

March 27, 2020

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Compliance Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E015/M-11-409

Dear Mr. Seuffert,

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

Minnesota Power's Eighth Annual Report in the Matter of Minnesota Power's Petition for Approval of a Rider for Customer Affordability of Residential Electricity (CARE).

The report was filed on March 2, 2020 by:

Tina S. Koecher
Manager- Customer Experience Operations
Minnesota Power
30 West Superior Street
Duluth, Minnesota 55802

The Department recommends the Minnesota Public Utilities Commission (Commission) **accept the report**. The Department is available to answer any questions the Commission may have.

Sincerely,

Susan L. Peirce
Rate Analyst Coordinator

SLP/ar
Attachment



**COMMERCE
DEPARTMENT**
Before the Minnesota Public Utilities Commission

**Comments of the Minnesota Department of Commerce
Division of Energy Resources**

Docket No. Docket No. E015/M-11-409

I. BACKGROUND

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 Minnesota Public Utilities Commission's (Commission) November 2, 2010 *Findings of Fact, Conclusions of Law and Order* in the Company's 2009 rate case (Docket No. E015/GR-09-1151).

On September 26, 2011, the Commission issued its *Order Authorizing Pilot Program and Setting Further Requirements* in this docket. In its Order, the Commission approved the 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*. In its Order, the Commission adopted the following reporting requirements for the CARE Program:

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

In its October 30, 2019 Order, the Commission approved a number of changes to MP's CARE Program. Specifically, the Commission approved a flat \$15 per month discount for eligible senior, disabled and/or existing legacy CARE customers. New customers who are using more than 3 percent of their annual household income towards their electric bills may receive an affordability discount designed to keep their annual energy burden within 3 percent of their household income, on average.

On March 2, 2020, MP filed its Eighth Annual Report on the status of its CARE Program.

II. SUMMARY OF THE FILING

A. REPORTING REQUIREMENTS

MP's latest annual report covers the CARE Program year 2019 from October 2018 through September 2019 (PY 2019). During PY 2019, MP had 4,693 active participants as of September 30, 2019, and a total of 5,803 enrolled at any point during the program year. A total of 1,489 customers were removed from the CARE Program during the year due to failure to pay two consecutive payments, a request for Cold Weather Rule protection, moving out of MP's service territory or no longer LIHEAP-qualified.

1. Disconnection

MP reports that a total of 111 CARE customers were disconnected in PY 19, representing 2 percent of the total CARE participants of 5,803. A similar disconnection rate was experienced for all residential customers. LIHEAP customers who did not participate in CARE experienced an 11 percent disconnection rate.

2. Average Usage and Average Discount

The average usage for a CARE program participant during PY 19 was 574 kWh per month, slightly higher than the previous year's average usage of 538 kWh per month. CARE participant average usage also was lower than LIHEAP customer usage of 641 kWh per month, and Standard Residential customer usage of 738 kWh per month.

The average discount received by a CARE customer in PY19 was \$19 per month including arrearage forgiveness. In total, MP matched \$59,243 in arrearage payments.

B. TRACKER BALANCE AND AFFORDABILITY SURCHARGE

MP reports the following activity in its tracker balance:

Beginning Balance (Oct. 2018)	\$798,646
Affordability Surcharge collected	<u>\$966,446</u>
Subtotal	\$1,765,092
Less: Total Discounts and Arrearage Forgiveness	\$1,036,993
Plus: Interest Earned	<u>\$39,915</u>
Ending Balance (Sept. 2019)	\$768,014

MP's Affordability Surcharge for funding its CARE Program does not apply to Lighting class customers, or to customers who are LIHEAP-qualified. MP proposes to maintain its current surcharges as follows:

Residential	\$ 1.03
General Service	\$ 1.55
Large Light &Power	\$19.35
Large Power	\$62.81
Municipal Pumping	\$ 1.55

III. DEPARTMENT ANALYSIS

The Department reviewed MP's Eighth Annual CARE Program Report, and concludes that it complies with the reporting requirements. MP proposes no changes to the Program's operation or the Affordability Charge. The Department recommends acceptance of MP's Eighth Annual CARE Report.

IV. DEPARTMENT RECOMMENDATION

The Department recommends the Commission accept Minnesota Power's Eighth Annual CARE Program Report.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Comments

Docket No. E015/M-11-409

Dated this **27th** day of **March 2020**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	Yes	OFF_SL_11-409_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	No	OFF_SL_11-409_Official
Riley	Conlin	riley.conlin@stoel.com	Stoel Rives LLP	33 S. 6th Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_11-409_Official
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Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_11-409_Official
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William	Phillips	wphillips@aarp.org	AARP	30 E. 7th St Suite 1200 St. Paul, MN 55101	Electronic Service	No	OFF_SL_11-409_Official
Marcia	Podratz	mpodratz@mnpower.com	Minnesota Power	30 W Superior S Duluth, MN 55802	Electronic Service	No	OFF_SL_11-409_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	No	OFF_SL_11-409_Official
Buddy	Robinson	buddy@citizensfed.org	Minnesota Citizens Federation NE	2110 W. 1st Street Duluth, MN 55806	Electronic Service	No	OFF_SL_11-409_Official
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_11-409_Official