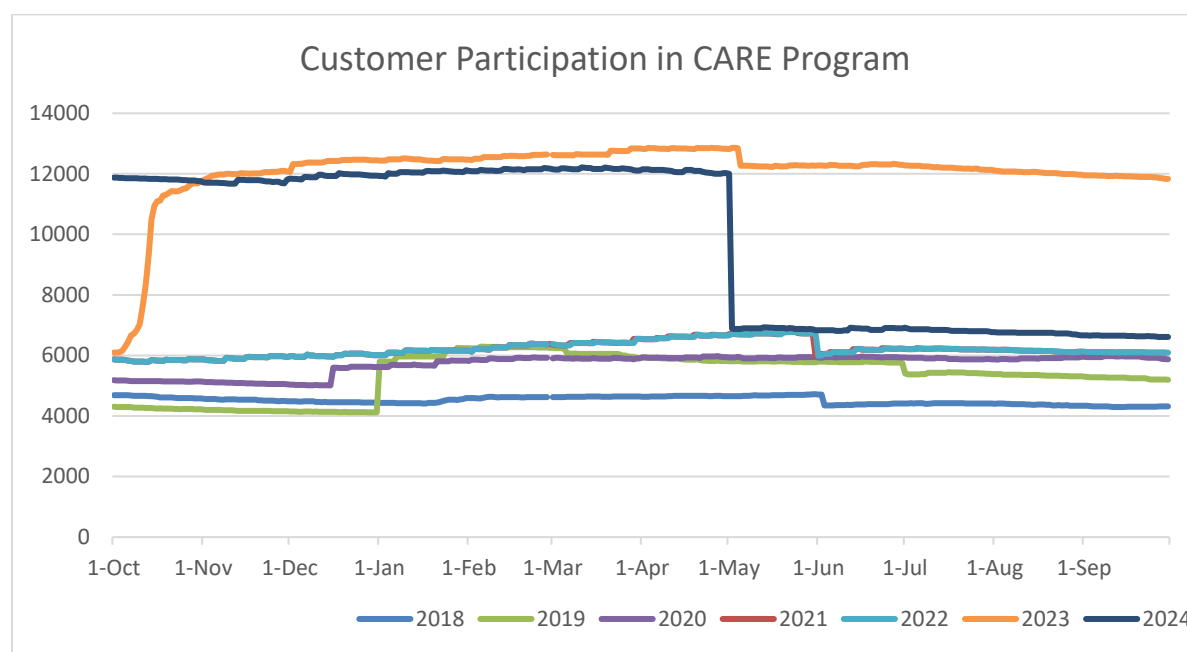


Figure 1 - CARE Program Participation

3. CARE Program Customers with High Energy Usage

a. Percent of Customers with 1,000 kWh Usage or more

Figure 2 shows the percentage of CARE program customers for program year 2024 with high energy usage compared to all high-usage EAP customers and high-usage customers on the standard Residential¹¹ rate. High-usage customers in the context of this report are defined as those who used 1,000 kWh or more in a given month. Each month is looked at individually. Any macro type of impact like the weather (normal, cold waves, or heat waves) tends to affect the four groups similarly, as indicated by the similar usage shapes by month in the figure. The Company counts bill totals and usage amounts only

¹¹ In the context of this report, “standard Residential customers” means residential customers served under standard rates, excluding customers served under interruptible rates and excluding customers served under the CARE Program and LIHEAP participants. The category “all firm Residential customers” includes CARE Program and LIHEAP participant customers but excludes interruptible rate customers.

for a customer who was a CARE participant in that specific month. This is a consistent trend with previous years.

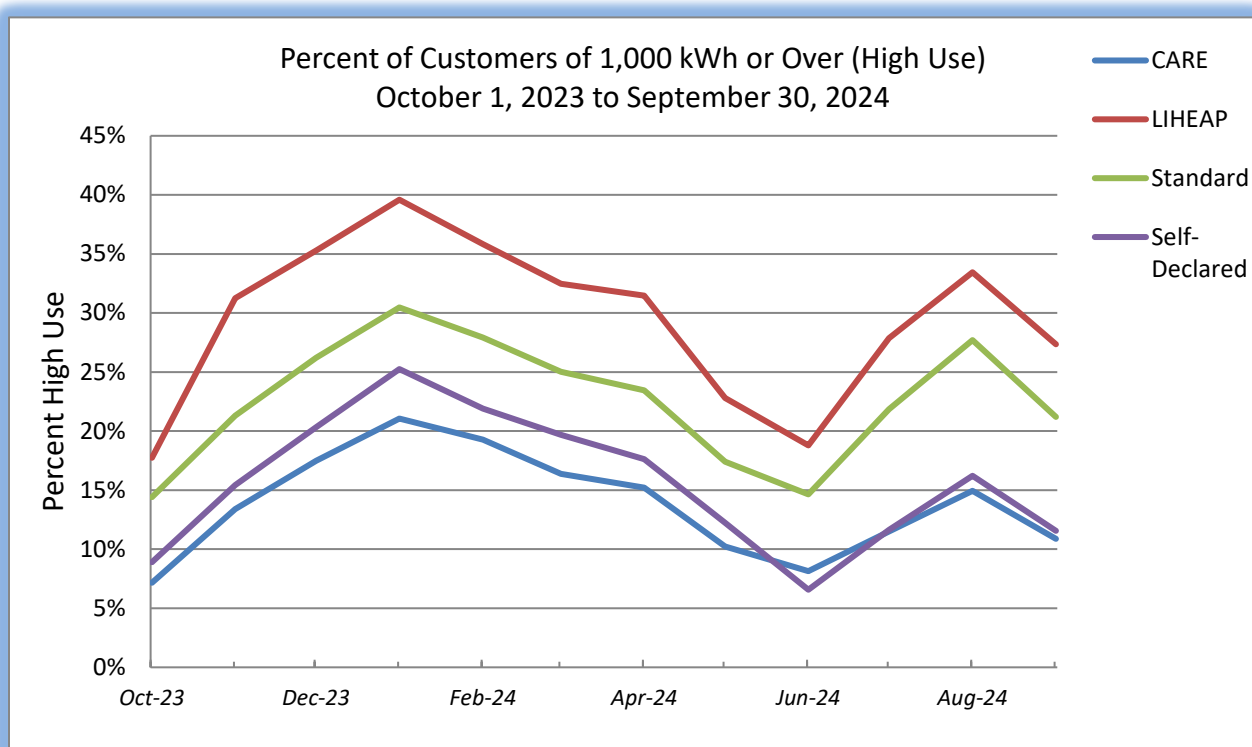


Figure 2 – CARE Program Percent of Customers with High Energy Usage

b. Average Usage for High-Use Customers (1,000 kWh and above)

Figure 3 shows the average monthly energy usage (kWh) for high-use CARE, EAP, and standard Residential customers who used 1,000 kWh or more in each respective month. This figure calculates the average usage per month by dividing the total usage of the total number of participants with usage of 1,000 kWh or over per month in each respective month by the number of participants in each group. Figure 3 shows standard Residential customers who are not identified as low income have a slightly higher average energy usage than the three income-qualified customer groups (CARE, Self-declared, and EAP).

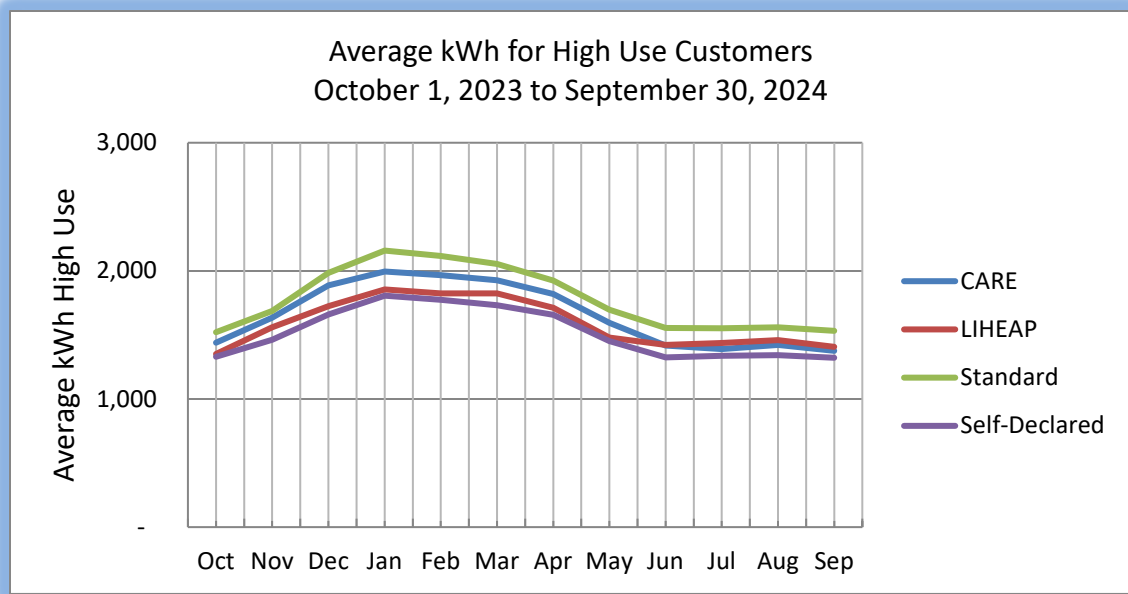


Figure 3 – Average Monthly Energy for High Usage Customers

4. Participant Payment Frequency and Payment History

Table 2 shows the payment frequency and history of CARE participants in program year 2024. CARE participants are a mix of customers who have self-declared their income with Minnesota Power, and EAP-approved customers who may or may not have received EAP grant assistance. Therefore, as in previous program years, the impact of payment frequency of the EAP grant has not been isolated. The total number of payments in Table 2 includes both full and partial payments, as these two types of payments are not counted separately in the Company's billing system. Customer bill amounts and counts are limited only to month(s) in which the customer was identified as CARE or EAP in the Company's billing system. In Table 2, total payments made by CARE participants and EAP customers include energy assistance payments; this explains why the EAP non-CARE customer total payments amount to more than the total bills. When the energy assistance amounts are excluded from the payments, CARE participants paid 78 percent of billed amounts, and EAP non-CARE customers paid 77 percent of their billed amounts. This could be because the CARE program allows participant bills to be more affordable and they are then able to pay a greater percentage than those customers not participating. The customer group having self-declared their income, both non-CARE and CARE

participants each paid 95 percent. The CARE and EAP percentages have increased while the self-declared have slightly decreased since program year 2023.

Table 2 – Payment Frequency and History

Customer Payment Frequency and History, Period October 1, 2023 to September 30, 2024							
Designation	Total Bills		Total Payments				Bills Paid as Percent of Bills Issued (Count)
	Count	Amount	Count	Amount	Energy Assistance	Percent of Billed Amounts Paid	
CARE Participants	125,268	\$8,101,584	92,798	\$7,777,485	\$1,495,720	78%	74%
LIHEAP non-CARE	32,630	\$4,255,166	23,315	\$4,702,902	\$1,411,212	77%	71%
LIHEAP	119,427	\$9,827,326	80,947	\$10,039,400	\$2,904,261	73%	68%
SELF-DECLARE non-CARE	53,769	\$5,213,861	47,160	\$4,955,415	\$3,697	95%	88%
SELF-DECLARE	92,240	\$7,743,285	82,326	\$7,396,401	\$6,368	95%	89%

5. Disconnections and Reconnections

a. Disconnections

Minnesota Power believes it is critically important to work with customers to avoid disconnection of service and, in the event that disconnection does occur, to work with customers on timely reconnection. Minnesota Power follows the disconnection rules and processes as outlined in Minn. Stat. §§ 216B.096, 216B.0976, and 216B.098, and Minn. Rules. 7820.1000 through 7820.1300 and 7820.2400 through 7820.3000. These procedures are described in the Electric Service Regulations of Minnesota Power, Minnesota Power Electric Rate Book, Section VI, most specifically on pages 3.4 and 3.17.

The number of participants who were disconnected during program year 2024 is shown in Table 3. The process to run the report for Table 3, as related to CARE, is consistent with previous years. The Company used the date the disconnection was completed in the field when determining the customer affected, which is also in line with the Company's

annual Safety, Reliability, and Service Quality (“SRSQ”) report the latest of which was filed on April 1, 2024¹² and the next of which will be filed in April 2025. Table 3 shows the number of CARE participants who were disconnected compared to the number of disconnections for all Residential firm customers, EAP customers who did not participate in the CARE program, and self-declared customers who did not participate in the CARE program. The disconnection rate was higher in program year 2024 for all residential customers, as compared to 2023, largely due to the end of peacetime emergency protections and the significant arrears that continue to remain above pre-pandemic levels, even after the reinstatement of service disconnections for non-payment that resumed beginning in August 2021. EAP non-CARE customers had a disconnection rate of 21 percent in program year 2024 compared to 16 percent in 2023. Disconnection rates for all residential customers increased from slightly over two percent in 2023 to slightly over two and a half percent in program year 2024.

Table 3 – Disconnections

Disconnections – Period October 1, 2023 to September 30, 2024			
Designation	Total Number of Customers	Total Number of Disconnections	Percentage of Disconnections
	[a]	[b]	[c]=[b]/[a]
CARE Participants	14,264	332	2.33%
EAP Customers non-CARE	3,908	830	21.24%
Self-Declare Customers non-CARE	2,916	71	2.43%
All Residential Customers	119,523	3118	2.61%

b. Reconnections

Table 4 provides the number of CARE program participants, EAP non-CARE customers, self-declared non-CARE customers, and all Residential customers reconnected compared to those who were disconnected, as also shown in Table 3 above, column [b]. The reconnection numbers in Table 4 column [b] are all reconnections that took place in program year 2024. Percentage of reconnections decreased for all customer groups since program year 2023.

¹² SRSQ, Docket No.E015/M-24-29, April 1, 2024.

Table 4 – Reconnections

Reconnections – Period, October 1, 2023 to September 30, 2024			
Designation	Total Number of Disconnections	Total Number of Reconnections	Percentage of Reconnections
CARE Participants	332	239	72%
LIHEAP Customers non-CARE	830	639	77%
Self-Declare Customers non-CARE	71	50	70%
All Residential Customers	3,118	2274	73%

6. Participant Average Discount, Bill and Arrears

The Company provides the annual average participant's discount and arrearage amounts in the following sections.

a. Information Based on Annual Average Participants in the CARE Program

During program year 2024, the annual average number of participants in the CARE program was 9,832, down from program year 2023. This reflects those customers who qualified for CARE by self-declaring their income with Minnesota Power and then needed to take action to become EAP-approved to remain in the program. Based on this group of participants as shown in Table 5, the average monthly discount, including the Company's match of arrears forgiveness discount, was \$29. This is slightly more than that in 2023. To arrive at average total billed amount, the average for the total number of bills for CARE participants was used. The count of customers during program year 2024 who were enrolled in the CARE program at one point with arrears greater than 60 days old was 1,841. The average monthly arrearage amount per customer was \$21 in program year 2024, reflecting slightly lower than what was seen in program year 2023. The average total billed amount in program year 2024 is lower at \$597 per year, or \$50 per month, as compared to \$724 per year, or \$60 per month. The count of amount billed to CARE participants is limited to only the month(s) in which the customer was actually a CARE participant.

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

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
Average Total Billed Amount	13,577	\$ 8,101,584	\$ 597	\$ 50
Average Arrearage Amount	1,841	\$ 457,200	\$ 248	\$ 21

7. CARE Participant Billing Impacts

Table 6 provides CARE program participants annual and monthly billing for the 13,577 participants, counted as number of bills.

Table 6 - CARE Participant Billing Impact

Average Bill and Arrears Billing Impact for CARE Average Participants, October 1, 2023 to September 30, 2024					
Designation	All CARE 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
Average Bill Credit or Discount Amount	\$ 3,401,900	\$ 283,492	9,832	\$ 346	\$ 29
CARE Arrears	\$ 11,542	\$ 962	3	\$ 3,847	\$ 321

8. CARE Participant Electric Usage

In Table 7, the usage reported is strictly for the months in which a customer was identified as EAP or self-declared and enrolled in the CARE program. If a CARE customer stopped participating in the CARE program, the usage after being removed from the CARE program is not included in total annual usage. The Residential customer count and usage is inclusive of EAP, self-declared, and CARE participants. Similarly, the EAP and self-declared customer counts and usage are inclusive of CARE participants.

Table 7 - Customer Electric Usage

Customers' Electric Usage. Period October 1, 2023 - September 30, 2024			
Designation	Total Annual Usage kWh	Number of Customers	Average Monthly Usage kWh
Standard Residential Customers	973,511,639	119,523	679
EAP Customers	82,428,708	12,895	533
Self-Declare Customers	56,739,981	8,193	577
Total CARE Participants	78,293,728	14,264	457

9. Past Order Requirements – Program Improvements and Outreach

In its January 5, 2018 Order, the Commission ordered the Company, in coordination with the Consumer Affairs Office (“CAO”), Energy CENTS Coalition, and nonprofit organizations within Minnesota Power’s territory, to discuss potential improvements to Minnesota Power’s CARE program, the coordination of the program with the LIHEAP, and how best to enhance public outreach.

In its Sixth Annual Report, the Company reported extensively on its outreach efforts and, in its December 19, 2018 Order, the Commission indicated the Company had adequately addressed concerns on customer outreach. Minnesota Power has continued to work with the CAO to discuss low-income customer challenges, identify enhanced outreach options, and discuss a process for expediting customer eligibility for programs. As a part of these efforts, Minnesota Power and the CAO have established regular meetings to review progress and explore additional ideas. This has informed additional outbound calling, cross-program referral, and COVID-19 specific outreach efforts, in addition to the other outreach efforts the Company has in place and ongoing. Further, Minnesota Power, along with other utilities, is in frequent contact with the Department’s Energy Assistance Program office regarding EAP specifically. Importantly, as a part of these efforts, outreach to EAP Service Providers, community action agencies, Energy CENTS Coalition, and other local nonprofit organizations, has occurred.

Minnesota Power continues to leverage four major channels for outreach – targeted, mass, online/social media, and community events/collaborative services. Of these channels, the most directly impactful have been targeted outreach in the way of direct mailings and outbound phone calls as well as community events.

10. Compliance with Minnesota Statutes

The Commission required Minnesota Power to implement the CARE program, a low income affordability program per the requirements of Minn. Stat. § 216B.16 Sub. 15(b) with the following objectives:

- Lower the percentage of income that participating households devote to energy bills;
- Increase participating customer payments over time by increasing the frequency of payments;
- Decrease or eliminate participating customer arrears;
- Lower utility costs associated with customer account collection activities; and
- Coordinate the program with other available low income payment assistance and conservation resources.

The Company addresses each of the objectives in the subsections that follow.

a. Lower the percentage of income that participating households devote to energy bills

Customer income data is now being collected for EAP participants through the existing secure data transfer process for EAP. In addition, income band data is being collected through the Company's self-declaration process under the residential rate transition for the Income- and Usage-Qualified Discount. As such, this may inform future reporting enhancements on this topic.

The Affordability Discount in CARE targets three percent of income for customer electric energy burden and therefore specifically lowers the percentage of income that those CARE participants devote to energy bills, oftentimes significantly. Affordability discounts range from 12 percent to 100 percent with the average discount at about 86 percent. This

is the highest average since this discount was offered per program updates in 2020. Information from the Energy Assistance Program office of the Department has indicated just above five percent of income devoted to their electric bill for Minnesota Power customer households who are EAP-approved. As many CARE program participants are drawn from EAP-approved customers, the percentage of income for EAP-approved customers represents a proxy for CARE program participants on the flat discount.

b. Increase participating customer payments over time by increasing the frequency of payments

For program year 2024, CARE participants paid 74 percent of their bills; EAP non-CARE customers paid 71 percent of their bills, both up from 73 percent and 63 percent, respectively, in 2023. These payment percentages include energy assistance funds for electric bills. In the analysis of program year 2016, the Department recognized that “absent a comparison of payment frequency for customers before and after participation in CARE, it is difficult to definitively determine whether MP’s (Minnesota Power) CARE Program increased frequency of payments or not.”¹³ The Company agrees, though the analysis seems to suggest that the CARE program has had some success in improving frequency of payment. CARE participants paid 78 percent of their billed amounts compared to EAP non-CARE who paid 77 percent (see Table 2).

c. Decrease or eliminate participating customer arrears

Minnesota Power implemented its Arrearage Forgiveness match in January 2016. In program year 2024, the Company matched \$11,542 with a monthly average of three customers who received an Arrearage Forgiveness match. 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. Table 8 provides a monthly summary of the amount of arrears the Company matched, the monthly number of participants whose arrears were forgiven,

¹³ Minnesota Department of Commerce, Division of Energy Resources, Docket No. E015/M-11-409, Section III.A.2, page 4, Susan L. Peirce Reply Comments to the Minnesota Power’s Fifth Annual Report, October 12, 2017.

and the average dollar match per month per participant. The Arrearage Forgiveness component no longer had matchable arrears beginning in June 2024.

Table 8 – Arrearage Forgiveness Statistics

Year Month	Amount Matched by MP	Number of Participants	Average \$/Participant
Oct-2023	\$1,705	5	\$341
Nov-2023	\$1,425	3	\$475
Dec-2023	\$1,425	3	\$475
Jan-2024	\$1,397	3	\$466
Feb-2024	\$1,397	2	\$699
Mar-2024	\$1,397	2	\$699
Apr-2024	\$1,397	2	\$699
May-2024	\$1,397	2	\$699
	\$11,542	22	\$569

d. Lower utility costs associated with customer account collection activities

Minnesota Power believes in the importance of working with customers by following all rules and regulations, including notices and the option of establishing a payment agreement to avoid disconnection of service. In the event that disconnection does occur, the Company works with customers on timely reconnection.

The disconnection rate in program year 2024 continued to trend toward more typical years. Minnesota Power discusses below how to provide assistance to all identified low-income customers without distinction, which will translate into more affordable bills and would in turn mean less disconnections under normal operating circumstances.

e. Coordinate the program with other available low income payment assistance and other resources

Minnesota Power's Energy Partners program 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 efficiently for the long term. These services are provided primarily through working directly with the Fond du Lac Band of Lake Superior Chippewa and local

community agencies, including the AEOA, BI-CAP, Kootasca Community Action, Lakes and Pines Community Action, Mahube-Otwa Community Action, and TCC.

Minnesota Power's energy conservation team representatives typically participate in a wide range of low income-focused events and community events. More details about the program and participation are available in the 2023 CIP Consolidated Filing and will be provided in the upcoming 2024 ECO Consolidated Filing to be filed April 1, 2025.¹⁴

The Company's implementation of the customer option to self-declare their income also integrates into these opportunities, qualifying customers for CARE and Energy Partners programs as well as the Company's Income- and Usage-Qualified Discount for residential rates.

B. CARE Modifications Update

Since its inception in 2011, Minnesota Power has continually made improvements to its CARE program in an effort to better address the practical concerns of its customers and other stakeholders.

Minnesota Power proposed modifications in its 2018 filing that were based on a collaborative stakeholder engagement process, consistent with the Commission's January 5, 2018 Order, Order Point 3. The proposed modifications were approved in the Commission's Order dated October 30, 2019 with an effective date of January 1, 2020. For details, see the Ninth Annual Report.

The Company is pleased to report, for the fifth year in a row, a highly successful re-enrollment rate for Affordability Discount participants of approximately 96 percent. This was the fifth re-enrollment period since the program modifications were implemented. It involved direct mailings and outbound calling, though less than previous years. It is assumed this is because program participants are becoming more familiar with the program requirements. Also, the Company has made significant efforts to streamline the application process for customers and remove potential barriers to participation. One

¹⁴ MPUC Docket No. E015/CIP-20-476, In the Matter of Minnesota Power's 2023 Conservation Improvement Program Consolidated Filing (April 1, 2024).

particularly impactful example is using verified income data directly from the secure EAP file exchange to determine customer CARE discount amounts. After consultation with the CAO, the Company intends to further streamline Affordability Discount re-enrollment by simply sending confirmations of the updated discount percentages for those who remain income-eligible. Customers will then have the option to opt out as opposed to affirming their enrollment. With re-enrollment rates consistently in the mid-90 percent range, this is a prudent simplification that provides for a better customer experience and more timely discount updates.

Another program modification went into effect October 1, 2022. Under this modification, customers who self-declare as low income as part of the Company's Income- and Usage-Qualified Discount may also qualify for the CARE program in their first year of self-declaration. Annually thereafter, customers would need to be approved through the EAP application process to remain eligible. This expansion of the program greatly increased program participation numbers for the 2023 program year. This additional qualification method allows customers to receive discounts through the CARE program much faster than they otherwise may have, and acts as a bridge covering the gap of time customers have experienced while waiting for EAP applications to be processed. The Company did see a large decline in CARE participants from the self-declaration exception following the end of the grace period in May 2024. Many of these customers either did not take the necessary action for gaining EAP approval or they were above the EAP income thresholds. To inform future outreach, the Company is conducting focus group engagement in 2025. 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.

C. Affordability Surcharge Changes

Based on the current CARE tracker balance and projected customer discounts expected through program year 2025, Minnesota Power is proposing to reduce its Affordability

Surcharge, as detailed in Attachment B, using the approved surcharge methodology,¹⁵ and summarized as follows:

	Current	Proposed
Residential (Except LIHEAP-qualified)	\$2.41	\$1.28
General Service	\$4.01	\$2.13
Large Light & Power	\$26.74	\$17.73
Large Power	\$1,826.31	\$675.86

Through the end of the program year in this Annual Report, the program has maintained a negative CARE tracker balance through the Affordability Surcharge, meaning more has been provided in discounts than has been collected through the surcharge. As of September 30, 2024, the remaining CARE tracker balance was just under (\$484,000).

The Company moved forward with the Commission-approved eligibility changes for CARE to allow a first-in-the-state self-declaration exception. Though the Company has seen an exceptional response rate to its self-declaration outreach,¹⁶ 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 leveled at a lower amount overall, as was anticipated. The Company had anticipated a corresponding decrease from the current Affordability Surcharge in future program years, the magnitude of which is clearer as more insight has been gained regarding conversion rates of self-declared customers to EAP-approved for continued CARE eligibility. Included as Attachment C to this filing is a redlined and clean version of Minnesota Power's current tariff sheet for the CARE Rider with Affordability Surcharge changes identified.

¹⁵ Presented by Minnesota Power in its August 8, 2012 Compliance Filing in response to the Minnesota Public Utilities Commission's September 26, 2011 Order Authorizing Pilot Program and Setting Further Requirements, resulting in a December 3, 2012 Order where the Company was required to use the Customer Charge Ratio to set the revised CARE Affordability Surcharge.

¹⁶ MPUC Docket No. E015/M-20-850, In the Matter of the Petition for Approval of Minnesota Power's Residential Rate Design, COMPLIANCE FILING (December 1, 2022).

IV. Conclusion

This Thirteenth Annual Report represents results for the CARE program's 2024 program year, the fifth full program year under the modifications implemented January 1, 2020 and the second full program year under the modifications implemented October 1, 2022. The Company appreciates the opportunity to provide this information regarding the CARE program and respectfully requests that the Commission accept this Annual Report and approve the proposed Affordability Surcharge changes.

Dated: March 3, 2025

Respectfully submitted,

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

Analeisha Vang
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Minnesota Power
Docket No. E015/M-11-409
Customer Affordability of Residential Electricity Tracker

Line No.		2023			2024										Annual Total										
		Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24												
1	Affordability Surcharge Cash Collections																								
2	Residential	\$ 251,072	\$ 259,231	\$ 258,299	\$ 256,452	\$ 255,011	\$ 253,593	\$ 252,650	\$ 251,980	\$ 253,802	\$ 254,053	\$ 254,046	\$ 254,323	\$ 3,054,511											
3	General Service	\$ 86,126	\$ 86,303	\$ 86,287	\$ 86,564	\$ 86,348	\$ 86,720	\$ 86,591	\$ 84,167	\$ 86,616	\$ 84,460	\$ 84,364	\$ 84,440	\$ 1,028,986											
4	Large Light & Power	\$ 11,589	\$ 11,565	\$ 11,473	\$ 12,241	\$ 11,528	\$ 11,598	\$ 11,486	\$ 11,581	\$ 11,362	\$ 11,370	\$ 11,308	\$ 11,274	\$ 138,375											
5	Large Power	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 14,610	\$ 175,326											
6	Total Affordability Surcharge Cash Collections	\$ 363,397	\$ 371,709	\$ 370,669	\$ 369,867	\$ 367,497	\$ 366,522	\$ 365,337	\$ 362,339	\$ 366,390	\$ 364,494	\$ 364,329	\$ 364,647	\$ 4,397,198											
	Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -											
7	Rate Discount Costs																								
8	Affordability Discount	\$ 76,851	\$ 96,543	\$ 111,037	\$ 138,165	\$ 134,644	\$ 123,869	\$ 113,011	\$ 90,252	\$ 67,479	\$ 75,094	\$ 81,394	\$ 68,938	\$ 1,177,276.70											
9	Flat Discount	\$ 213,453	\$ 210,673	\$ 211,424	\$ 218,334	\$ 221,218	\$ 222,073	\$ 223,791	\$ 221,154	\$ 127,661	\$ 119,130	\$ 119,126	\$ 116,585	\$ 2,224,623.72											
10	Arrear Forgiveness Company Match	\$ 1,705	\$ 1,425	\$ 1,425	\$ 1,397	\$ 1,397	\$ 1,397	\$ 1,397	\$ 1,397	\$ -	\$ -	\$ -	\$ -	\$ 11,542											
11	Interim Discount													\$ -											
12	Total Discount	\$ 292,009	\$ 308,642	\$ 323,886	\$ 357,896	\$ 357,260	\$ 347,340	\$ 338,200	\$ 312,803	\$ 195,140	\$ 194,224	\$ 200,520	\$ 185,523	\$ 3,413,443											
13	Program Admin Costs	\$ 1,259	\$ 1,128	\$ 2,591	\$ 757	\$ 2,408	\$ 2,018	\$ 4,127	\$ 3,400	\$ 814	\$ 1,163	\$ 624	\$ 437	\$ 20,727											
14	Interest Calculation																								
15	Monthly Tracker Balance Change	\$ 70,129	\$ 61,940	\$ 44,192	\$ 11,214	\$ 7,830	\$ 17,164	\$ 23,010	\$ 46,135	\$ 170,436	\$ 169,107	\$ 163,185	\$ 178,686												
16	Beginning of Month Balance	\$ (1,355,056)	\$ (1,294,288)	\$ (1,241,018)	\$ (1,205,470)	\$ (1,202,894)	\$ (1,203,140)	\$ (1,194,577)	\$ (1,179,809)	\$ (1,142,002)	\$ (978,929)	\$ (816,261)	\$ (658,365)												
17	Subtotal	\$ (1,284,927)	\$ (1,232,348)	\$ (1,196,826)	\$ (1,194,256)	\$ (1,195,065)	\$ (1,185,976)	\$ (1,171,566)	\$ (1,133,674)	\$ (971,566)	\$ (809,822)	\$ (653,076)	\$ (479,679)												
18	Monthly Average Balance	\$ (1,319,991)	\$ (1,263,318)	\$ (1,218,922)	\$ (1,199,863)	\$ (1,198,980)	\$ (1,194,558)	\$ (1,183,072)	\$ (1,156,742)	\$ (1,056,784)	\$ (894,375)	\$ (734,668)	\$ (569,022)												
19	Weighted Average Annual Prime Interest Rate 1/	8.35%	8.35%	8.35%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%												
20	Monthly Interest	\$ (9,361)	\$ (8,670)	\$ (8,644)	\$ (8,638)	\$ (8,075)	\$ (8,600)	\$ (8,243)	\$ (8,328)	\$ (7,363)	\$ (6,439)	\$ (5,289)	\$ (3,965)	\$ (91,615)											
21	End of Month Balance	\$ (1,294,288)	\$ (1,241,018)	\$ (1,205,470)	\$ (1,202,894)	\$ (1,203,140)	\$ (1,194,577)	\$ (1,179,809)	\$ (1,142,002)	\$ (978,929)	\$ (816,261)	\$ (658,365)	\$ (483,643)												

1/ <https://www.ferc.gov/enforcement-legal/enforcement/interest-calculation-rates-and-methodology>

Minnesota Power**Docket No. E015/M-11-409****Customer Affordability of Residential Electricity - Affordability Surcharge****CARE Surcharge Calculation:**

Tracker Account Balance at the end of Program Year 2022	\$ (483,643)
Current year expenditures (actuals)	\$ 3,413,443
Projected customer discounts Program Year 2023	\$ 2,759,644
Program administration costs (three year average, capped at 5% of Program Budget)	\$ 33,798
CARE Cost Recovered through Surcharge Program Year 2022 (actuals)	\$ (4,397,198)
CARE Adjustments 1/	\$ -
Less CARE Tracker Carry Forward	\$ 483,643
Recoverable Tracker Balance	\$ 2,293,330

Percentage of Revenue from Customer Charge	Service Charge	Customer Count	Revenue from Service Charge	Percent of Revenue
Residential non-LIHEAP	\$9.00	105,531	\$ 949,779	70.5%
General Service	\$15.00	20,923	\$ 313,845	23.3%
Large Light & Power	\$125.00	363	\$ 45,375	3.4%
Large Power	\$4,764.00	8	\$ 38,112	2.8%
		126,825	\$ 1,347,111.00	100.0%

Affordability Surcharge Calculation

	CARE Program Responsibility	Per Customer per Year	Per Month
Residential non-LIHEAP	\$ 1,616,910	\$ 15.32	\$ 1.28
General Service	\$ 534,292	\$ 25.54	\$ 2.13
Large Light & Power	\$ 77,247	\$ 212.80	\$ 17.73
Large Power	\$ 64,882	\$ 8,110.26	\$ 675.86
	\$ 2,293,330		

RIDER FOR CUSTOMER AFFORDABILITY OF RESIDENTIAL ELECTRICITY (CARE)

APPLICATION

Applicable to any Residential Service Customer taking service under Rate Code 20 (General) or Rate Code 22 (Space Heating) who is approved as qualified for the Low Income Home Energy Assistance Program (LIHEAP) by a designated social service agency (Agency) within Company's service territory during the program year (October 1 to September 30). Customers must receive certification annually through authorized Agency to be eligible for this Rider. A qualification exception applies for customers who initially self-declare as low income. 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.

DEFINITIONS**SENIOR Customers:**

Seniors are those age 62 or older, as determined through the LIHEAP qualification and/or Low Income Self-Declaration process.

DISABLED Customers:

Disabled are those determined as disabled through the LIHEAP qualification and/or Low Income Self-Declaration process.

LEGACY CARE Customers:

Customers enrolled in the CARE Program as of September 30, 2019 or prior to the initial offering of the flat and affordability discounts under this Rider, whichever is later.

RATE MODIFICATION

All provisions of the Residential Service Schedule shall apply except as modified below:

FLAT DISCOUNT

Eligible Senior, Disabled, and / or Legacy CARE customers receive a \$20 flat discount in each monthly billing period.

AFFORDABILITY DISCOUNT

Eligible Senior and / or Disabled Customers Under 62 Years of Age with no Disability, and Customers with certified medical circumstances:

A customer using more than 3% of their annual household income for electric bill payments may be eligible for the Company's affordability discount. The Company will offer customers with the lowest income, and a history of high electric consumption, an affordability discount

Filing Date: March 1, 20242025**MPUC Docket No.:** E015/M-11-409**Effective Date:** May 1, 2024**Order Date:** April 16, 2024

Approved by: Leah N. Peterson
Leah N. Peterson
Manager – Customer Analytics

RIDER FOR CUSTOMER AFFORDABILITY OF RESIDENTIAL ELECTRICITY (CARE)

with the goal of keeping a household's annual energy burden within 3% of its income, on average. The affordability discount will be applied as a monthly percentage discount on bill.

LOW-INCOME AFFORDABILITY PROGRAM SURCHARGE

For Customers taking service under: Residential Service (Rate Code 20, 22, and 23) except those residential customers who are qualified for LIHEAP, General Service (Rate Code 25), Large Light & Power (Rate Code 75), Large Power (Rate Code 74), and Non-Contract Large Power (Rate Code 78) there shall be added to each service agreement, as designated above, on their monthly bill, a Low-Income Affordability Program Surcharge as specified below:

Residential (Except LIHEAP-qualified)	\$2.41 <u>1.28</u>
General Service	\$4.04 <u>2.13</u>
Large Light & Power	\$26.74 <u>17.73</u>
Large Power	\$1,826.34 <u>675.86</u>

SERVICE CONDITIONS

1. In order to determine customer eligibility for this Rider, the Company will review customer's LIHEAP approval and/or Low Income Self-Declaration status, Customer billing information, approved LIHEAP benefits, household income, and / or arrears.
2. For Legacy CARE and Affordability Discount Customers, any past due bills for electric service will be spread over a maximum of 24 months and shall be put in a 24-month payment arrangement under the Arrearage Forgiveness program.
3. Customers taking service under this Rider will be encouraged to participate in Minnesota Power's energy conservation programs.
4. Customers must be LIHEAP eligible by May 1 of each program year to continue receiving service under this Rider. The program year starts October 1 and ends September 30 of the following year.
5. Customers who become eligible through the Low Income Self-Declaration process must request and be determined eligible for LIHEAP within one year of their initial low income self-declaration in order to remain eligible for this Rider.
6. Customer must maintain an active account registered under Customer's name with the Company to be eligible for this Rider.
7. Qualified Customers are eligible to receive a discount under this Rider at only one residential location at any one time, and the Rider applies only to a qualified

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RIDER FOR CUSTOMER AFFORDABILITY OF RESIDENTIAL ELECTRICITY (CARE)

Customer's primary residence. This Rider will not be available when, in the opinion of the Company, the Customer's residency or occupancy is of temporary nature.

8. It is the Customer's responsibility to notify the Company if there is a change of address or eligibility status.
9. Application of this Rider shall be prospective, and the Rider discount shall not be applicable to past due bills.
10. If the participating Customer misses two consecutive payments, the Customer will be removed from this Rider and ineligible until the next program year, at the Company's discretion. The Customer will become subject to standard collection activities for any past due amounts.
11. Refusal or failure of a Customer or Agency to provide documentation of eligibility acceptable to the Company may result in Customer removal from this Rider.
12. Customer may be re-billed for periods of ineligibility under the applicable standard rate schedule.
13. This Rider shall meet the conditions of Minnesota Statutes, Chapter 216B.16, Subd. 15 on low income affordability programs.

ARREARAGE FORGIVENESS CONDITIONS

1. Current Legacy CARE and Affordability Discount participants with past-due arrears balances that satisfy Service Condition 1 are eligible for Arrearage Forgiveness.
2. Potential Arrearage Forgiveness applies to outstanding arrears at the time of CARE enrollment or as of the effective date of the Arrearage Forgiveness component, whichever is later.
3. The Arrearage Forgiveness shall in no event exceed the outstanding arrears balance.
4. The Company shall total the amount of arrears payments made by all CARE customers each month, and based on available funds in the CARE Rider Tracker, shall determine the percentage matching rate and shall match each Customer's monthly paid arrears amount by applying the determined percentage to reduce arrears in the same month. The initial matching rate will be 100 percent.
5. In the event a Customer applies, qualifies and receives fuel assistance, the fuel assistance amount may be used to pay the arrears amount. The Company shall not match amounts paid by a third party; however, any amount of arrears paid by the Customer any

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RIDER FOR CUSTOMER AFFORDABILITY OF RESIDENTIAL ELECTRICITY (CARE)

month shall be matched by the Company by applying the percentage of reduction in place as stated in Arrearage Forgiveness Condition 4 above.

6. If a Customer has new arrears, it means the Customer has missed at least two consecutive payments, therefore, Service Condition 10 applies, and the Customer shall no longer be eligible for the CARE Program or the Arrearage Forgiveness component.

Filing Date: March 1, 20242025 MPUC Docket No.: E015/M-11-409
Effective Date: May 1, 2024 Order Date: April 16, 2024

Approved by: Leah N. Peterson
Leah N. Peterson
Manager – Customer Analytics

RIDER FOR CUSTOMER AFFORDABILITY OF RESIDENTIAL ELECTRICITY (CARE)

APPLICATION

Applicable to any Residential Service Customer taking service under Rate Code 20 (General) or Rate Code 22 (Space Heating) who is approved as qualified for the Low Income Home Energy Assistance Program (LIHEAP) by a designated social service agency (Agency) within Company's service territory during the program year (October 1 to September 30). Customers must receive certification annually through authorized Agency to be eligible for this Rider. A qualification exception applies for customers who initially self-declare as low income. 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.

DEFINITIONS**SENIOR Customers:**

Seniors are those age 62 or older, as determined through the LIHEAP qualification and/or Low Income Self-Declaration process.

DISABLED Customers:

Disabled are those determined as disabled through the LIHEAP qualification and/or Low Income Self-Declaration process.

LEGACY CARE Customers:

Customers enrolled in the CARE Program as of September 30, 2019 or prior to the initial offering of the flat and affordability discounts under this Rider, whichever is later.

RATE MODIFICATION

All provisions of the Residential Service Schedule shall apply except as modified below:

FLAT DISCOUNT

Eligible Senior, Disabled, and / or Legacy CARE customers receive a \$20 flat discount in each monthly billing period.

AFFORDABILITY DISCOUNT

Eligible Senior and / or Disabled Customers Under 62 Years of Age with no Disability, and Customers with certified medical circumstances:

A customer using more than 3% of their annual household income for electric bill payments may be eligible for the Company's affordability discount. The Company will offer customers with the lowest income, and a history of high electric consumption, an affordability discount

Filing Date: March 1, 2025**MPUC Docket No.:** E015/M-11-409**Effective Date:** _____**Order Date:** _____

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Leah N. Peterson
Manager – Customer Analytics

RIDER FOR CUSTOMER AFFORDABILITY OF RESIDENTIAL ELECTRICITY (CARE)

with the goal of keeping a household's annual energy burden within 3% of its income, on average. The affordability discount will be applied as a monthly percentage discount on bill.

LOW-INCOME AFFORDABILITY PROGRAM SURCHARGE

For Customers taking service under: Residential Service (Rate Code 20, 22, and 23) except those residential customers who are qualified for LIHEAP, General Service (Rate Code 25), Large Light & Power (Rate Code 75), Large Power (Rate Code 74), and Non-Contract Large Power (Rate Code 78) there shall be added to each service agreement, as designated above, on their monthly bill, a Low-Income Affordability Program Surcharge as specified below:

Residential (Except LIHEAP-qualified)	\$1.28
General Service	\$2.13
Large Light & Power	\$17.73
Large Power	\$675.86

SERVICE CONDITIONS

1. In order to determine customer eligibility for this Rider, the Company will review customer's LIHEAP approval and/or Low Income Self-Declaration status, Customer billing information, approved LIHEAP benefits, household income, and / or arrears.
2. For Legacy CARE and Affordability Discount Customers, any past due bills for electric service will be spread over a maximum of 24 months and shall be put in a 24-month payment arrangement under the Arrearage Forgiveness program.
3. Customers taking service under this Rider will be encouraged to participate in Minnesota Power's energy conservation programs.
4. Customers must be LIHEAP eligible by May 1 of each program year to continue receiving service under this Rider. The program year starts October 1 and ends September 30 of the following year.
5. Customers who become eligible through the Low Income Self-Declaration process must request and be determined eligible for LIHEAP within one year of their initial low income self-declaration in order to remain eligible for this Rider.
6. Customer must maintain an active account registered under Customer's name with the Company to be eligible for this Rider.
7. Qualified Customers are eligible to receive a discount under this Rider at only one residential location at any one time, and the Rider applies only to a qualified

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Manager – Customer Analytics

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Customer's primary residence. This Rider will not be available when, in the opinion of the Company, the Customer's residency or occupancy is of temporary nature.

8. It is the Customer's responsibility to notify the Company if there is a change of address or eligibility status.
9. Application of this Rider shall be prospective, and the Rider discount shall not be applicable to past due bills.
10. If the participating Customer misses two consecutive payments, the Customer will be removed from this Rider and ineligible until the next program year, at the Company's discretion. The Customer will become subject to standard collection activities for any past due amounts.
11. Refusal or failure of a Customer or Agency to provide documentation of eligibility acceptable to the Company may result in Customer removal from this Rider.
12. Customer may be re-billed for periods of ineligibility under the applicable standard rate schedule.
13. This Rider shall meet the conditions of Minnesota Statutes, Chapter 216B.16, Subd. 15 on low income affordability programs.

ARREARAGE FORGIVENESS CONDITIONS

1. Current Legacy CARE and Affordability Discount participants with past-due arrears balances that satisfy Service Condition 1 are eligible for Arrearage Forgiveness.
2. Potential Arrearage Forgiveness applies to outstanding arrears at the time of CARE enrollment or as of the effective date of the Arrearage Forgiveness component, whichever is later.
3. The Arrearage Forgiveness shall in no event exceed the outstanding arrears balance.
4. The Company shall total the amount of arrears payments made by all CARE customers each month, and based on available funds in the CARE Rider Tracker, shall determine the percentage matching rate and shall match each Customer's monthly paid arrears amount by applying the determined percentage to reduce arrears in the same month. The initial matching rate will be 100 percent.
5. In the event a Customer applies, qualifies and receives fuel assistance, the fuel assistance amount may be used to pay the arrears amount. The Company shall not match amounts paid by a third party; however, any amount of arrears paid by the Customer any

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month shall be matched by the Company by applying the percentage of reduction in place as stated in Arrearage Forgiveness Condition 4 above.

6. If a Customer has new arrears, it means the Customer has missed at least two consecutive payments, therefore, Service Condition 10 applies, and the Customer shall no longer be eligible for the CARE Program or the Arrearage Forgiveness component.

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

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 3rd day of March, 2025, she served Minnesota Power's Compliance Filing of its Annual CARE Report 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.



Tiana Heger