ENERGY
CENTS
COALITION
Commit Energy Now to Survive

April 30, 2025

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 250
St. Paul, MN 55101

VIA E-FILING

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

Mr. Seuffert,

Enclosed, please find the comments of the Energy CENTS Coalition in the above-referenced matter. An affidavit of service is also enclosed. If you have any questions, I can be reached at 651-245-1644 or george@energycents.org.

Thank you for your consideration.

George Shardlow
Executive Director
Energy CENTS Coalition

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

PUC Docket No. E015/M-11-409

AFFIDAVIT OF SERVICE

George Shardlow certifies that, on April 30, 2025, he submitted, by electronic filing, a true and correct copy of the Comments of the Energy CENTS Coalition in the above-referenced matter, to the individuals on the attached service list.

George Shardlow

Kristen Syverud

Subscribed and sworn to me this 30th day of April, 2025.

Notary Public

Kristen Syverud
Notary Public
Minnesota
My Commission Expires 01/31/2030

GENERIC COMMERCE ATTORNEYS
OFFICE OF THE ATTORNEY GENERAL
445 MINNESOTA STREET SUITE 1400
ST. PAUL MN 55101

SHARON FERGUSON
DEPARTMENT OF COMMERCE
85 7TH PLACE E STE 280
SAINT PAUL MN 55101-2198

LORI HOYUM
MINNESOTA POWER
30 WEST SUPERIOR STREET
DULUTH MN 55802

TINA KOECHER
MINNESOTA POWER
30 W SUPERIOR ST
DULUTH MN 55802-2093

ANNIE LEVENSON FALK
CITIZENS UTILITY BOARD OF MINNES
332 MINNESOTA STREET, SUITE W136
ST. PAUL MN 55101

ANDREW MORATZKA
STOEL RIVES LLP
33 SOUTH SIXTH ST STE 4200
MINNEAPOLIS MN 55402

GENERIC NOTICE RESIDENTIAL UTILI
OFFICE OF THE ATTORNEY GENERAL
1400 BRM TOWER
445 MINNESOTA ST
ST. PAUL MN 55101-2131

BUDDY ROBINSON
MINNESOTA CITIZENS FEDERATION N
2110 W. 1ST STREET
DULUTH MN 55806

WILL SEUFFERT (TS)
PUBLIC UTILITIES COMMISSION
121 7TH PL E STE 350
SAINT PAUL MN 55101

GEORGE SHARDLOW
ENERGY CENTS COALITION
823 E. 7TH STREET
SAINT PAUL MN 55106

State of Minnesota
Before the Public Utilities Commission

Katie Sieben	Chair
Hwikwon Ham	Commissioner
Audrey Partridge	Commissioner
Joseph Sullivan	Commissioner
John Tuma	Commissioner

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

COMMENTS OF
THE ENERGY CENTS COALITION

I. Introduction

The Energy CENTS Coalition ("ECC") thanks the Commission for the opportunity to comment in the above-referenced matter. ECC promotes affordable utility service for low- and fixed-income Minnesotans through regulatory and legislative advocacy and direct bill-payment and conservation assistance programs. ECC advocated for the initial creation of the Customer Affordability of Residential Electricity (CARE) program in Minnesota Power's ("MP" or "the Company") 2009 Rate Case. We were integrally involved in multiple rounds of stakeholder conversations in the intervening years to further refine program specifications to best serve MP's low-income customers.

The Company's current rate design allows low-income customers to self-declare their income. Through subsequent conversations in this docket, self-declaration was added as an exception to income qualification provisions for CARE programs, provided that low-income customers who self-declare in their initial application are approved for LIHEAP by the following May 1 to remain enrolled in CARE. The Commission approved those provisions in its September 21, 2022 Order.[1] The Commission permitted the Company to raise the program surcharge in anticipation of an initial increase in enrollment resulting from the introduction of the self-declaration policy in its May 16, 2023 Order.[2]

In its filings requesting the surcharge increase, MP projected that enrollment would normalize after the initial increase. Therefore, while the Commission authorized the

[1] 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).
[2] 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 (May 16, 2023).

surcharge increase, the underlying program budget was left intact. In this year's report, the Company notes that enrollment trends have followed those projections and therefore requests a reduction in the program surcharge in recognition of current enrollment.[3] In short, the Company seeks to return the surcharge to align it with the program budget as currently authorized by the Commission. This request is in keeping with ECC's understanding of the Company's and the Commission's initial intentions in this matter.

While the request is reasonable and anticipated, the timing is unfortunately coinciding with tremendous uncertainty regarding federal policy and macroeconomic trends. The collaborative process between MP, ECC and other stakeholders has made CARE the gold standard among affordability programs in the state. ECC, therefore, sees value in a stakeholder discussion on the proper role this program should play in helping the utility and its customers navigate these uncertain times.

II. Procedural Background

In MP's 2009 retail rate case, ECC advocated for the Company to establish an affordability program for low-income, high-usage residential ratepayers. The Commission subsequently ordered the Company to develop such a program.[4] On May 5, 2011, MP filed a Petition for Approval of their Customer Affordability of Residential Electricity (CARE) program,[5] which the Commission subsequently approved in its September 26, 2011 Order.[6]

Throughout the early years of the program's existence, ECC raised numerous concerns about enrollment in the program and the average discount level among participants. In its January 5, 2018 Order, the Commission directed MP to work with ECC and the Commission's Consumer Affairs Office to discuss potential improvements to CARE.[7]

Over the ensuing years, the Company meaningfully engaged in stakeholder conversations about program improvements. MP subsequently submitted programmatic changes that the Commission approved in its October 30, 2019 Order.[8] Those changes included (a) a flat $15 per month discount for eligible senior, disabled and/or existing legacy CARE customers,

---

[3] Petition at 24.
[4] ORDER--FINDINGS OF FACT, CONCLUSIONS, AND ORDER, Docket No. E015-GR-09-1151, November 2, 2010 Order, page 72.
[5] INITIAL FILING--PILOT RIDER FOR CUSTOMER AFFORDABILITY OF RESIDENTIAL ELECTRICITY, DOCKET NO. E-015/M-11-409, May 5, 2011.
[6] ORDER AUTHORIZING PILOT PROGRAM AND SETTING FURTHER REQUIREMENTS, DOCKET NO. E-015/M-11-409, September 26, 2011.
[7]ORDER ACCEPTING FIFTH ANNUAL REPORT AND PROGRAM CHANGES, AND REQUIRING MEETINGS, DOCKET NO. E-015/M-11-409, January 5, 2018.
[8] ORDER--ORDER ACCEPTING REPORT AND APPROVING PROGRAM CHANGES, DOCKET NO. E-015/M-11-409, October 30, 2019.

and (b) an affordability program for new customers designed to keep their annual energy burden within 3 percent of their household income, on average.

On August 2, 2022, MP, ECC and the Citizens Utility Board reached a partial settlement in the Company's 2021 rate case. The settlement increased the CARE flat discount from $15 to $20 per month, extended the CARE flat discount to approximately 10,000 non-LIHEAP low-income customers, and extended the CARE affordability discount to approximately 2,500 non-LIHEAP, low-income customers through an income self-declaration process.[9] The settlement stipulated that "[c]ontinued 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."[10] The Commission approved that agreement in its September 21, 2022 Order.[11] Taken in tandem, these modifications have made CARE one of the most effective affordability programs in the State.

On March 3, 2023, the Company filed its Eleventh Annual Report, in which it updated the Commission on its progress in implementing the self-declare process. In that Report, the Company requested an increase to the program surcharge to cover costs associated with an initial influx of program participants but also stated the following:

> With the requirement for LIHEAP approval for self-declared customers to remain on CARE going into effect as early as October, 2023, total customer discounts are anticipated to trend downward and levelize at a lower amount overall for future program years. The Company anticipates a corresponding decrease from the currently proposed Affordability Surcharge in future program years, the magnitude of which will be clearer at the conclusion of the 2023 program year, or shortly thereafter, as more insight is gained regarding conversion rates of self-declared customers to LIHEAP approved for continued CARE eligibility.[12]

In its May 16, 2023 Order, the Commission approved an increase to the Company's Affordability Surcharge to accommodate the costs of that initial influx.[13] As stated previously, that authorization was to fund a temporary cost overrun and not a program budget increase.

On March 3, 2025, the Company filed its Thirteenth Annual Report. The Report notes that, "[Participation] has since decreased, as over 5,000 customers were removed when they

---

[9] CARE MODIFICATION REQUEST, DOCKET NO. E-015/M-11-409, August 2, 2022.
[10] *Ibid.*
[11] ORDER, DOCKET NO. E-015/M-11-409, September 21, 2022.
[12] ELEVENTH ANNUAL REPORT at 25.
[13] ORDER, DOCKET NO. E-015/M-11-409, May 16, 2023.

did not obtain EAP-approved status by the end of the grace period."[14] As such, the projections found in the Eleventh Annual Report have now been borne out in enrollment data.

III. Clarification regarding the existing program budget

Given the procedural complexity of this matter, it is worth clarifying what the current financial parameters of the program are. The current program budget is $2,179,303. The Company proposes no reduction to that budget in the Thirteenth Annual Report. The previously referenced surcharge increase authorized in the Commission's May 16, 2023 Order was intended to fund a temporary budget overrun associated with the initiation of the self-declaration process.

The Order did not, however, alter the underlying budget. The projected surplus tracker balance results from the Company returning the operations of the CARE program to the initially authorized program budget while the elevated surcharge remains, despite the forces that drove the cost overrun no longer being at work. Thus, as the Company notes in the Thirteenth Annual Report, "The tracker reached a near-zero balance in December 2024...and, if the Surcharge is not decreased, will over collect in program year 2025."[15]

ECC offers this clarification for two reasons. First, we wish to underscore that the Company is acting in good faith in its proposed surcharge reduction, as it is in keeping with prior stakeholder conversations. Second, any proposals to maintain the current surcharge level would only be appropriate if taken in tandem with a Commission order to alter the underlying budget. As discussed below, there are reasons to consider doing so, but a determination about the proper budget should determine the surcharge not the other way around.

IV. Findings of the Thirteenth Annual Report

While its findings on program costs and consequent surcharge impacts are in keeping with prior projections, there are additional findings in the Report that are worth noting. In short, they underscore both the efficacy of the program and prompt the question of what its role and scope should be in the current economic and political environment.

a. Positive findings

Encouragingly, the Report demonstrates that the CARE program continues to show efficacy in lowering the percentage of income that customers pay towards their energy bills. The Company notes in its filing that the average discount was roughly 86%, the highest average

[14] Petition at 10.
[15] Petition at 8.

since program modifications were made in 2020.[16]

The impact of those discounts are borne out in arrearage levels as well. As the Report states:

> 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.[17]

Clearly, CARE is an effective tool for bolstering the economic well-being of low-income customers of Minnesota Power as evidenced by the lack of arrears among its participants.

b. Trends that warrant additional analysis

The Commission must situate the Report within a broader micro- and macroeconomic context. When taken in conjunction with the Company's reporting in YR-02, it becomes evident that outcomes among CARE participants are positive but those among the broader residential customer base warrant further monitoring.

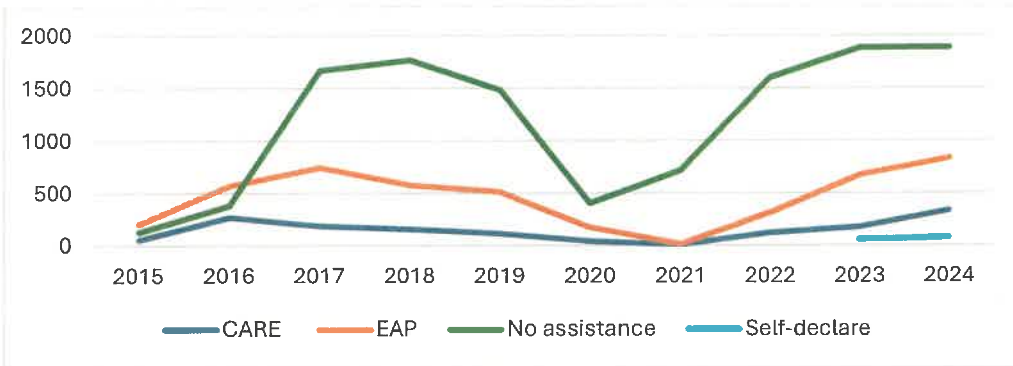
First, whereas arrears levels among CARE participants are minimal, the Company's most recent monthly report in Docket 25-02 shows that total arrears have increased dramatically.[18] Taken in tandem with the Company's Report in this docket, it can be deduced that those arrears are held by non-CARE participants. In many ways, that finding suggests that the program is meeting the statutory mandate given to affordability programs "decrease or eliminate participating customers arrears."[19] Based on conversations with the Company, it is ECC's understanding that a significant portion of that increase has resulted from customers missing payments during the transition to a new auto-pay system and that the Company anticipates those numbers will come down as customers integrate into the new system. ECC will continue to monitor the Company's reporting in 25-02 to ensure that is the case.

Second, the Company notes in its Report that "the disconnection rate in program year 2024 continued to trend toward more typical years."[20] As shown below, Minnesota Power customers faced a higher rate of disconnection in 2024 than at any point in the last decade. The Company is admittedly not alone among utilities in the State in returning to pre-

[16] Petition at 19.
[17] Petition at 20.
[18] MARCH 2025 CUSTOMER STATUS REPORT. Minnesota Power. Docket No. 25-02. (April 21, 2025).
[19] M.S. 216B.16, subd. 15(a)(3)
[20] Petition at 21.

pandemic disconnection levels, as the ratepayer system processes lingering arrears emerging from COVID.

Table 1: Annual disconnections by customer type, 2015-2024[21]



As with arrearage levels, CARE participants comprise a small portion of customers facing disconnection, thus reflecting positively on the program's impact under the statutory requirement to evaluate affordability programs based on service disconnections.[22] Arrearage levels and disconnections among customers who are not receiving any assistance, however, warrant additional interventions. Experiencing disconnection is devastating for low-income customers and it is correlated with a host of negative social outcomes. Therefore, ECC is committed to working with the Company to reduce arrearage levels through avenues other than disconnection to protect the well-being of marginalized populations while acknowledging the need to maintain the financial integrity of the ratepayer network.

Thankfully, the Company and Partners have engaged in meaningful conversations in Docket No. 24-198 that work to ameliorate these trends. First, they have committed to maintain the CARE program's budget so long as the Partners own the Company. Second, the Partners have committed to an infusion of their own funds over and above the current budget. This contribution would temporarily expand eligibility for the flat discount and provide a 100% match arrearage forgiveness provision for non-CARE customers who complete a 24-month payment plan.[23] The offer for these funds to come directly from the Partners means additional financial relief for customers with arrears that does not need to be funded by surcharges paid by other customers.

[21] Source: 11-409 filings, 2015-2024
[22] M.S. 216B.16, subd. 15(c)(2)
[23] Cady Rebuttal, Docket No. 24-198, March 4, 2025 at 24.

V. Implications for the surcharge

The Petition before the Commission today to reduce the surcharge is entirely in keeping with program design, as approved by the Commission previously. The conditions in which the Commission must now make its determination, however, diverge drastically from what could have reasonably been predicted when the original parameters were set, thus forcing are a more complicated analysis. The potential for reduced federal assistance and lingering macroeconomic cost of living concerns all conspire to deepen the need for a meaningful and accessible affordability program for Minnesota Power's customers.

Nonetheless, if we are witnessing the worst outcomes among non-CARE customers (i.e., those paying the surcharge) there is good reason to avoid over-collecting the surcharge and sending the tracker balance into a surplus. ECC is therefore amenable to the proposal of the Citizens Utility Board and Legal Services Advocacy Project to approve the surcharge reduction in the near-term, offered in conjunction with a convening of a stakeholder group to thoughtfully evaluate the appropriate program budget going forward.[24]

VI. Conclusion

ECC respectfully requests that the Commission:

- Accept the 2024 CARE Report.
- Approve the Company's requested surcharge reduction.
- Direct Minnesota Power to convene a stakeholder group to evaluate the proper program budget going forward.

[24] CUB and LSAP Comments at 4.