



April 30, 2025

VIA E-FILING

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


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

Dear Mr. Seuffert:

Minnesota Power submits to the Minnesota Public Utilities Commission its Reply Comments in response to the Minnesota Department of Commerce Comments filed on April 16, 2025 as well as the Joint Comments submitted by the Citizens Utility Board of Minnesota ("CUB") and the Legal Services Advocacy Project ("LSAP") on April 17, 2025.

Please contact me at (218) 355-3182 or dmencel@mnpower.com with any questions related to this matter.

Yours truly,



Debbie A. Mencel
Regulatory Compliance

DAM:th
Attach.

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

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

Docket No. E015/M-11-409
**MINNESOTA POWER'S
REPLY COMMENTS**

I. INTRODUCTION

Minnesota Power (or the "Company") respectfully submits the following Reply Comments regarding the Company's Thirteenth Annual Report for the Rider for Customer Affordability of Residential Electricity ("CARE") discount program.¹ These Reply Comments address Comments made by the Minnesota Department of Commerce ("Department") on April 16, 2025 as well as the Joint Comments submitted on April 17, 2025 by the Citizens Utility Board of Minnesota ("CUB") and the Legal Services Advocacy Project ("LSAP").

II. BACKGROUND

On March 3, 2025, Minnesota Power ("Company") filed its Thirteenth Annual Report for the CARE program.

On March 20, 2025, the Minnesota Public Utilities Commission ("Commission") filed a Notice of Comment Period with the following topic open for Comment for Minnesota Power only:

CARE Program participants that use the self-declaration process to enroll must become approved for EAP before the May 1 grace period. Describe at what interval MP flags these accounts and describe the outreach efforts MP deploys to keep these customers on the CARE Program leading up to May 1.

Additionally, the following topics were open for comment:

- Should the Commission accept Minnesota Power's (MP) 2024 CARE Program Report?

¹ Link to Public Version of Minnesota Power's [Thirteenth Annual CARE Program Report](#)

- Should the Commission approve MP's proposed reduction to its Affordability Surcharge?
- Will the proposed surcharge balance the CARE tracker balance and adequately fund the CARE Program?
- Are the proposed surcharge amounts reasonable and affordable for each applicable customer class – non-LIHEAP Residential, General Service, Large Light & Power, and Large Power?
- Are there other issues or concerns related to this matter?

III. SUMMARY OF STAKEHOLDER COMMENTS

On April 16, 2025 Minnesota Power submitted comments on its open topic.²

Stakeholders generally support the CARE program's objectives but express concerns about the proposed Affordability Surcharge reduction and program enrollment capacity. They recommend exploring alternatives to ensure the program remains effective and accessible to low-income households, particularly considering potential federal funding cuts related to the Low-Income Home Energy Assistance Program ("LIHEAP" or "EAP").

In these Reply Comments, Minnesota Power provides responses to the Department's as well as CUB and LSAP's requested information.

IV. RESPONSES TO REQUESTED INFORMATION

Minnesota Department of Commerce Recommendations

On April 16, 2025, the Minnesota Department of Commerce, Division of Energy Resources ("Department") submitted their Comments in the above-referenced Docket.³ In its Comments, the Department recommended that the Commission accept the Company's Thirteenth Annual CARE Program Report but requests that the Company

² Link to Public Version of Minnesota Power [Comments](#)

³ Link to Public Version of the Minnesota Department of Commerce, Division of Energy Resources [Comments](#)

provide in its reply comments analysis of the program participation capacity under the current Affordability Surcharge before making a recommendation on the Company's proposed reduction to its Affordability Surcharge. Specifically, the Department requests the Company to detail the following:

- How many customers are on the CARE program waitlist? How long have these customers been on the waitlist?
- How many customers are added to the waitlist each year, and how many CARE program spots become available each year?
- How many participants could reasonably be added to the program from the waitlist such that the program's tracker balance does not grow a surplus?
- What would be the impacts of these customers being allowed in the program?
- What would be the cost to fully fund the CARE program if every customer on the wait list was able to participate in the CARE program?
- Aside from reduced Affordability Surcharge costs for customers, what reasons would the Company provide for lowering the Surcharge rather than expanding CARE enrollment?

Company Response to the Department

The Company agrees with and appreciates the Department's recommendation to accept Minnesota Power's Thirteenth Annual CARE Program Report. There are two minor clarifications that Minnesota Power would like to make based on review of the Department's comments. On page 4, the Department references \$457,200 was forgiven as part of the arrearage forgiveness program. This figure was taken from Table 5 in the Company's filing and references the average arrearage amount for CARE customers, not what was actually forgiven. The arrearage forgiveness figure is provided in Table 6 and accurately reflected on page 6 of the Department's comments. Regarding the percent of program budget for program administrative costs, the Company suggests that the approved program budget of \$2,179,303 is the appropriate denominator as opposed to the Affordability Surcharge amount collected, which appears to be the figure the Department used. With program administrative costs of \$20,727, this still equates to less than one percent of the program budget and is well below the cap of five percent approved by the Commission.

Minnesota Power received several information requests from CUB that address the questions posed by the Department. Specifically, CUB IR 0001 includes details about the Affordability Discount waiting list, including how many customers are added each year. There have been no Affordability Discount “program spots” available since this portion of the program was closed to new enrollments in December 2022. CUB IRs 0003, 0005, and 0006 address the questions about additional households potentially served and the challenges regarding making such a projection or estimating tracker balance and customer impacts. The Company has attached those responses to these Reply Comments for reference and completeness.

To elaborate on the responses to CUB, Minnesota Power does not request income data from the customers on the waiting list, as no formal program application is collected in order to be placed on the list. As discussed in the CARE filing (p.19), once a customer is enrolled in this portion of the CARE program, income data is collected for EAP participants through the existing secure data transfer process for EAP. For those who became eligible under the self-declaration process, income data was collected directly from the customer. As such, customers on the waiting list have not been determined eligible and the Company does not have the information readily available that would be needed to estimate energy burden and related discount amounts for those on the waiting list. Further, Affordability Discount amounts currently range from 12 percent to 100 percent with the average discount at about 86 percent (p.19).

CUB IRs 0003, 0005 and 0006 discuss the rationale for lowering the Affordability Surcharge. To summarize, the Company has no basis for keeping the Affordability Surcharge at its current level. Importantly, “a targeted objective when setting the CARE Program funding target was to maintain the residential surcharge at or near \$1.”⁴ This objective was a consensus design item, as determined by a robust collaborative stakeholder process, of which CUB and the Department were engaged participants. This same stakeholder process informed other consensus design elements of CARE, including

⁴ MPUC Docket No. E015/M-11-409, May 1, 2019, Seventh Annual CARE Report, at page 20.

the program funding target, the Affordability Discount, the Flat Discount, and "enrollment based on the available budget for the program year and the projected discounts".⁵

The proposed Affordability Surcharge brings the residential surcharge more in line with the objective of at or near \$1 and is based on the tracker balance, projected customer discounts, and anticipated administrative costs, all of which are grounded in the CARE budget of \$2,179,303, as most recently modified and approved under Orders by the Minnesota Public Utilities Commission dated October 30, 2019 and September 21, 2022. Importantly, the Company has no authority to make an expanded Affordability Discount offering without Commission approval of an increased budget under revised program design assumptions. There is no stakeholder workgroup product or other formal agreement in place to support such a request. As referenced in the Joint Comments by CUB and LSAP, "the CARE program is well-designed and provides valuable assistance to Minnesota Power's residential customers (p. 3)" and they "agree with the Company that stakeholder meetings would allow parties to thoughtfully propose an updated budget and associated surcharge, and address other topics relevant to reopening the Affordability Discount (p. 4)." The Joint Comments also indicate that CUB and LSAP are comfortable with Minnesota Power's proposal to temporarily reduce the CARE Affordability Surcharge in order to maintain the current program budget, if the Commission approves their proposed pathway for identifying and implementing program revisions.

The Company agrees with the Department's comments indicating that "the proposed surcharge will adequately fund the CARE program and balance the CARE tracker" and "the proposed surcharge amounts are reasonable and affordable for each applicable customer class, as the proposed surcharge is a reduction of the current surcharge customers are already paying" (p. 7).

⁵ *Id.*, at 20.

The Citizens Utility Board of Minnesota and Legal Services Advocacy Project Recommendations

On April 17, 2025 the Citizens Utility Board of Minnesota (“CUB”) and Legal Services Advocacy Project (“LSAP”) submitted their Comments in the above-referenced Docket.⁶ CUB and LSAP recommend:

1. Minnesota Power to convene a stakeholder process that addresses the following issues:
 - a. Determine a new, higher budget threshold that will allow the percentage-of-income affordability discount to be reopened to new participants, with the goal of implementing changes at the start of the next program year (October 1, 2025);
 - b. Determine the associated customer surcharge required to support this budget;
 - c. Consider improvements to communications and outreach strategies to inform customers of programmatic revisions and raise awareness of assistance resources; and
 - d. Consider what, if any, changes to reporting are warranted
2. Require Minnesota Power to file a report and recommendation in the instant docket detailing the outcome of the stakeholder process by August 1, 2025
3. In the event the low-income home energy assistance program (“LIHEAP”) funding is discontinued by the federal government and Minnesota does not receive its Spring 2025 LIHEAP payment, Minnesota Power shall continue to provide CARE funding to ratepayers who have received energy assistance from LIHEAP any time in federal fiscal year 2024. In the event this provision is triggered, Minnesota Power shall file an update related to CARE funding with the Commission on or before October 1, 2025.

⁶ Link to Public Version of Citizens Utility Board of Minnesota and Legal Services Advocacy Projects [Comments](#)

Company Response to Citizens Utility Board of Minnesota and Legal Services Advocacy Project Recommendations

The Company appreciates the opportunity to review and respond to the recommendations of CUB and LSAP. Minnesota Power is committed to supporting all customers and ensuring the continued success of its state-leading affordability programs and rate discounts. Minnesota Power is amenable to working with stakeholders to explore the implications of a new, higher budget threshold that will allow the percentage-of-income Affordability Discount to reopen to new participants as well as identifying the associated customer surcharges required to support any proposed budget revisions. The Company is always willing to explore and consider improvements to communications and outreach strategies to ensure customers are informed of programmatic revisions and aware of available assistance resources. Further, the Company is committed to transparent and informative reporting and remains open to potential changes that may be warranted as part of stakeholder feedback.

Regarding continued CARE funding in the event of LIHEAP discontinuation and the near-term risk that Minnesota does not receive its Spring 2025 LIHEAP payment, the Company acknowledges the importance of providing continued support to eligible CARE customers. Importantly, CARE eligibility is not contingent on customers *receiving* LIHEAP funds, but rather it is based on being *approved as income-eligible* through the LIHEAP application process. This is an intentional distinction from other affordability programs and mitigates the risk for customers who receive CARE program discounts, as long as the customers have made application and been approved by the applicable grace period deadline, the next of which is May 1, 2025. As such, item 3 in CUB and LSAP's comments should not be necessary. That said, the Company will gladly work with stakeholders and the Commission to identify and mitigate CARE funding and eligibility risks in light of potential LIHEAP changes or discontinuation concerns based on the current uncertainty around federal funding.

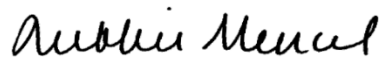
V. CONCLUSION

Minnesota Power appreciates the opportunity to clarify and respond to the comments from the Department, CUB and LSAP regarding the Company's Thirteenth Annual Report for the CARE program. The Company respectfully requests that the Commission accept its Annual Report and approve the Affordability Surcharge changes that have been proposed. Minnesota Power continues to offer a state-leading affordability program and complementary residential rate discount. Notably, CARE has been referred to as a "gold standard" in program design, a distinction the Company does not take lightly. The CARE program and its success have been anchored in robust and transparent stakeholder input and engagement, as strongly evidenced in the CARE docket and related program modifications since its inception in 2011. As such, Minnesota Power is open to the stakeholder process proposed by CUB and LSAP.

If you have any questions regarding this filing, please contact me at 218-355-3182 or dmencel@mnpower.com.

Dated: May 1, 2025

Sincerely,



Debbie Mencil
Regulatory Compliance Specialist
Minnesota Power
30 W. Superior Street
Duluth, MN 55802
(218) 355-3182
dmencel@mnpower.com

**Citizens Utility Board of Minnesota
Information Requests**

Date of Request: March 31, 2025

Requested By: Brandon Crawford
brandonc@cubminnesota.org

Requested From: Minnesota Power

Request Due: April 14, 2025

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

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

Please copy the following individuals on all responses to CUB information requests: Annie Levenson-Falk (annielf@cubminnesota.org); Brian Edstrom (briane@cubminnesota.org); Olivia Carroll (oliviac@cubminnesota.org); and Brandon Crawford (brandonc@cubminnesota.org).

1. Reference page 9 of Minnesota Power's Annual CARE Report filed on March 3, 2025. The Company indicates that the "Affordability Discount portion of the CARE program was closed to new participants and has been accumulating a waitlist since mid-program year 2023."
 - a. Please provide program enrollment data for each month since the Affordability Discount portion of the CARE program was closed to new enrollees. Please delineate the number of customers continuing to receive affordability discounts from those that receive the \$20 flat discount.
 - b. Please provide waitlist data for each month since the Affordability Discount portion of the CARE program was closed to new enrollees

Response:

As an important point of reference for the quote included with this information request, Minnesota Power very transparently shared the reasoning for the close of the Affordability Discount portion of CARE to new participants in its Eleventh Annual CARE Report:¹

"The Company moved forward with the Commission-approved eligibility changes for CARE to allow a first-in-the-state self-declaration exception, and has seen a tremendously positive response rate to outreach regarding the self-declaration option. It was identified that the underlying assumptions for the CARE modification budget increase reflected one month of

¹ MPUC Docket No. E015/M-11-409, May 1, 2019, Eleventh Annual CARE Report, at page 25.

discounts as opposed to annualized discounts, and therefore understated the projected discount obligation assumed for the budget. To help mitigate the tracker impacts from this understated assumption, while still honoring program outreach commitments and the direct enrollment of eligible customers in the flat discount, the affordability discount was immediately closed to new applicants upon discovery.”

The referenced eligibility changes and related budget modification were based on an agreement with Energy CENTS Coalition (“ECC”) and the Citizens Utility Board of Minnesota (“CUB”).² CARE is a budget-capped program. The agreed-upon budget increase under this agreement was up to \$429,303. Adding this to the previously approved budget of \$1,750,000, the total CARE budget is currently \$2,179,303. As the program discounts were anticipated to significantly overrun this budget commitment, the Company closed the Affordability Discount to new enrollees in December 2022.

Of note, the Minnesota Public Utilities Commission Order (“Commission”) dated October 30, 2019 states in Order Points 4 & 5, “The Commission hereby authorizes Minnesota Power to use auto enrollment for the flat \$15 per month discount component of the program and an annual application process for the affordability discount component, on a first-come, first-served basis. Minnesota Power is authorized to limit enrollment in the first-come, first-served affordability discount program according to the availability of program funding.” The flat \$15 was increased to \$20 under the above-referenced agreement and related Commission approval.

- a) Please refer to CUB IR 0001.01 Attach for enrollment data.
- b) Please refer to CUB IR 0001.02 Attach. As some customers who were originally on the waiting list no longer have active accounts, the Company makes a distinction between active and non-active accounts.

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

CARE Program Enrollment Data - ECC IR 0001.01

Year	Month	Discount	Enrollment
2022	12	Affordability	1,262
2022	12	Flat	10,731
2023	1	Affordability	1,260
2023	1	Flat	10,996
2023	2	Affordability	1,206
2023	2	Flat	11,069
2023	3	Affordability	1,244
2023	3	Flat	11,114
2023	4	Affordability	1,177
2023	4	Flat	11,216
2023	5	Affordability	1,182
2023	5	Flat	11,468
2023	6	Affordability	1,071
2023	6	Flat	11,134
2023	7	Affordability	1,090
2023	7	Flat	11,135
2023	8	Affordability	1,069
2023	8	Flat	11,070
2023	9	Affordability	1,024
2023	9	Flat	10,911
2023	10	Affordability	1,013
2023	10	Flat	10,937
2023	11	Affordability	994
2023	11	Flat	10,665
2023	12	Affordability	927
2023	12	Flat	10,626
2024	1	Affordability	913
2024	1	Flat	11,028
2024	2	Affordability	895
2024	2	Flat	11,122
2024	3	Affordability	915
2024	3	Flat	11,147
2024	4	Affordability	899
2024	4	Flat	11,228
2024	5	Affordability	886
2024	5	Flat	11,105
2024	6	Affordability	808
2024	6	Flat	6,422
2024	7	Affordability	790
2024	7	Flat	6,000
2024	8	Affordability	794
2024	8	Flat	5,996
2024	9	Affordability	779
2024	9	Flat	5,891

¹ To accommodate the delineation requested and best align with the CARE Tracker, enrollment data is based on discounts provided in the referenced month. This methodology differs from that used for participation counts in the broader CARE filing.

Date	Active Accounts	Non-Active Accounts	TOTAL
Dec-2022	11	2	13
Jan-2023	31	7	38
Feb-2023	45	14	59
Mar-2023	60	24	84
Apr-2023	42	10	52
May-2023	50	17	67
Jun-2023	16	1	17
Jul-2023	41	13	54
Aug-2023	33	10	43
Sep-2023	15	5	20
Oct-2023	16	5	21
Nov-2023	13	1	14
Dec-2023	7	1	8
Jan-2024	8	0	8
Feb-2024	9	2	11
Mar-2024	10	1	11
Apr-2024	13	3	16
May-2024	7	1	8
Jun-2024	11	0	11
Jul-2024	12	0	12
Aug-2024	14	0	14
Sep-2024	9	0	9
Total	473	117	590

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Requested By: Brandon Crawford
brandonc@cubminnesota.org

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3. Reference pages 23 and 24 of Minnesota Power's Annual CARE Report. The Company proposes to substantially decrease the affordability surcharge associated with the CARE program due to anticipated over-recovery in 2025. Please identify the tracker balance and surcharge amount expected to be necessary should the Affordability Discount portion of the CARE program be opened back up to eligible customers.

Response:

The proposed Affordability Surcharge is based on the tracker balance, projected customer discounts, and anticipated administrative costs, all of which are grounded in the CARE budget of \$2,179,303, as most recently modified and approved under an Order by the Minnesota Public Utilities Commission dated September 21, 2022.

Importantly, "a targeted objective when setting the CARE Program funding target was to maintain the residential surcharge at or near \$1." ¹ This objective was a consensus design item, as determined by a robust collaborative stakeholder process, of which CUB was an engaged participant. This same stakeholder process informed other consensus design elements of CARE, including the program funding target, the Affordability Discount, the Flat Discount, and "enrollment based on the available budget for the program year and the projected discounts".²

While the Affordability Surcharge has been substantially higher since June 2023, this was a limited duration exception driven by the budget overrun described in the Eleventh Annual CARE Report³ and the response to CUB IR 0001. The Company had anticipated "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-

¹ MPUC Docket No. E015/M-11-409, May 1, 2019, Seventh Annual CARE Report, at page 20.

² *Id.*, at 20.

³ MPUC Docket No. E015/M-11-409, March 1, 2023, Eleventh Annual CARE Report, at page 25.

declared customers to LIHEAP approved for continued CARE eligibility.”⁴ As discussed in the current Annual CARE Report, the tracker deficit is at near zero and the program should now resume at approved budget levels with a corresponding decrease in the Affordability Surcharge that will better align with the objective described above as at or near \$1 for residential customers. As long as participation levels and related discounts remain at current levels and the approved budget for CARE is at \$2,179,303, the Company does not anticipate reopening the budget-capped element of the program - that being, the Affordability Discount.

As points of reference, the Affordability Surcharge for residential customers was \$1.03 after the 2020 program changes. It went to \$2.41 with the budget overrun and tracker deficit from 2022 program changes. The proposed Affordability Surcharge for residential customers is \$1.28.

⁴ *Id.*, at 25.

**Citizens Utility Board of Minnesota
Information Requests**

Date of Request: April 7, 2025

Requested By: Brandon Crawford
brandonc@cubminnesota.org

Requested From: Minnesota Power

Request Due: April 21, 2025

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

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5. Reference page 24 of Jennifer Cady's rebuttal testimony in Docket No. E-015/PA-24-198, wherein she states "there will be no proposed reduction in Minnesota Power's currently designed affordability program budget . . . for the duration of the Partner's ownership of ALLETE." Does the Company view its current request for a reduction in CARE funding as consistent with this commitment?
 - a. If yes, please explain how the commitment to keep funding at its current level aligns with the proposed surcharge reduction.
 - b. If no, please explain:
 - i. how the commitment made by ALLETE and the Partners in Docket No. E-015/PA-24-198 is distinguishable from the Company's actions in the instant docket; and
 - ii. how both the Company's proposal to maintain the current CARE program budget in Docket No. E-015/PA-24-198, as well as its actions to reduce funding in the instant docket, can simultaneously be in the public interest.
 - c. Please also explain whether the commitment made in Docket No. E-015/PA-24-198 to not reduce the CARE budget is based on the current level of program funding, or the amount of funding that would be available if the surcharge reduction is adopted.

Response:

As discussed in response to CUB IRs 0001 and 0003, the budget for CARE is \$2,179,303. The Company has not proposed a budget reduction and has no intention of doing so. In fact, as referenced in the testimony of Jennifer Cady cited above by CUB, the Partners in the proposed acquisition have offered a financial contribution to augment the CARE program **beyond** the budgeted amount of \$2,179,303 through a funding source other than cost recovery through a surcharge with customers, thereby helping to ensure the Affordability Surcharge for residential customers remains in line with the CARE program design objective of “at or near \$1.”¹ This estimated multi-million-dollar infusion is to support a proposal co-developed with EnergyCENTS Coalition and seeks to temporarily expand eligibility for the flat discount and reopen arrears forgiveness, effectively reducing arrears by 50 percent for eligible customers through a 100 percent match over a 24-month period. As about 80 percent of the residential arrears are not with LIHEAP, CARE, or Self-declare customers, this is a benefit that thoughtfully seeks to reach those who are oftentimes seniors, on fixed incomes, and/or just above the income qualification guidelines. This benefits not only those directly participating in the program, but also all others by reducing risk of uncollectible expense and write-off accounts. All of this is proposed while the Company continues with a state-leading CARE program and complementary residential rate discount. CARE has been referred to as a gold standard, a distinction the Company does not take lightly.

The proposed Affordability Surcharge is based on the tracker balance, projected customer discounts, and anticipated administrative costs, all of which are grounded in the CARE budget of \$2,179,303, as most recently modified and approved under Orders by the Minnesota Public Utilities Commission dated October 30, 2019 and September 21, 2022. The amount of funding available through CARE is consistent with the CARE budget and current program design.

The basis and rationale for approval of the CARE budget and any Affordability Surcharge changes have been considered and reviewed by the Commission with ample opportunity for stakeholders to comment annually. CUB was a participant in the stakeholder process that informed the budget of \$1,750,000 and was a signatory to the agreement that led to the budget increase of up to \$429,303 that brought the CARE budget to \$2,179,303.

The higher Affordability Surcharge that is currently in place is related to a budget overrun that was temporary in nature due to an understated assumption in the budget increase of \$429,303 that was asked of Minnesota Power, as the Company has transparently discussed in this docket. While it is normally the expectation that the Company would manage the CARE program to the approved budget, a concession was made for the self-declaration exception and transition. This was to honor program outreach commitments and direct enrollment of eligible customers to the flat discount, all during a period of great transition and emergence from the COVID-19 pandemic with record high arrears. It was known and understood that this overrun would not continue indefinitely. Minnesota Power has routinely paced the Commission’s Consumer Affairs Office regarding all of these considerations, including CARE tracker status, budget overrun exceptions, outreach, grace period considerations, and program enrollment.

¹ MPUC Docket No. E015/M-11-409, May 1, 2019, Seventh Annual CARE Report, at page 20.

**Citizens Utility Board of Minnesota
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Date of Request: April 7, 2025

Requested By: Brandon Crawford
brandonc@cubminnesota.org

Requested From: Minnesota Power

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6. If Minnesota Power keeps the CARE surcharge at its current level, and utilizes those funds to reopen the percentage-of-income portion of the program, how many additional households could the Company expect to provide with affordability credits?

Response:

The Company has no basis for keeping the Affordability Surcharge at its current level. The proposed Affordability Surcharge is based on the tracker balance, projected customer discounts, and anticipated administrative costs, all of which are grounded in the CARE budget of \$2,179,303, as most recently modified and approved under Orders by the Minnesota Public Utilities Commission dated October 30, 2019 and September 21, 2022.

The Company has no authority to make an expanded Affordability Discount offering without Commission approval of an increased budget under new program design assumptions. There is no stakeholder workgroup product or other formal agreement in place to support such a request.

Further, the number of households that could receive the Affordability Discount under a higher CARE budget would be difficult to predict without an actual budget definition given the fact that the bill discounts range from 12 percent to 100 percent for current Affordability Discount participants.

It is concerning to the Company that CUB seems to suggest the Affordability Surcharge sets the budget, when in reality, the surcharge is not what informs the budget, but rather, the budget informs what the surcharge should be.

Program Year 2024 data indicate about 884 customers received the Affordability Discount for a total of \$1,177,277 in discounts under this aspect of the program. Monthly discounts totaled between \$67,000

and \$138,000 with an average monthly discount of \$111 per participant. Total customer discounts paid out in program year 2023 were \$4,071,838 and they were \$3,413,443 in program year 2024. Both of these years were budget overruns that were known to be temporary in nature due to expanded program eligibility under the self-declaration first year exception option. The Company would point out that the majority of discounts contributing to this overrun were under the Flat Discount, not the Affordability Discount. Customer discounts are projected to be \$2,759,644 in program year 2025, which is more in line with the currently approved program budget.

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

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

I, Tiana C. Heger of the City of Duluth, County of St. Louis, State of Minnesota, hereby certify that on the 1st day of May, 2025, I electronically filed a true and correct copy of Minnesota Power's Reply Comments in **Docket No. E015/M-11-409** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on eDocket's Official Service List for this Docket were served as requested.



Tiana Heger