

Staff Briefing Papers

Meeting Date November 29, 2018 Agenda Item **6

Company Minnesota Power

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

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

Issues

- (A) Should the Commission require Minnesota Power (MP) to redesign its Customer Affordability of Residential Electricity (CARE) Program and model it on Xcel Energy's PowerON Program?
- (B) Should the Commission authorize MP to make one or more of the following changes to the design of the existing CARE Program?
- (C) Should the Commission accept Minnesota Power's Sixth Annual Report on its Pilot Rider for Customer Affordability of Residential Electricity program?
- (D) Should the Commission authorize or require MP to change or modify the way information is provided in future annual reports?
- (E) Should the Commission accept MP's CARE Program customer outreach effort described in its Sixth Annual Report to have adequately addressed the Commission's concerns on customer outreach as directed in the Commission's January 5, 2018 Order accepting fifth annual report?
- (F) Should the Commission remove the CARE Program's pilot status and reclassify it permanently as a standard rider program?
- (G) Should the Commission approve MP's request to continue to be the sole administrator of the CARE program?
- (H) Should the Commission require a specific date for submission of future CARE Program annual reports?

Staff Godwin Ubani godwin.ubani@state.mn.us 651-201-2191

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

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

 **Relevant Documents**

Date

| | |
|---|-----------------|
| Commission - Order Accepting Fifth Annual Report | January 5, 2018 |
| Minnesota Power - Sixth Annual Report w/attachments | May 31, 2018 |
| Commission – Notice of Comment Period | June 8, 2018 |
| Department of Commerce - Comments | August 8, 2018 |
| Energy Cents Coalition - Comments | August 8, 2018 |
| Minnesota Power - Reply Comments | August 30, 2018 |

Table of Contents

| | | |
|------|--|----|
| I. | Statement of the Issues | 1 |
| II. | Introduction | 2 |
| III. | Background | 3 |
| IV. | Low-Income Affordability Program Statute, Minn. Stat. § 216B.16, subd. 15 | 4 |
| V. | Parties’ Comments..... | 5 |
| | A. Minnesota Power (MP)..... | 5 |
| | B. Department of Commerce..... | 5 |
| | C. Energy Cents Coalition | 6 |
| | D. MP- Reply Comments | 7 |
| VI. | Staff Analysis..... | 7 |
| | A. Should the Commission require MP to redesign its CARE Program and model it on Xcel Energy’s PowerON Program | 7 |
| | B. Should the Commission authorize MP to make one or more of the following changes to the design of the existing CARE Program?..... | 8 |
| | C. Should the Commission accept Minnesota Power’s Sixth Annual Report on its Pilot Rider for Customer Affordability of Residential Electricity (CARE) program? | 17 |
| | D. Should the Commission authorize or require MP to change or modify the way information is provided in future annual reports in one or more the following: | 17 |
| | E. Should the Commission accept MP’s CARE Program customer outreach effort described in its Sixth Annual Report to have adequately addressed the Commission’s concerns on customer outreach as directed in the Commission’s January 5, 2018 Order accepting fifth annual report? | 19 |
| | F. Should the Commission remove CARE Program Pilot status and reclassify it permanently as Standard Rider Program? | 21 |
| | G. Should the Commission approve MP request to continue to be the sole administrator of the CARE program?..... | 22 |
| | H. Should the Commission require a specific date for submission of future MP’s Annual Report of Customer Affordability of Residential Electricity (CARE) Program?..... | 22 |
| VII. | Decision Options | 23 |

I. Statement of the Issues

- A. Should the Commission require Minnesota Power (MP) to redesign its Customer Affordability of Residential Electricity (CARE) Program and model it on Xcel Energy's PowerON Program?
- B. Should the Commission authorize MP to make one or more of the following changes to the design of the existing CARE Program?
1. Should the Commission allow CARE qualified customers who miss two consecutive payments to remain in the CARE program?
 2. Should the Commission allow the adjustment of Arrearage Forgiveness to reflect new arrearages that may occur for a CARE participating customer?
 3. Should the Commission permit LIHEAP qualified customers who seek Cold Weather Protection (CWR rule) to continue to participate in the CARE program?
 4. Should the Commission allow MP to automatically enroll LIHEAP qualified customers in the CARE program?
 5. Should the Commission permit increase to Affordability Surcharge for CARE program funding?
 6. Should MP be required to target Conservation Improvement Program (CIP) to high consumption LIHEAP customers?
- C. Should the Commission accept Minnesota Power's Sixth Annual Report on its Pilot Rider for Customer Affordability of Residential Electricity program?
- D. Should the Commission authorize or require MP to change or modify the way information is provided in future annual reports in one or more of the following ways:
1. Should MP be required to disclose actual administration costs of CARE Program Outreach?
 2. Should the Commission approve MP's request to eliminate from future annual report information based on total annual participants in the CARE program?
 3. Should the Commission require MP to include estimated September 30, 2018 Tracker Balance in the calculation of rates and in all future reports under any of the MP proposed options for increasing Affordability Surcharge, that the Commission may choose?
 4. Should the Commission approve Minnesota Power's request to include in its sixth annual report and future CARE annual reports copies of all other information provided on any low-income matters in other dockets?
- E. Should the Commission accept MP's CARE Program customer outreach effort described in its Sixth Annual Report to have adequately addressed the Commission's concerns on customer outreach as directed in the Commission's January 5, 2018 Order accepting fifth annual report?
- F. Should the Commission remove the CARE Program's pilot status and reclassify it permanently as a standard rider program?

G. Should the Commission approve MP's request to continue to be the sole administrator of the CARE program?

H. Should the Commission require a specific date for submission of future CARE Program annual reports?

II. Introduction

On May 30, 2018, the Minnesota Power submitted its Sixth Annual Report on its Pilot Rider for Customer Affordability of Residential Electricity Program to the Commission for approval. In addition to its annual report on program participation, MP is seeking approval:¹

1. expand the scope of future CARE annual reporting to encompass all low-income matters;
2. remove the CARE program's pilot status and make it permanent rider;
3. allow CARE qualified customers who miss two consecutive payments to remain in the CARE program;
4. permit MP to automatically enroll LIHEAP qualified customers in the CARE discount program with corresponding increases in the monthly CARE affordability surcharge for all other customers;
5. approve MP's request to continue to administer the program internally.

In the instant case, MP's report covers the period from October 1, 2016 to September 30, 2017 (2017 program year), with the average number of CARE program participants being 4,673 in 2017 program year versus 5,004 participants in program year 2016. Further, total bill credits and discounts provided in program year 2017 was \$908,052 versus that of program year 2016 of \$1,016,912. Thus, an average monthly discount of \$17.28 or \$207 annually was provided to CARE customers in 2017 program year.²

MP provided its CARE tracker balance update. CARE program discounts are funded by monthly Affordability surcharges levied on non-LIHEAP-qualified residential customers and other rate classes except for the Lighting class. In the 2017 program year, revenue from Affordability Surcharges of \$972,245 was collected.³

¹ Minnesota Power Sixth CARE report, p. 1

² Ibid. p. 14

³ Ibid.

See MP's summarized comparison table for 2017 and 2016 below:

CARE Rider Pilot Program Tracker Summary Comparison Table⁴

| Description | Program Year (Fiscal-Year 2017) (Oct. 1, 2016 – Sep. 30, 2017) | Program Year (Fiscal-Year 2016) (Oct. 1, 2015 – Sep. 30, 2016) |
|---|--|--|
| Average Number of Customers | 4,673 | 5,004 |
| Beginning of Year Tracker Balance forward | \$849,479 | \$917,941 |
| Affordability Surcharge Collected | 972,245 | 965,964 |

III. Background

On November 2, 2010, the Commission issued its Findings of Fact, Conclusions of Law and Order in the Company's previous rate case (in Docket No. E-015/GR-09-1151). In this order, the Commission directed Minnesota Power to propose a program to address the needs of low-income, high-usage residential customers and to provide annual compliance reports.

On May 5, 2011, Minnesota Power (MP or the Company) filed a request for approval of a Pilot Rider for Customer Affordability of Residential Electricity (CARE Rider) consistent with the Commission's November 2, 2010 Order.

On September 26, 2011, the Commission issued its Order Authorizing Pilot Program and Setting Further Requirements, in this docket. In its September 26, 2011 Order, the Commission approved MP's CARE Rider with a flat monthly surcharge of \$0.65 per retail electric customer, excluding customers who qualify for the federal Low Income Home Energy Assistance Program (LIHEAP).

On July 18, 2013, the Commission issued its Order Accepting Report as Supplemented, Adopting Reporting Requirements, and Modifying Renewal Date, also in this docket. In this Order, the Commission accepted MP's first annual report on program year 2012 and adopted the following reporting requirements for future CARE Program reports:

- Customer payment frequency
- Disconnection
- Payment amount
- Customer payment history
- Arrearage level
- Coordination with other available low-income payment assistance programs
- Participant billing impacts
- Participant electric usage

⁴ Minnesota Power Sixth CARE Report, p. 14

On July 3, 2014, the Commission issued an Order, in this docket, accepting MP's second annual CARE Rider report. In its decision, the Commission removed the 5,000-participant cap on the program, required MP to propose comparison data on customer arrearages and arrearage forgiveness component in next annual report, and eliminated the requirement for annual re-enrollment for LIHEAP eligible customers.

On July 15, 2015, the Commission issued its Order Accepting the Third Annual Report and Approving Arrearage Forgiveness Component to the CARE Program

On July 13, 2016, the Commission issued its Order Accepting the Fourth Annual Report, and denying MP's request to recover administrative costs related to the CARE Program

On January 5, 2018, the Commission issued its Order Accepting MP's Fifth Annual Report and approved MP's proposal to remove the requirement for CARE customers to participate in a budget plan, and to discontinue asking CARE program participants to complete a Your Home Energy Report. The Commission also required that MP shall, in coordination with the Commission's Consumer Affairs Office, meet with the Energy Cents Coalition and nonprofit organizations within MP's service territory to discuss potential improvements to MP's CARE Program, coordination with the Low-Income Home Energy Assistance Program (LIHEAP), and how best to enhance public outreach.

IV. Low-Income Affordability Program Statute, Minn. Stat. § 216B.16, subd. 15

The low-income affordability program statute required all gas utilities to file proposals for low-income affordability programs with the Commission by September 1, 2007. All of the investor-owned, Commission rate regulated natural gas utilities currently offer an affordability program for income-qualified customers. Certain performance, evaluation requirements and cost recovery standards for these programs are identified in the statute.

Minnesota Power is the only electric utility that offers a low-income affordability program under this statute.

Otter Tail Power, to comply with the EITE statute (Minn. Stat. § 216B.1696), was authorized to contribute money to the Roseville Salvation Army in lieu of starting its own affordability program.

Xcel Energy-Electric provides its low-income customer a discounted rate, pursuant to the Low-Income Electric Rate Discount Statute (Minn. Stat. § 216B.16, subd. 14). Xcel is the only electric utility required to provide this discount under this statute. Xcel offers this discount as part of its PowerON program.

V. Parties' Comments

A. Minnesota Power (MP)

On May 30, 2018, MP filed its sixth annual report for its CARE program and included in the report proposals for modifications to the CARE Program.⁵ These are described briefly in the introduction and discussed in detail in the following sections of the briefing materials.

B. Department of Commerce

On August 8, 2018, the Department of Commerce, Division of Energy Resources (“Department”) submitted its comments and recommended that the Commission accept MP’s CARE program report and approve MP’s proposals to modify the CARE program.⁶ The Department requests the Commission to direct MP to continue filing annual compliance reports whether or not the CARE Program Rider is considered a pilot or a permanent Rider.

The Department requests MP to offer additional explanation along with examples of how CARE customers with past-due payments would be affected by the loss of the arrearage component portion of the CARE program if seeking Cold Weather Protection; and an explanation as to how the Company could enable LIHEAP-eligible customers to opt out of the CARE Program.⁷

In summary, the Department recommended the Commission⁸

- Make the CARE Program a permanent rider rather than a pilot rider; alternatively, continue the CARE Program’s pilot status until such time as there are anticipated to be no further substantive changes;
- Revise service conditions that require CARE participants to be removed from the program after two consecutive missed payments, and permit adjustment of the arrearage forgiveness amounts;
- Maintain MP’s administration of the program;
- Expand availability of the discount to all identified LIHEAP-qualified customers; and
- Option B for increasing the Affordability Surcharge. If the Commission adopts a different option for spread the rate increases, require MP to include its estimated September 30, 2018 tracker balance in the calculation of rates under those options.

⁵Minnesota Power Sixth CARE report, p. 1

⁶ The Department Comment, p. 8

⁷ Ibid.

⁸ Ibid, p. 9

C. Energy Cents Coalition

On August 8, 2018, Energy Cents Coalition (ECC) also submitted comments and urged the Commission to reject most of MP's proposals for modifications to the CARE Program. ECC did not indicate whether or not it recommends the Commission should accept MP's Sixth Annual CARE Program report but does support MP's request for removal of CARE Program's pilot status.

ECC urges the Commission to reject MP's proposed revisions to the CARE program, including the proposed terms for removal, the expansion of the CARE discount to all LIHEAP customers and the concurrent increase in the affordability surcharge.⁹

Instead, ECC recommends that the Commission require the Company either to increase the CARE credit or to model the program on Xcel's PowerON Program,¹⁰ basing credit amounts on a percentage of household income. Finally, ECC recommends that MP increase their targeted outreach efforts to past-due customers, customers with service disconnection notices and those customers with multiple service disconnections.¹¹

In summary, ECC recommended the Commission¹²

- Reject the Company's estimate of their low-income customers;
- Require MP to engage in more targeted outreach efforts to increase the number of LIHEAP customers, particularly to customers in arrears, high-usage customers, to those who have received disconnection notices, and to those who have been disconnected from service;
- Reject the Company's proposal to expand the CARE Program to all LHEAP customers;
- Reject the Company's proposed increase to the affordability surcharge;
- Reject the Company's proposal to allow CARE participants to remain enrolled in the program even if they fail to make two months' consecutive payments;
- Require the company to model CARE on Xcel Energy's Power On Program or, alternatively, to require the company to significantly increase the monthly CARE credit amount;
- Require the Company to disclose actual CARE administrative costs; and
- Require MP to target CIP to high consumption LIHEAP customers.

⁹ The Energy Cents Coalition comment, p.2

¹⁰ Ibid, p.2

¹¹ Ibid.

¹² Energy Cents Coalition Comment, p.11

D. MP - Reply Comments

On August 30, 2018, MP submitted its Reply Comments. MP appreciates the Department's support for approval of its proposed modifications to the CARE Program and urges the Commission to reject ECC's recommendation to deny any changes to the CARE Program.¹³ MP requests approval for the changes previously requested.

VI. Staff Analysis

A. Should the Commission require MP to redesign its CARE Program and model it on Xcel Energy's PowerON Program

None of the commentators to MP's sixth Annual Report to the CARE program opted for a total redesign of the CARE Program.

ECC recommends MP to model its CARE Program on Xcel's PowerON program to increase affordability credit to low-income customers in the CARE Program.¹⁴ Currently, MP offers only \$17.28 per month¹⁵ in credit compared to Xcel's PowerON program which offers a \$63.50 per month¹⁵¹⁶ affordability credit to low-income customers. ECC's other reason for preferring Xcel's model is to assure that a lower percentage of low-income customers' household income is used to pay electricity bills.

Minnesota Power countered that it has designed an affordability program for its customers based on its own experience, as Xcel Energy has. While utilities in the state learn from each other, there is room for program diversity between utilities. MP opined that since ECC is also the administrator of Xcel's PowerON program, its bias may not be entirely unexpected.¹⁷

MP states that it is important to recognize that Minnesota Power's CARE Program is not directly comparable to PowerON. Firstly, MP in previous filings and dockets indicated that it does not verify a customer's income. Under the Company's Program, the customer's bill/discount is not linked to his/her income.¹⁸ To determine the percentage of income low-income customers devote to their electric bill, the Company relies on data that is specific to Minnesota Power's LIHEAP customers, is provided by the Energy Assistance Program office of the Department of Commerce. (This is described in the initial filing of the Sixth Annual CARE Report, Section VI.10.a.) Also, unlike PowerON, the CARE Program is not closed to potential participants in that

¹³Minnesota Power Reply comment, p. 22

¹⁴ Energy Cents Coalition comment, p. 2

¹⁵ Ibid. p. 9

¹⁶ Ibid

¹⁷ Minnesota Power Reply Comment, p. 18

¹⁸ Ibid.

it does not have a cap on the number of participants. The cap was removed as part of the Commission's July 3, 2014 Order.¹⁹

Also as described in Section II of its Reply Comments, Minnesota Power believes that the discount it provides to its low-income customers has been underestimated. The discount amount for program year 2017 is \$16 per customer per month and the Company offers match for arrears of \$31 per customer per month.

Further, MP believes that this issue was settled in the past when ECC's previous request to model CARE Program on PowerON was rejected by the Commission Order dated September 26, 2011, Order Point 1.²⁰ MP also requests the Commission reject ECC's request because it would require significant resources and not necessarily be the best program for Minnesota Power customers.

Staff notes that it appears to MP that replacing the current CARE Program as currently designed for a new one means losing all advancements made to the CARE Program to date, which would also require reconfiguring the Company's Customer Information System (CIS). There may be adverse consequences to accommodate the new features, none of which has been tested. MP remains open to suggestions that would strengthen and improve its CARE Program, taking into account that the CARE Program has endured/been operational for almost seven years.

B. Should the Commission authorize MP to make one or more of the following changes to the design of the existing CARE Program?

1. Should the Commission allow CARE qualified customers who miss two consecutive payments to remain in the CARE program?

MP proposes to allow CARE qualified customers who miss two consecutive payment to remain enrolled in the CARE program in order that they may continue to receive the discount rate credit. By allowing them to stay in the program, this would enable the design of a payment arrangement/agreement for them. However, if the customer fails to make payments, then MP would follow the same collection activities and disconnection process that apply for a customer on the standard Residential rate.²¹

The Department agrees with MP's proposal to allow CARE customers who miss two consecutive payments to continue to remain in the program. The Department reasoned just like MP that customers who are unable to keep up with payments even with discount credits are more than likely to fall even further behind, if put on standard Residential rate schedule. The department further noted that MP is required to offer payment plans to all of its residential customers whether or not they are participants in the CARE Program, per Minnesota Statutes, section 216B.098, subd. 3

¹⁹ Minnesota Power Reply comment, p.18

²⁰ Ibid. p. 19

²¹ Minnesota Power Sixth Care REPORT, P. 32

ECC does not support MP's proposal to allow two consecutive payments defaulting CARE customers to remain in the CARE Program. Instead, ECC suggests that the Commission should require MP to increase the existing CARE credit, the Company should be required to model CARE on Xcel Energy's POWER On program, as discussed above in the briefing paper.

Alternatively, ECC suggests that the Commission should require the Company to increase the CARE affordability credit to a level that actually increases customers' ability to pay rather than designing a program on the inherent assumption that participants will not be able to make payments and then to simply ignore this fact by allowing them to remain in the program when they can't pay their bill.

According to ECC, enrolling more customers in an affordability program that does not increase the customer's ability to pay is a futile exercise and a waste of ratepayer resources.²²

Staff agrees with the Department's position and sees the MP's reasoning as justified, as the objective to keep a defaulting customer enrolled is to avoid disconnection. Also, as aptly stated by MP, keeping a struggling customer on the discounted CARE rate would make it easier for the customer to get back on track, rather than removing the discount and expecting the customer to afford paying the standard Residential rates on top of any arrears. Removing this service condition would also reduce the administration process in the handling of customers in CIS.²³

2. Should the Commission allow the adjustment of Arrearage Forgiveness to reflect new arrearages that may occur for a CARE participating customer?

Minnesota Power proposes to be allowed to adjust the Arrearage Forgiveness credit to reflect new arrearages that may occur once the customer begins participating in the CARE Program, which parallels the situation where a customer who missed two payments is allowed to continue to participate in the program. Here MP wants to be allowed to adjust arrearage forgiveness amounts in the event of new arrearages occurring, recognizing that customers who are having difficulty making payments despite having the benefit of the CARE Program discount are not likely to do any better if moved off the CARE Program to the standard Residential rate schedule.

Again as MP stated earlier, keeping a struggling customer on the discounted CARE rate would make it easier for the customer to make further payments on their bill rather than removing the discount and expecting the customer to pay the standard rate.²⁴ If this proposal is approved, MP indicates that it would be monitoring the effect this modification would have on arrears and will report this information in its next annual filing.

²² Energy Cents Coalition comment, p. 6

²³ Minnesota Power Sixth CARE report, p. 32

²⁴ Ibid.

The Department supports MP's proposal and recommends Commission approval. ECC recommends the Commission reject this proposal, and instead require MP to significantly increase the amount of the monthly CARE bill credit.

Staff notes that both MP and the Department are in agreement on the merits of this proposal and its objectives to reduce arrearage and keeping low-income customers from service disconnection/interruption.

3. Should the Commission permit LIHEAP qualified customers who seek Cold Weather Protection (CWR) rule to continue to participate in the CARE program?

MP proposes that LIHEAP qualified customers who seek CWR should be allowed to enroll in and stay enrolled in the CARE Program.

The existing procedure requires CARE participants seeking CWR protection to be removed from the CARE Program. The effect of this is for the customer to lose both the CARE discount and its related component of Arrearages Forgiveness. However, MP is now confident that its updated CIS can handle both the CWR and CARE options which was not the case before. MP acknowledges that handling customers under the CWR and the CARE discount at the same time may still create some issues, but the benefit to the customer outweighs the complexity.²⁵

The Department supports MP's proposal but asked the Company, to provide additional explanation and examples of how customers with past-due payments would be affected by the loss of the arrearage component portion of the CARE program if seeking Cold Weather Rule protection.

MP in its Reply comments, stated that the CARE Program as currently constituted requires CARE participants seeking CWR protection to be removed from the CARE Program, which includes removal from the Arrearage Forgiveness Component. MP's proposed change, if approved, would allow customers to stay on the CARE Program while seeking CWR protection, so they will continue to receive credits/discounts associated with the Program, but they cannot participate in the arrearage forgiveness.²⁶

Currently, the number of customers who voluntarily left the CARE Program for the CWR protection in program year 2017 was a total of 50 with combined arrears of \$26,002. The Company envisions working proactively with each customer, as soon as they start accumulating arrears while being admitted in CWR protection.²⁷

Staff, notes that with the updated Customer Information System, MP is able to apply both the CARE discount and Arrearage Forgiveness for all LIHEAP qualified customers who are enrolled in the CARE Program. This was a challenge for MP in the past but now MP has proposed to allow

²⁵ Minnesota Power Sixth CARE report, p. 33

²⁶ Minnesota Power Reply comment, p.21

²⁷ Ibid.

LIHEAP customers remain in the CARE Program while opting for CWR protection, thus the customer benefits from the CARE discount and Arrearages Forgiveness which helps lessen the possibility of service disconnection.

4. Should the Commission allow MP to automatically enroll LIHEAP qualified customers in the CARE program?

Minnesota Power requests authority to automatically enroll LIHEAP-qualified customers in the CARE Program. The current practice is that a LIHEAP-qualified customer who is eligible for the CARE program has to apply for the program to receive the discount. Thus, if this modification is approved, there will no longer be a separate application process, and LIHEAP-qualified customers would be enrolled in the CARE Program, regardless of whether they have received energy assistance or not. As it is now, customers have until May 31 each year to renew their LIHEAP eligibility, and then on or after June 1 of each year the Company will run a reconciliation to remove customers who have not renewed their LIHEAP qualification. By automatically enrolling all LIHEAP-qualified customers in the CARE Program and keeping the administration within the Company, the customer and administrative burdens will be significantly reduced.²⁸

ECC commented that automatically enrolling all LIHEAP customers in CARE is not the solution to improving the CARE Program. Minnesota Power's LIHEAP customers represented 34% of all residential customer service disconnections in 2017 and the overall number of service disconnections increased from 2,008 in 2016 to 2,668 in 2017 (a 32.9% increase). Merely adding LIHEAP customers or enrolling more customers in the current CARE program will not increase those customers' ability to pay for electric service.²⁹

Further, ECC asserts that MP's LIHEAP discount credit amount and participant's numbers have been decreasing by 12% and 7% respectively, in 2016 to 2017.³⁰ ECC urges the Commission to reject MP's proposal and instead require MP to increase the monthly CARE credit which would go a long way to curing the Program's ineffectiveness as far as low-income CARE participants are concerned.

Minnesota Power in its Reply Comments counters ECC's assertions above and stated that MP customers receiving LIHEAP energy assistance increased in 2014, 2015 and then dipped slightly in 2016 and in 2017 as shown in Figure 2 below.³¹ MP's LIHEAP numbers in the previous three years show a decline of 1% (see Fig. 5 line 7, year over year col.[d]) in comparison to the whole state of Minnesota decline of 4% as shown below (see figures 3 & 5 line 4, col [d]). The decrease in both in numbers to MP and State of Minnesota is associated with LIHEAP funding decrease or flat available funding by the state of Minnesota as depicted below in figure 4.³²

²⁸ Minnesota Power Sixth CARE report, p. 33

²⁹ Energy Cents Coalition comment, p. 5

³⁰ Ibid. p. 7

³¹ Minnesota Power Reply comment, p.8

³² Ibid.

Fig 2—MP LIHEAP Participants

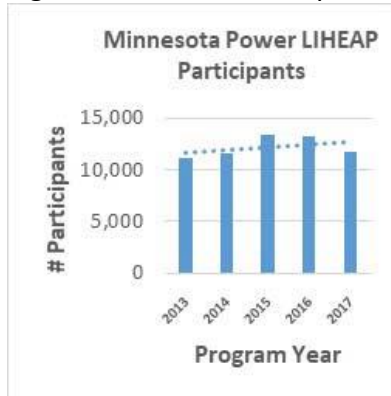


Fig 3-MN LIHEAP Participants

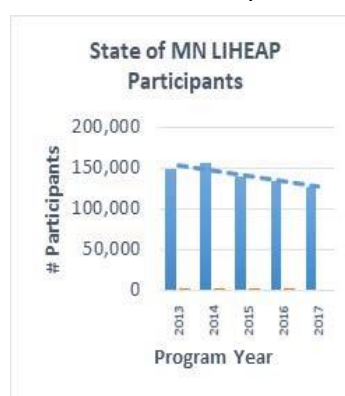


Fig 4-MN LIHEAP funding

Fig 5-Data from State of Minnesota LIHEAP funding and participants, and MP LIHEAP participants³³

| Line No. | Program Years | 2013 [a] | 2014 [b] | 2015 [c] | 2016 [d] | 2017 [e] |
|----------|----------------------------|---------------|---------------|---------------|---------------|---------------|
| 1 | State of MN (Total) | | | | | |
| 2 | LIHEAP Funding | \$109,334,525 | \$134,970,880 | \$114,669,262 | \$113,774,946 | \$114,628,056 |
| 3 | LIHEAP Participants | 147,636 | 156,033 | 138,866 | 133,000 | 126,100 |
| 4 | YOY Change % | | 5% | -12% | -4% | -5% |
| 5 | Minnesota Power | | | | | |
| 6 | LIHEAP Participants | 11,182 | 11,621 | 13,335 | 13,154 | 11,733 |
| 7 | YOY Change % | | 4% | 13% | -1% | -12% |

The Department supports MP's proposal to automatically extend CARE program participation to all LIHEAP-eligible customers because doing so will allow the Company to focus its resources on identifying LIHEAP-eligible customers and will reduce the administrative costs of obtaining additional enrollment in CARE. In order to preserve the customer's ability to choose whether to participate in the CARE Program, and in light of the discussion above regarding the interplay between the CARE Program and the Cold Weather Rule, and the proposed program change that allows more than two consecutive missed payments, the Department requests that MP discuss in reply comments how the Company could enable LIHEAP-eligible customers to opt out of the CARE Program.

Staff also notes that the number of participants since the third year of the Program's implementation has remained at about 5000, while there may be another 5,000 low-income LIHEAP qualified customers that have not yet applied. Per MP these LIHEAP qualified customers are not benefiting from the program, because they have not applied for the CARE program. The emphasis or desire of stakeholders and the Commission has been for MP to increase the LIHEAP pool and CARE participation.³⁴ By allowing automatic enrollment of LIHEAP qualified customers to the CARE Program, the desire for increased number of participants benefiting from CARE

³³ Minnesota Power Reply comment, p. 9

³⁴ Minnesota Power Sixth CARE report, p. 34

discount would be achieved. Also related benefits of saving time and costs would inure to low-income customers and MP, respectively.

5. Should the Commission permit increase to Affordability Surcharge for CARE program funding

MP acknowledges that though there are advantages in having all LIHEAP qualified customers automatically enrolled in the CARE program, this would require an increase to the affordability surcharge that other customers pay to fund the program. In view of this, MP has suggested three options to increase the affordability surcharge to cover additional rate discounts, as shown in Options A, B, and C below. Minnesota Power prefers option A.

Option A

In this option (A), the Company proposes phasing-in the affordability surcharge increase over three years.³⁵ See in Figure 6 below as adapted from MP's Table 15, for Year 1, the Company would bill each rate class at the rates in column [b], in Year 2 at the rates in column [c], and in Year 3 forward at the rates in column [d]. MP states that the suggested rate increase is gradually phased-in (Attachment I, page 3 of 20, lines 16-20, columns [c], [d] and [e]) to avoid rate increase shock while monitoring the projected tracker balance. In developing or making this proposal MP assumed that with the identification of more LIHEAP customers, qualified and automatically enrolled in CARE Program, then the more customers that would be receiving CARE discounts with a corresponding decrease to the existing tracker balance. MP, also indicates that Phasing in the affordability surcharge increase will allow the Company to carefully monitor the tracker so that it will not be totally deplete at once. MP requests that Table 15 Option A be approved by the Commission with an effective date of October 1, 2018.

Figure 6 adapted from Table 15 - Option A - Proposed Affordability Surcharge Phase-in Adjustment over Three Years³⁶

| Rate Class | Current | Proposed | Proposed | Proposed | Increase on | Increase on | Increase on |
|-------------------------|---------|-----------|-----------|-----------|-------------|-------------|-------------|
| Proposed Effective Date | [a] | [b] | [c] | [d] | [e] | [f] | [g] |
| | | 10/1/2018 | 10/1/2019 | 10/1/2020 | 10/1/2018 | 10/1/2019 | 10/1/2020 |
| Residential | \$0.51 | \$0.92 | \$1.10 | \$1.20 | 0.50% | 0.22% | 0.12% |
| General Service | 0.67 | 1.22 | 1.50 | 1.60 | 0.18% | 0.09% | 0.03% |
| Large Light & Power | 10.81 | 24.00 | 25.00 | 26.00 | 0.06% | 0.00% | 0.00% |
| Large Power | 1130.72 | 1900.00 | 2400.00 | 2740.00 | 0.02% | 0.01% | 0.01% |
| Municipal Pumping | 0.67 | 1.12 | 1.50 | 1.60 | 0.10% | 0.05% | 0.02% |

³⁵ Minnesota Power Sixth CARE report, p.36

³⁶ Ibid.

Option B

MP stated that in Option B, it would phase-in the affordability surcharge increase in Year 1 and 2 at the same rate, and then at a different rate in Year 3. The Company would bill each rate class in Year 1 and 2 at the rates shown below in column [b] and [c] respectively, then in Year 3 and forward at the rate shown in column [d]. Thus, the phase-in would absorb approximately 50 percent of the existing tracker balance starting October 2018 or \$394,197,³⁷ in Year 1 and another \$394,197 in Year 2. The estimated bill impact for Year 1 and Year 2 is in column [e] and Year 3 is in column [f].³⁸ Projected tracker balances at year-end for Years 1, 2, and 3, respectively, are \$413,870, \$38,387, and \$46,475 as shown in Attachment I, pages 8-10.

This level of the affordability surcharge (according to MP) would allow for a smooth depletion of the tracker balance which would enable the Company to make a determination whether adjustment is required sooner for arrears as more LIHEAP-qualified customers are enrolled in the Program.

Figure 7 adapted from Table 16 - Option B - Affordability Surcharge Phase-in Adjustment Over Three Years, with Same Increase for Year 1 and 2³⁹

| Rate Class | Current Affordability Surcharge | Proposed Affordability Surcharge Year 1 | Proposed Affordability Surcharge Year 2 | Proposed Affordability Surcharge Year 3 Forward | Increase on Total Bill Yrs. 1 & 2 v. Present | Increase on Total Bill Year 3 Forward v. Yrs. 1 & 2 |
|-------------------------|---------------------------------|---|---|---|--|---|
| Proposed Effective Date | [a] | [b] 10/1/2018 | [c] 10/1/2019 | [d] 10/1/2020 | [e] 10/2/2018 | [f] 10/1/2020 |
| Residential | \$0.51 | \$1.00 | \$1.00 | \$1.20 | 0.63% | 0.24% |
| General Service | 0.67 | 1.36 | 1.36 | 1.60 | 0.23 | 0.09 |
| Large Light & Power | 10.81 | 24.50 | 24.50 | 26.00 | 0.05 | 0.02 |
| Large Power | 1130.72 | 2150.00 | 2150.00 | 2740.00 | 0.03 | 0.01 |
| Municipal Pumping | 0.67 | 1.36 | 1.36 | 1.60 | 0.13 | 0.05 |

Option C

In option C, MP would over two years phase-in the affordability surcharge increase at different rates. Thus, MP bills each rate class at the rates in col. [b], in Year 1 and at the rate in col. [c] in Year 2 and forward. The phase-in would absorb 100% of the existing tracker balance as of October 2018, or approximately \$788,395,⁴⁰ in Year 1. Projected tracker balances at the ends of Years 1, 2, and 3, respectively, are \$62,637, \$118,773, and \$177,457.⁴¹ The estimated bill

³⁷ Minnesota Power sixth CARE report, p. 36

³⁸ Ibid., p. 37

³⁹ Ibid.

⁴⁰ Ibid

⁴¹ Ibid

impacts for Year 1 and Year 2 forward are shown in Attachment 1 column [d] and [e], respectively.

Figure 8 adapted from Table 17 - Option C- Affordability Surcharge Phase-in Adjustment Over Two Years⁴²

| Rate Class | Current Affordability Surcharge | Proposed Affordability Surcharge Year 1 | Proposed Affordability Surcharge Year 2 Forward | Increase on Total Bill Year 1 v. Present | Increase on Total Bill Year 2 Forward v. Yr. 1 |
|-------------------------|---------------------------------|---|---|--|--|
| Proposed Effective Date | [a] | [b] 10/1/2018 | [c] 10/1/2019 | [e] 10/2/2018 | [f] 10/1/2020 |
| Residential | \$0.51 | \$0.83 | \$1.23 | 0.39% | 0.48% |
| General Service | 0.67 | 1.08 | 1.62 | 0.14 | 0.18 |
| Large Light & Power | 10.81 | 17.57 | 26.19 | 0.03 | 0.04 |
| Large Power | 1130.72 | 1836.81 | 2738.25 | 0.02 | 0.02 |
| Municipal Pumping | 0.67 | 1.08 | 1.62 | 0.08 | 0.10 |

The Department expressed its preference for option B.⁴³ The Department stated that its preference for option B is due observable rate stability in Year two of the program/option. Further, Option B also includes an assumption that 50 percent of the current tracker balance remains available to offset some of the first year costs, whereas, Options A and C do not assume carrying forward any remaining tracker balance.

The Department recommends the Commission approve Option B but does not oppose any other Option. The Department recommends the Commission require MP to include its September 30, 2018 estimated tracker balance in rates calculation for all suggested options.

ECC does not support MP's request to increase the Affordability Surcharge. ECC states that MP proposes to increase to Affordability surcharge from \$0.51 to \$1.20 in Year three because of enrolling all LIHEAP customers in CARE, ECC does not feel this is reasonable in view of the fact that the current CARE Tracker balance for 2017 is \$884,804, an increase from \$853,019 in 2016. ECC also noted the number of MP LIHEAP households has decreased over the last few years, from 13,267 in 2010-2011 to 9,966 in 2016-2017.⁴⁴

ECC recommends to the Commission to reject MP's proposal given the large tracker balance and any increase of affordability surcharge costs to all residential customers, would adversely impact at least 25% of whom are low income.

⁴² Minnesota Power sixth CARE report, p. 37

⁴³ The Department, p. 8

⁴⁴ Energy Cents Coalition comment, p. 6

MP responded to the Department's request it should include estimated tracker balance on September 30, 2018. The Company indicated that it provided an estimated tracker balance on September 30, 2018 with the calculation of the Affordability Surcharge for all Options, in its initial filing of the Sixth Annual CARE Report.

MP also indicated that it is at a loss with ECC position of asking that the Company should increase both number of CARE customer participants and CARE Program discount, and yet it wants the Commission to reject any Affordability Surcharge increase. MP maintains that an increase in number of CARE participants and increase in discounts credit amounts given to these participants translate into increase in Affordability Surcharge. Increasing CARE Program discount without increasing Affordability Surcharge would lead to faster depletion of the CARE Tracker balance, unless the number of participants is significantly reduced.

It appears that MP's thinks it would be difficult to increase the number of participants to the CARE Program and CARE discounts amount at same time, without a corresponding increase in the Affordability Surcharge. Otherwise an increase in the number of CARE participants would deplete the Tracker balance very quickly.

Staff suggests the Commission may want to consider some of the following alternatives:

- (a) either increase the Affordability Surcharge by choosing any of the options presented above or do not increase the Affordability Surcharge at all;
- (b) leave the program as it is and not allow automatic enrollment of LIHEAP qualified customers in the CARE Program to avoid depleting the Tracker balance; or
- (c) specify a certain percentage of additional LIHEAP customers to be automatically enrolled in CARE Program and require MP include an Impact assessment on the Tracker balance in its next annual report filing.

6. Should MP be required to target Conservation Improvement Program (CIP) to high consumption LIHEAP customers?

ECC asked the Commission to require MP to focus its CIP efforts on high consumption LIHEAP customers. MP agreed with ECC's suggestion but noted that the Company's CIP low-income efforts have historically focused on high energy users (regardless of the type of energy). The Department did not address this issue in its Comments.

Staff observes that MP is in agreement with ECC on targeting CIP efforts to high electric usage LIHEAP customers by regularly providing LIHEAP agencies with priority customer lists that include those who fall into these categories.⁴⁵

⁴⁵ Minnesota Power Reply comment, p. 10

C. Should the Commission accept Minnesota Power’s Sixth Annual Report on its Pilot Rider for Customer Affordability of Residential Electricity (CARE) program?

The Department recommends acceptance. ECC offered no comment on this issue though it did recommend that the Commission should change the CARE Program from pilot to permanent status.

Staff suggests the Commission should follow its customary procedure of accepting filed reports and, if so ordered, require MP to follow existing and any additional or modified reporting requirements in its future annual filings.

D. Should the Commission authorize or require MP to change or modify the way information is provided in future annual reports in one or more the following:

1. Should MP be required to disclose actual administration costs of CARE Program outreach?

ECC in its comments states that MP insists that expanding CARE to LIHEAP customers will “save time, reduce administrative and related costs ... [and] by doing so, the Company could further focus on efforts to increase its LIHEAP pool of customers by doing more outreach”⁴⁶ Yet in the Company’s Sixth Annual CARE Report no actual internal administrative costs were disclosed. ECC maintains that without such disclosure, it is not possible to determine whether the Company’s proposal will result in administrative cost savings.

MP countered that this issue was explained in its Sixth Annual CARE Report, Section VI.1.d, Minnesota Power does not request recovery of any CARE administrative costs, and therefore, internal CARE administrative costs are not separately tracked.⁴⁷

It appears that when Minnesota Power took over the administration of the CARE Program from the energy assistance (CAP) agency (i.e. the Arrowhead Economic Opportunity Agency (AEOA)), this eliminated certain process redundancies. It also eliminated certain costs of administration of the program that were being absorbed by AEOA. All of these costs are now accounted for internally as part of the Company’s general operating costs.⁴⁸

Staff notes that there may not be any real motivation for MP to disclose separately (and in great detail) its internal program administrative costs since recovery of this type of cost was denied to MP in the Commission Order Accepting Fourth Annual Report, issued July 13, 2016.

⁴⁶ Minnesota Power sixth CARE report, p. 34

⁴⁷ Minnesota Power Reply comment, p. 19

⁴⁸ Minnesota Power sixth CARE report, p. 16

Therefore, Staff suggest the Commission may want to consider whether it is necessary for MP to be required to disclose its administrative costs until, and perhaps only if sometime in the future MP makes a request for recovery of these costs or, if it is determined that in MP's efforts to make this program successful the prudence of MP's expenditures are brought into question.

2. Should the Commission approve MP's request to eliminate from future annual report information based on total annual participants in the CARE program?

MP feels that information based on averages for annual total participants in the CARE Program are somewhat misleading in that some customers were in the program for less than a full year and some even have zero arrears. Because of the foregoing, the Company instead provides the annual average participant's discount and arrearage amounts. The information is based on total participants and includes the total number of customers enrolled in the CARE Program at any time during program year 2017.

The company illustrated why this calculation method is wrong with the following example:

... if there were only one CARE customer who was enrolled for only one month and got a discount of \$24 for the one month, the total annual average discount calculated using this methodology would be \$2 (\$24 total annual discount / 1 total customer / 12 months), which is artificially low compared to the \$24 average discount during the month of participation.⁴⁹

This illustration shows the fallacy of using total 12 months in determining average monthly allowance of a customer who only enrolled for one month and got \$2 instead of \$24 which is correct since the customer was in the program for only one month.

The Commission may also want to consider requiring MP to use basic common sense or simpler calculation when reporting annualized and total participation numbers. For example, for enrollment, the commission might want to know how many customers were enrolled by month, the number enrolled at the beginning and end of the program year and the peak enrollment number as well as average number of months that a customer stays enrolled in the program.

3. Should the Commission require MP to include estimated September 30, 2018 Tracker Balance in the calculation of rates and in all future reports under any of the MP proposed options for increasing Affordability Surcharge, that the Commission may choose?

The Department recommends to the Commission that if it does not chose option B for increase of the Affordability Surcharge, to direct MP to include its estimated September 30, 2018 tracker balance in the calculation of rates under those options.

⁴⁹ Minnesota Power sixth CARE report, p.23

MP responded that it intentionally did not include upfront the estimated tracker balance in the estimated annual CARE expenses in Option A, since the tracker balance is not used to reduce the annual CARE expenses which are projected to be \$2,456,161.

Nevertheless, MP provided its estimate of the tracker balance for September 30, 2018 with the calculation of the Affordability Surcharge for all Options, in the initial filing of Sixth Annual CARE Report. (Sixth Annual CARE Report, May 31, 2018; Attachment I, pages 4 -6 of 19 for Option A, pages 8-10 of 19 for Option B, and pages 12-14 of 19 for Option C.)⁵⁰

4. Should the Commission approve Minnesota Power's request to include in its sixth Annual Report and future CARE annual reports copies of all other information provided on any low-income matters in other dockets?

MP asked the Commission to authorize future CARE annual reports to be the encompassing docket covering any low-income matters.⁵¹

The Department and ECC did not address this issue in their comments.

Staff notes that MP did not offer any reason as to what value or benefits this would add to the current report and future Annual Reports. Further, in MP's concluding remarks in both its initial 6th Annual Report and Reply Comments, this request was completely omitted, while the other proposals were reiterated.

E. Should the Commission accept MP's CARE Program customer outreach effort described in its Sixth Annual Report to have adequately addressed the Commission's concerns on customer outreach as directed in the Commission's January 5, 2018 Order accepting fifth annual report?

The Commission, in its January 5, 2018 Order, required Minnesota Power in coordination with the Commission's Consumer Affairs Office, 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.

MP indicated that it had already started an internally-established cross-functional team, the Low-Income Customer Task Force (LICTF).⁵²

MP indicated that it had been in contact with ECC and incorporated some of ECC's ideas regarding outreach in recent efforts, including those regarding customers who had received a

⁵⁰ Minnesota Power Reply comment, p. 22

⁵¹ Minnesota Power sixth CARE report, p.1

⁵² Ibid, p. 26

disconnection notice, had participated in the CWR, have high usage, and had previously been LIHEAP qualified.

Also, the Company reached out to the Consumer Affairs Office (“CAO”) to discuss low-income customer challenges, identify enhanced outreach options, and discuss a process for expediting income eligibility verification to ensure timely customer eligibility for programs.

Currently, Minnesota Power and the CAO have established bi-weekly meetings to map out existing processes, identify bottlenecks, and develop solutions, with a shared goal to target the summer of 2018 to format and beta test augmentation efforts to improve the customer experience and expedite process elements, as much as possible.

On numerous occasions, in its comments (at pages 7, 8 and 10) ECC alleged that Minnesota Power either does not or ineffectively conducts outreach to multiple segments of customers.

MP countered that this assertion is misplaced. MP stated that ECC offered its recommendations, such as, to conduct repeated targeted outreach, mailing of postcards and placing Interactive Voice Response (“IVR”) calls more frequently, and these suggestions have been incorporated into MP’s outreach efforts.

Further, MP states that the specific outreach efforts it has conducted in 2018 program year can be correlated to the increase in number of customers receiving energy assistance, as listed below:⁵³

1. IVR calls placed to over 2,800 LIHEAP customers in January 2018 encouraging them to contact the Company for CARE enrollment.
2. LIHEAP-focused postcards mailed to almost 11,000 customers that were not currently identified as LIHEAP in the Company’s Customer Information System (“CIS”).
3. Mass outreach (October 2017 – March 2018).
 - a. Bill Insert – CARE information issued to all customers receiving paper bills.
 - b. Radio Ads – WKLK & KUMD Radio advertisements informing customers in the region about programs to help with their energy bills.
 - c. Bill Insert – Energy Assistance information.
4. Online and Social Media (August 2017 – January 2018).
 - a. Improvement of website navigation and making of CARE application fillable online.
 - b. Facebook post regarding LIHEAP month.
 - c. Link from www.mnpower.com homepage to information on Energy Assistance and Affordability Programs and regarding crisis information.
 - d. Over 25 posts on the MP’s social media channels regarding Energy Assistance, CARE, Salvation Army Heat Share, and Cold Weather Rule.

⁵³ Minnesota Power Reply comment, p. 7

5. Community Events and Collaborative Services (August – November 2017).
 - a. Mailing to over 120 organizations (Service Provider agencies, non-profits, churches outlining benefits of LIHEAP qualification and the additional programs and benefits customers qualify for upon confirming their LIHEAP eligibility.

Overall, MP believes it has developed a reasonable partnership through its collaboration with the Commission’s Consumer Affairs Office (“CAO”) and Ecolibrium 3, which is a local non-profit organization. This partnership involves a dedicated AmeriCorps VISTA (Volunteers in Service to America) position. MP states that the VISTA position will focus on more strategic outreach efforts including some of those suggested by ECC, and building capacity for low-income customers in the broader community resources sense, as part of which embodies utility program offerings such as CARE and conservation programs.⁵⁴

The Commission may want to confirm with representatives of its CAO that satisfactory progress is being made toward the shared goal of improving this program and making MP’s public outreach more effective.

F. Should the Commission remove CARE Program Pilot status and reclassify it permanently as Standard Rider Program?

The MP requests to change its CARE Program from a Pilot Rider to a standard Rider.⁵⁵ The Company believes by virtue of operating the CARE Program for six years, it has gained considerable experience and knowledge about its low-income customers’ behaviors, the difficulties they face, and the opportunities for improving its pilot affordability program to serve its customers better. MP would continue to provide annual reporting as required by the MPUC.

ECC in its Comments, does not oppose MP’s request to change the Pilot Rider for Customer Affordability of Residential Electricity to a permanent Rider for the CARE Program.⁵⁶

The Department does not oppose MP’s request to classify the CARE Program as a standard rider. Further the Department stated whether or not the program is in a pilot phase, the Commission can continually review program results and make appropriate programmatic changes. The Department recommends the Commission approve MP’s request and also to require MP to continue filing annual compliance reports.

⁵⁴ Minnesota Power Reply comment, p. 8

⁵⁵ Minnesota Power Sixth CARE report, p. 34

⁵⁶ Energy Cents Coalition comment, p. 1

G. Should the Commission approve MP request to continue to be the sole administrator of the CARE program?

MP took over the administration of the CARE Program on May 1, 2017, when Arrowhead Economic Opportunity Agency (“AEOA”) who had been administering the Program for Minnesota Power since the program’s inception resigned.

The Company at the time intended this to be transitional, while it conducted a process review but to date has continued to administer the Program. Staff notes that as the Company has taken over the administration of the Program, coupled with the Program’s six years of implementation history, the Company has learned a lot, and acquired significant knowledge that should better allow MP to suggest appropriate changes to the funding mechanism, program eligibility requirements and other ways to improve the program.

The Department recommends the Commission approve MP’s proposal to continue its administration of the program. ECC did not comment on this proposal.

H. Should the Commission require a specific date for submission of future MP’s Annual Report of Customer Affordability of Residential Electricity (CARE) Program?

The Commission requested comments on this issue in its June 8 Notice of Comment Period. However, none of the parties addressed or commented on this issues. The Commission May want to ask about this at its meeting on November 29, 2018. Staff suggests no later than March 1st of each year would be a reasonable annual filing date, because the CARE program has a fiscal year end of September 30th. This would give MP five (5) months each year to prepare its annual reports.

VII. Decision Options

A. Should the Commission require Minnesota Power (MP) to redesign its Customer Affordability of Residential Electricity (CARE) Program and model it on Xcel Energy's PowerON Program?

1. Require MP to redesign its CARE Program and model it on Xcel Energy's PowerON Program. (ECC) or
2. Do not require MP to redesign its CARE Program and model it on Xcel Energy PowerON Program and continue with the CARE Program as it is currently designed. (MP)

B. Should the Commission authorize MP to make one or more of the following changes to the design of the existing CARE Program?

1. Allow CARE qualified customers who miss two or more consecutive payments to remain in the CARE program. (MP, DOC) or
2. Do not allow CARE qualified customers who miss two or more consecutive payments to remain in the CARE program. (ECC)
3. Allow the adjustment of Arrearage Forgiveness to reflect new arrearage that may occur for a CARE participating customer. (MP, DOC) or
4. Do not allow the adjustment of Arrearage Forgiveness to reflect new arrearages that may occur for a CARE participating customer. (ECC)
5. Permit LIHEAP qualified customers who seek Cold Weather Protection (CWR rule) to continue to participate in the CARE program. (MP, DOC) or
6. Do not permit LIHEAP qualified customers who seek Cold Weather Protection (CWR rule) to continue to participate in the CARE program. (ECC)
7. Allow MP to automatically enroll LIHEAP qualified customers in the CARE program. (MP, DOC) or
8. Do not allow MP to automatically enroll LIHEAP qualified customers in the CARE program. (ECC)
9. Permit increase to Affordability Surcharge for CARE program funding and direct MP to include estimated tracker balance in rates calculation for all suggested options in future annual reports. (MP, DOC) or
10. Do not permit increase to Affordability Surcharge for CARE program funding. (ECC) or

11. Specify a certain percentage of additional LIHEAP customers to be automatically enrolled in CARE Program and require MP include an Impact assessment of the increase on the Tracker balance in its next annual report filing. (Staff)
12. Require MP to target Conservation Improvement Program (CIP) to high consumption LIHEAP customers. (ECC) or
13. Do not require MP to target CIP to high consumption LIHEAP customers but direct MP to continue to focus CIP low-income efforts on all high energy users regardless of type of energy. (MP)

C. Should the Commission accept Minnesota Power's sixth annual report on its pilot rider for Customer Affordability of Residential Electricity program?

1. Accept Minnesota Power's Sixth Annual Report on its Pilot Rider for Customer Affordability of Residential Electricity (CARE) program. (MP, DOC) or
2. Do not accept Minnesota Power's Sixth Annual Report on its Pilot Rider for Customer Affordability of Residential Electricity (CARE) program.

D. Should the Commission authorize or require MP to change or modify the way information is provided in future annual CARE reports?

1. Require MP to disclose Administrative costs. (ECC) or
2. Do not require MP to disclose Administrative costs, but open to a review should MP make a request of recovery of this cost in the future.
3. Allow for elimination from future annual report information/calculation based on total annual participants in CARE Program. (MP) or
4. Do not allow for elimination from future annual report information based on total annual participants in CARE Program.
5. Require MP to include estimated September 30, 2018 Tracker Balance in the calculation of rates and in all future reports under any of the MP proposed options for increasing Affordability Surcharge, that the Commission may choose. (DOC) or
6. Do not require MP to include estimated September 30, 2018 Tracker Balance in the calculation of rates and in all future reports under any of the MP proposed options for increasing Affordability Surcharge, that the Commission may choose.
7. Authorize MP to include in its sixth Annual Report and future CARE annual reports copies of all other information provided on any low-income matters in other dockets (annual report = encompassing docket for all low-income matters). (MP) or

8. Do not authorize MP to include in its sixth Annual Report and future CARE annual reports copies of all other information provided on any low-income matters in other dockets (annual report = encompassing docket for all low-income matters).

E. Should the Commission accept MP's CARE Program customer outreach effort described in its Sixth Annual Report to have adequately addressed the Commission's concerns on customer outreach as directed in the Commission's January 5, 2018 Order accepting fifth annual report?

1. Accept MP's CARE Program customer outreach effort described in its Sixth Annual Report to have adequately addressed the Commission's concerns on customer outreach as directed in the Commission's January 5, 2018 Order accepting fifth annual report. or
2. Do not accept MP's CARE Program customer outreach effort described in its Sixth Annual Report to have adequately addressed the Commission's concerns on customer outreach as directed in the Commission's January 5, 2018 Order accepting fifth annual report. (ECC)
3. Require MP to provide in its next annual report measurable criteria or metrics that show impact of outreach efforts on number (increase and decrease) of customers participating in the CARE Program. (Staff provided this alternative for discussion purposes only and not as a recommendation.) or
4. Take no action

F. Should the Commission remove the CARE Program's pilot status and reclassify it permanently as a standard rider program?

1. Authorize reclassification of Pilot Rider for Customer Affordability of Residential Electricity to permanent Rider for the CARE Program. (MP, DOC, ECC) or
2. Do not authorize reclassification of the Pilot Rider for Customer Affordability of Residential Electricity to permanent Rider for the CARE Program, until such time that the Commission is satisfied there are no more significant changes to the Program.

G. Should the Commission approve MP's request to continue to be the sole administrator of the CARE program?

1. Allow MP to maintain administration of the program. (MP, DOC) or
2. Do not allow MP to maintain administration of the CARE Program or direct MP to seek a replacement administrator in the mode of former administrator—Arrowhead Economic Opportunity Agency (AEOA) within MP's operating region. (Staff provided this alternative for discussion purposes only and not as a recommendation)`

H. Should the Commission require a specific date for submission of future CARE Program annual reports?

1. Require MP to submit future Annual Report of Customer Affordability of Residential Electricity (CARE) Program on March 1st (or some other date) each year. or
2. Do not require a specific date for the submission of future Annual Report of Customer Affordability of Residential Electricity (CARE) Program.