

September 25, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-17-629

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Petition of Northern States Power Company, doing business as Xcel Energy, for Approval of a Medical Affordability Program

The petition was filed on August 21, 2017 by:

Gail A. Baranko
Manager, Regulatory Project Management
Xcel Energy
414 Nicollet Mall, 401 7th Floor
Minneapolis, MN 55401

The Department recommends approval with modifications and is available to respond to any questions the Minnesota Public Utilities Commission may have on this matter.

Sincerely,

/s/ STEPHEN COLLINS
Rates Analyst

SC/lt
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002/M-17-629

I. INTRODUCTION

On June 12, 2017, the Minnesota Public Utilities Commission (Commission) issued an Order requiring Northern States Power Company, doing business as Xcel Energy (Xcel), to implement a Medical Affordability Program (Program or MAP) to subsidize medically certified¹ customers.² As stated on page 12 of the Order, the Program must:

- Provide an affordability credit to limit the percentage of household income spent on electricity;
- Provide an arrearage-forgiveness component;
- Set income eligibility at 50 percent of the state median income, increasing to 60 percent if sufficient funds are available;
- Provide assistance on a first-come, first-served basis until program resources are exhausted;
- Cap administrative costs at five percent of the annual budget;
- Follow the reporting and program-funding-tracking procedures of Xcel's PowerOn³ program; and

¹ Medically certified customers are those that have provided Xcel with a certificate demonstrating that failure to serve the customer would impair or threaten the health or safety of a resident of the customer's household, as defined in Minn. Stat. § 216B.098, subd. 5.

² *Findings of Fact, Conclusions, and Order* in Docket No. E002/GR-15-826, pages 12 and 16, and Order Point 2.

³ PowerOn is an Xcel program that provides low-income customers receiving LIHEAP (Low Income Home Energy Assistance Program) grants with additional subsidies paid for by other customers. Specifically, PowerOn has an affordability component that limits participating customers' electric bills to 3% of their income and an arrearage component in which Xcel makes matching contributions towards reducing participating customers' arrears over a period of 12-24 months. The subsidies are paid by other customers through a per-meter surcharge in proportion to existing per-meter charges (also called "customer charges"). Xcel provides annual reports on PowerOn and other electric affordability programs each December in Docket No. E002/M-04-1956.

- Recover program costs on the same basis as PowerOn.

On August 24, 2017, Xcel filed a petition (Petition) setting forth its proposed Medical Affordability Program and requesting that the Commission approve the Program effective January 1, 2018. Xcel has proposed to implement the Program by modifying its Low Income Energy Discount Rider (LI Rider). As described in the Petition, Xcel would administer the Program in partnership with Energy CENTS Coalition and other customers would pay for the Program through a per-meter (not varying with consumption) surcharge.

II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) reviewed Xcel's proposal to assess whether the proposal complies with the requirements from the Commission's June 12, 2017 Order. The Department concludes that Xcel's proposal will be in compliance if the LI Rider is further modified to clarify certain customer-facing requirements. The additional (that is, in addition to those Xcel already proposes to make) modifications are necessary to make clear that customers are not required to receive LIHEAP (Low Income Home Energy Assistance) in order to be eligible for the Program⁴ and clarify other aspects of the Program such as the affordability and arrearage credits. The Department's recommended additional modifications to the LI Rider are as follows:

AVAILABILITY

~~Available to any residential customer who is certified and receiving assistance from the Low Income Home Energy Assistance Program (LIHEAP) during the federal fiscal year. Customers must receive certification annually through authorized LIHEAP agencies to be eligible for this discount Rider.~~

DISCOUNT PROGRAM

Eligible Senior and / or Disabled customers receive a \$15 discount in each monthly billing period. **Customers must be certified by an authorized agency as receiving assistance from the Low Income Home Energy Assistance Program.**

PowerOn PROGRAM

⁴ Receiving LIHEAP assistance was not an eligibility requirement in the Commission's Order and would conflict with the requirement that the program be available to customers with income up to 60 percent of the state median if funds are available (as Energy Assistance is only available to customers with income up to 50 percent of the state median).

Eligible Seniors and / or Disabled, and Customers Under 62 Years of Age with no Disability.

A customer using more than 3% of their annual household income for electric use may be eligible for the Company's PowerOn affordability program.

Customers must be certified by an authorized agency as receiving assistance from the Low Income Home Energy Assistance Program. The Company will offer customers with the lowest income, and a history of electric consumption that exceeds the residential average of 750 kWh per month, an affordable monthly bill. For a customer to be eligible for a supplemental reduction in their electric bill, the customer must agree to affordable monthly payments.

Medical Affordability PROGRAM

Availability: Available to ~~customers~~ with certified medical circumstances and an income level up to 50 percent of the state median income guidelines.

Availability ~~may will~~ be extended to **qualifying medically certified** customers **with income** up to 60 percent of the state median income guidelines **according to availability of remaining annual program funds** if funds are available.

Availability is on a first-come/first-served basis until the budget is exhausted.

Affordability Credit: Participating customers will receive an affordability credit limiting their bill to 3% of household income.

Arrearage Credit: Participating customers will receive an arrearage credit designed to eliminate any customer arrears over a period of 12 months, if the arrears balance is less than or equal to \$500, or 24 months, if the arrears balance is more than \$500. Receipt of the arrearage forgiveness credit will require a matching customer contribution.

Customer Payment Requirements: Participating customers that miss two consecutive monthly payments will be removed from the program and subject to regular collection practices, including service disconnection.

~~The Company will offer customer benefits with the objective of limiting the percentage of household income at 3% for the affordability credit and at another 3% for the arrears payment used for the cost of electricity. Customers in arrears are required to agree to a payment plan to receive Company monthly credits applied over a period of 12 to 24 months, with the period determined relative to the account balance due.~~ [Department proposed changes in bold]

A non-tracked-change version of the Department's proposed terms is below:

DISCOUNT PROGRAM

Eligible Senior and / or Disabled customers receive a \$15 discount in each monthly billing period. Customers must be certified by an authorized LIHEAP agency as receiving assistance from the Low Income Home Energy Assistance Program.

PowerOn PROGRAM

Eligible Seniors and / or Disabled, and Customers Under 62 Years of Age with no Disability.

A customer using more than 3% of their annual household income for electric use may be eligible for the Company's PowerOn affordability program. Customers must be certified by an authorized LIHEAP agency as receiving assistance from the Low Income Home Energy Assistance Program. The Company will offer customers with the lowest income, and a history of electric consumption that exceeds the residential average of 750 kWh per month, an affordable monthly bill. For a customer to be eligible for a supplemental reduction in their electric bill, the customer must agree to affordable monthly payments.

Medical Affordability PROGRAM

Availability: Available to customers with certified medical circumstances and an income level up to 50 percent of the state median income guidelines.

Availability will be extended to medically certified customers with income up to 60 percent of the state median income guidelines if funds are available.

Availability is on a first-come/first-served basis until the budget is exhausted.

Affordability Credit: Participating customers will receive an affordability credit limiting their bill to 3% of household income.

Arrearage Credit: Participating customers will receive an arrearage credit designed to eliminate any customer arrears over a period of 12 months, if the arrears balance is less than or equal to \$500, or 24 months, if the arrears balance is more than \$500. Receipt of the arrearage forgiveness credit will require a matching customer contribution.

Customer Payment Requirements: Participating customers that miss two consecutive monthly payments will be removed from the program and subject to regular collection practices, including service disconnection.

The Department likewise recommends that the MAP Application (Attachment B to Xcel's Petition) and Information Sheet (Attachment C to Xcel's Petition) be modified to reflect that customer eligibility does not depend on receiving LIHEAP grants. Specifically, the Department recommends that the Commission require Xcel to remove "I agree that I have received/qualified for Energy Assistance for the current Low Income Home Energy Assistance Program (LIHEAP) federal fiscal year, this heating season" from page 2 of the MAP Application and remove "You must receive Energy Assistance program funds during the current heating season" from the Information Sheet.

Lastly, the Department concludes that January 1, 2018 is a reasonable date to start the MAP and recommends that Commission approve Xcel's request to start the MAP on that date. This date is far enough into the future to comply with the 90 days notice of change in rates required by Minn. Rules 7825.3200, but soon enough to not unduly delay implementing the program.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve Xcel's proposed MAP effective January 1, 2018, with the modifications described above.

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