

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

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

ISSUE DATE: December 19, 2018

DOCKET NO. E-015/M-11-409

ORDER ACCEPTING SIXTH ANNUAL
REPORT AND CHANGING ANNUAL
FILING DATE

PROCEDURAL HISTORY

On November 2, 2010, the Commission issued an order directing Minnesota Power (or the Company) to propose a program to address the needs of low-income, high-usage residential customers, and to provide annual compliance reports.¹

On May 5, 2011, Minnesota Power proposed a pilot program—the Customer Affordability of Residential Electricity (CARE) program—that it had developed in cooperation with various not-for-profit agencies, including the Arrowhead Economic Opportunity Agency (AEOA)² and the Energy CENTS Coalition (Energy CENTS).³

The CARE program took effect on November 1, 2011, and was initially administered by AEOA. Beginning in May, 2017, Minnesota Power took over the administration of the program following the resignation of AEOA.

On May 31, 2018, Minnesota Power filed its sixth annual update for its CARE program.

On August 8, 2018, the Minnesota Department of Commerce (the Department) and Energy CENTS filed comments.

¹ *In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-15/GR-09-1151, Findings of Fact, Conclusions, and Order (November 2, 2010).

² AEOA is a community action program organized to strengthen communities by providing opportunities for people experiencing social and economic challenges in the northeast Minnesota.

³ Energy CENTS is an organization promoting affordable utility service for low- and fixed-income people.

On August 30, 2018, Minnesota Power filed reply comments.

On November 29, 2018, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Summary of Commission Action

In this order the Commission accepts Minnesota Power's sixth annual report on its pilot rider for the CARE program, including determining that the utility's CARE customer outreach efforts address the concerns raised in the Commission's January 5, 2018 order, and eliminating certain information from future report requirements. The Commission also authorizes Minnesota Power to reclassify the CARE pilot rider as a permanent rider, maintain the administration of the CARE program, and file future annual program reports on March 1 each year.

II. CARE Program

Minn. Stat. § 216B.16, subd. 15, the low-income affordability program statute, required all gas utilities to file proposals for low-income affordability programs. Minnesota Power is the only electric utility in the state that offers an affordability program under this statute.⁴

Minnesota Power's CARE program provides a discount on the cost of utility service for heating the primary residence of a program participant if the participant qualifies for the Low-Income Home Energy Assistance Program (LIHEAP) or other heating assistance programs. A participant may be removed from the program if he or she fails to make two consecutive payments, or fails to document continued eligibility for LIHEAP by May 31 of each year.

The program has evolved since it was initially authorized in 2011, with updates allowing, *inter alia*, automatic re-enrollment for participants demonstrating continued eligibility for LIHEAP,⁵ elimination of the requirement that a participant enter into a payment plan for overdue bills,⁶ and limited forgiveness of a participant's overdue balance.⁷

Finally, the Commission issued an order on January 5, 2018, accepting Minnesota Power's fifth annual CARE report and making additional refinements to the program. The Commission also required Minnesota Power to meet with Energy CENTS and other nonprofit organizations within its service territory to discuss potential improvements to the program, coordination with LIHEAP, and enhanced public outreach.

⁴ Xcel Energy provides its low-income electric customers a discounted rate under its low-income electric rate discount statute (Minn. Stat. § 216B.16, subd. 14). Xcel offers this discount as part of its PowerON program.

⁵ Order Accepting the Second Annual Report (July 3, 2014).

⁶ Order Approving Changes to the Customer Affordability Program and Setting Further Requirements, at 6 (December 3, 2012) (the 2012 Order).

⁷ See Fourth Annual Report, at Section V.B. (April 20, 2016).

III. Minnesota Power's Petition

In its petition, Minnesota Power requested approval of its sixth annual report on program participation. Minnesota Power proposed to take the following actions:

- Make its CARE program a permanent rider, rather than a pilot project;
- Revise service conditions requiring that CARE participants be removed from the program after two consecutive missed payments;
- Maintain Minnesota Power's administration of the program;
- Expand availability of the discount to all identified LIHEAP-qualified customers with a corresponding increase in the monthly CARE surcharge for each rate class phased in over three years.

IV. Party Comments

The Department recommended that the Commission accept Minnesota Power's program report and approve the Company's proposals to modify the CARE program. Energy CENTS initially recommended that the Commission reject Minnesota Power's annual report and require the Company to make changes to its program including modeling the CARE program on Xcel's PowerON program which offers a larger monthly bill credit to participants.⁸

By the Commission meeting, however, Energy CENTS and Minnesota Power had met and agreed that the best approach for the near term is to retain the current framework of the CARE program for purposes of this report.

The parties agreed to work together prior to the next annual report to explore possible enhancements and/or changes to the CARE program recommended by one or more of the parties. Further, Minnesota Power agreed to undertake an evaluation of its current CARE program to consider changes to remove potential barriers to enrollment in the program and help retain its current participants, including, *e.g.*, (1) allowing/not allowing CARE qualified customers who miss two or more consecutive payments to remain in the CARE program; (2) allowing/not allowing the adjustment of arrearage forgiveness to reflect new arrearages; and (3) allowing/not allowing LIHEAP qualified customers seeking Cold Weather Protection to continue to participate in the CARE program.

V. Commission Action

The Commission finds that Minnesota Power's sixth annual CARE program report fulfills the requirements established by order. Consequently the Commission will accept the report. Further, the Commission will require Minnesota Power to submit future reports on the CARE program on March 1 each year.

As it did in its fifth annual report issued earlier this year, the Commission again directs Minnesota Power to meet with the Energy CENTS to discuss potential improvements to the CARE program and better coordination with LIHEAP. The Commission will not, however, at this time require Minnesota Power to redesign its CARE program nor model it on Xcel's PowerOn program, but continue with the program as it is currently designed.

⁸ Energy CENTS is the administrator of Xcel's PowerOn program.

Further, the Commission authorizes Minnesota Power to reclassify the pilot CARE program as permanent, maintain the administration of the CARE program, and will not require it at this time to disclose its administrative costs related to the program. Instead, the Commission will require that those costs be subject to review should the utility make a request for recovery of its administrative costs in the future.

Finally, the Commission will accept Minnesota Power's CARE program customer outreach effort as described in its sixth annual report to have adequately addressed the Commission's concerns on customer outreach.

ORDER

1. The Commission hereby accepts Minnesota Power's Sixth Annual Report on its pilot rider for its CARE program.
2. The Commission authorizes reclassification of the pilot CARE rider as a permanent rider for the CARE program.
3. The Commission eliminates from future annual reports information/calculation based on total annual participants in its CARE program.
4. The Commission accepts Minnesota Power's CARE program customer outreach effort as 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 MP's Fifth Annual Report.
5. The Commission authorizes Minnesota Power to maintain administration of the CARE program.
6. Minnesota Power shall submit future annual reports on its CARE program on March 1, each year.
7. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Daniel P. Wolf
Executive Secretary

This document can be made available in alternative formats (e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.