

**STATE OF MINNESOTA  
PUBLIC UTILITIES COMMISSION**

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In the Matter of Recent Utility Cold  
Weather Rule Data

Docket No. E,G-999/PR-24-2

**Comments of the Citizens Utility Board of Minnesota  
and the Legal Services Advocacy Project**

The Citizens Utility Board of Minnesota (“CUB”) and the Legal Services Advocacy Project (“LSAP”) respectfully submit these comments in response to the Notice of Amended Comment Period issued by the Minnesota Public Utilities Commission (“Commission”) in the above-referenced docket on October 29, 2024.

**I. Background**

Through its Notice of Extended Comment Period, the Commission seeks insight into the Residential Customer Status Reports filed in Docket No. E,G-999/PR-24-02. Among the questions posed are whether any trends should be highlighted, and whether the reported data reveals any relevant information about the equitable delivery of utility service to residential customers.<sup>1</sup> CUB and LSAP have analyzed the reports and believe there are several trends that should command the Commission’s attention.

CUB and LSAP are concerned with rising disconnections and higher arrearage balances amongst residential ratepayers. Maintaining affordability and accessibility of utility services is of foundational importance to each of our organizations, and the trends exhibited in 2024 raise serious questions about the financial burdens placed upon utility customers that threaten both affordability and accessibility of service. The data presented in Docket No. E,G-999/PR-24-02 illuminates the pervasive affordability challenges faced by Minnesota households and should inform regulatory decisions across the multitude of dockets and issues brought before the Commission. In particular, the trends illuminated in the data provide important insights into customers’ ability to pay, which is a core tenet the Commission must consider when determining the justness and reasonableness of utility rates.<sup>2</sup>

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<sup>1</sup> See *In the Matter of Recent Utility Cold Weather Rule Data*, Docket No. E,G-999/PR-24-02, Notice of Amended Comment Period on Cold Weather Rule (CWR) Reports for Regulated Gas & Electric Companies, Topics (1) and (3) Open for Comment (Oct. 29, 2024).

<sup>2</sup> Minn. Stat. § 216B.16, Subd. 15.

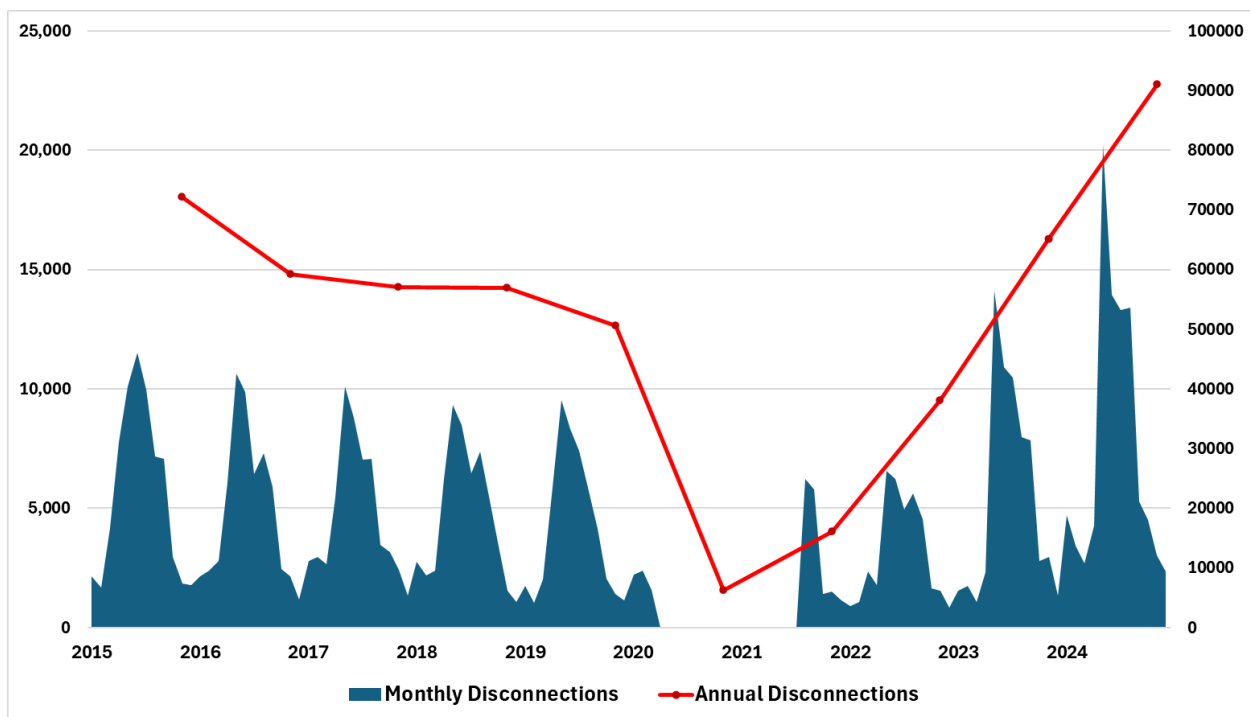
## II. Analysis

### A. The status of utility affordability in Minnesota<sup>3</sup>

The total amount owed by residential customers in arrears remains significantly higher than during the pre-COVID period. Since September of 2020, aggregate arrears across all utilities have consistently exceeded \$100 million, and rose as high as \$163 million at the beginning of 2023. As of December 2024, utilities reported residential arrears totaling just over \$100 million, which, though down from its peak last year, remains substantially higher than any point between 2015 and 2019.

The number of involuntary utility disconnections has risen sharply since COVID-19 protections were lifted. This trend is evident across Minnesota and applies to both natural gas and electric utilities. In 2024, more than 91,000 residential customers were disconnected from utility service: more than any other year for which CUB and LSAP have compiled data.<sup>4</sup>

**Table 1: Aggregate Utility Disconnections (January 2015 – December 2024)<sup>5</sup>**



This trend is largely driven by the accelerated rate of disconnection in Xcel Energy's service territory. Xcel disconnected 52,549 residential customers in 2024, more than doubling the number of disconnections completed in the 2023 calendar year. Minnesota Power, Otter Tail, and Dakota Electric

<sup>3</sup> The data compiled and reported throughout these comments is derived from utilities' Cold Weather Rule and Residential Customer Status Reports filed in Dockets Nos. E,G-999/CI-20-375 and E,G-999/PR-YR-02.

<sup>4</sup> Data for 2024 data for Greater Minnesota Gas, as the utility did not file any Residential Customer Status Reports in Docket No. E,G-999/PR-24-02.

<sup>5</sup> Data derived from monthly and annual filings in Dockets Nos. E,G-999/CI-20-375 and E,G-999/PR-YR-02.

similarly reported carrying out more disconnections in 2024 than in 2023. Other utilities, including CenterPoint, MERC, and Great Plains exhibited record-high disconnections last year but disconnected slightly fewer customers in 2024.

CUB and LSAP are particularly concerned with disconnections carried out during the winter months. As previously articulated in Docket No. E,G-999/CI-20-375, the severity of harm caused by wintertime disconnections necessitates close and continuing scrutiny by the Commission.<sup>6</sup> This is even more important since concerns were last raised on this issue. In the 2023-2024 Cold Weather Rule (“CWR”) period, a total of 22,187 customers were disconnected from service. This level of wintertime disconnections is greater than any other period in the last decade, with the next-highest number of CWR disconnections coming in at 14,323 between 2016 and 2017. Over 90 percent of the disconnections for the 2023–2024 CWR period were carried out by Xcel (11,328 disconnections, or 51.1 percent) and CenterPoint (8,781 disconnections, or 39.6 percent). This represents a 239 percent increase in disconnections from the 2022-2023 CWR period for Xcel, and a 54 percent increase for CenterPoint. Other utilities exhibited equally concerning escalations in wintertime disconnections, with Minnesota Power and Great Plains both reporting increases of 64 percent and 164 percent, respectively, over the same time period.

A total of 9,849 customers were disconnected from utility service between October and December 2024. If this trend in wintertime disconnections continues, the harms to residential customers could be extremely pronounced. Although weather was relatively mild during the 2023-2024 CWR period,<sup>7</sup> Minnesota has already experienced dangerous winter conditions so far in 2025. Extreme cold warnings were issued across the state in mid-January, with apparent temperatures reaching as low as 40 degrees below zero.<sup>8</sup> Under such conditions, disconnection from utility service poses a significant threat to human health and safety.

## **B. Racial disparities have been identified in disconnections**

The negative impacts associated with disconnection are more acutely felt by certain population segments. While all regulated utilities contribute to the data expressed above, a recent University of Minnesota study of Xcel’s service quality identified “statistically significant associations between race, poverty, utility disconnection, and long-term service disruption.”<sup>9</sup> Even after controlling for differences in household median income and other demographic information, disconnection rates were higher in communities with a greater percentage of people of color.<sup>10</sup>

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<sup>6</sup> *In the Matter of an Inquiry into Actions by Electric and Natural Gas Utilities in Light of the COVID-19 Pandemic Emergency – Recent Utility Cold Weather Rule Data*, Dockets Nos. E,G-999/CI-20-375, E,G-999/PR-23-02, Comments of the Citizens Utility Board of Minnesota and the Energy CENTS Coalition (Dec. 8, 2023).

<sup>7</sup> MINN. DEP’T OF NAT. RESOURCES, *A Historically Warm, Wet, and Snowless December in Minnesota* (Jan. 10, 2024), <https://www.dnr.state.mn.us/climate/journal/balmy-and-snowless-december-2023.html>; MINN. DEP’T OF NAT. RESOURCES, *The Lost Winter of 2023-24* (updated Aug. 9, 2024), <https://www.dnr.state.mn.us/climate/journal/lost-winter-2023-24.html>.

<sup>8</sup> NAT’L WEATHER SERVICE, *Extreme Cold Warning* (Jan. 20, 2025), [https://forecast.weather.gov/showsigwx.php?warnzone=MNZ060&warncounty=MNC053&firewxzone=MNZ060&local\\_place1=Minneapolis%20MN&product1=Extreme+Cold+Warning&lat=44.9778&lon=-93.265](https://forecast.weather.gov/showsigwx.php?warnzone=MNZ060&warncounty=MNC053&firewxzone=MNZ060&local_place1=Minneapolis%20MN&product1=Extreme+Cold+Warning&lat=44.9778&lon=-93.265).

<sup>9</sup> BHAVIN PRADHAN & GABRIEL CHAN, UNIV. OF MINN., HUMPHREY SCH. OF PUB. AFFS., RACIAL AND ECONOMIC DISPARITIES IN ELECTRIC RELIABILITY AND SERVICE QUALITY IN XCEL ENERGY’S MINNESOTA SERVICE TERRITORY 3 (Feb. 2024).

<sup>10</sup> *Id.* at 8-11; see also *In the Matter of Northern States Power Company d/b/a Xcel Energy’s 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, 2023 Annual Report and Petition, Att. Q: BRETT CLOSE, TRC, XCEL ENERGY SERVICE QUALITY AND DEMOGRAPHICS ANALYSIS, EXECUTIVE SUMMARY (Apr. 1, 2024) (confirming the presence of disparities identified by Bhavin Pradhan and Gabriel Chan).

These statistical analyses specifically examined disparities in Xcel Energy's service territory, but the uneven distribution of disconnections they uncovered is indicative of broader economic and social conditions faced by certain communities across Minnesota. As other parties have stressed in recent proceedings, the "Minnesota Paradox" simultaneously holds out Minnesota as one of the best and worst states to live in depending on one's racial and ethnic background.<sup>11</sup> As Dr. Paul Mattessich explains: "despite the high quality of life for our population overall, specific groups of residents in our state fare poorly on social and economic measures, and the disparities among racial groups stand among the worst in the nation."<sup>12</sup> This dichotomous reality is described by the Minnesota House Select Committee on Racial Justice as a "tale of two states,"<sup>13</sup> and underscores the need for concerted action at all levels of government, including in the energy sector.

### **C. Utility disconnections and unaffordable service can have severe impacts on affected households**

Disconnections and unaffordable utility costs can have a devastating impact on affected households. Recent reports indicate up to 34 percent of U.S. households chose to forego basic necessities such as food or medicine in order to pay utility bills.<sup>14</sup> Approximately 23 percent of households similarly acknowledged that they keep their homes at unsafe temperatures in order to lower utility costs.<sup>15</sup> In low-income families, that percentage rises to over a third of all households.<sup>16</sup> In Docket No. E-002/M-24-27, the Grid Equity Commenters pointed to additional long-term impacts that could arise from the disconnection of utility service, "including child protective service investigations . . . [and] mental health crises."<sup>17</sup>

Evidence further suggests that the stress caused by rising costs and the threat of disconnection drives customers towards predatory financing. The Pew Charitable Trust found 69 percent of borrowers turned to high-interest financing to pay regular, everyday expenses such as utility bills.<sup>18</sup> These predatory loans require substantial interest payments each month, and reliance on such loans can lead to compounding debts that "increase households' difficulty in paying . . . utility bills" and

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<sup>11</sup> See *In the Matter of Northern States Power Company d/b/a Xcel Energy's 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, Initial Comments of Fresh Energy at 2 (Aug. 27, 2024); see also Samuel L. Myers, UNIV. OF MINN., *The Minnesota Paradox* (last accessed Nov. 22, 2024), <https://www.hhh.umn.edu/research-centers/roy-wilkins-center-human-relations-and-social-justice/minnesota-paradox>.

<sup>12</sup> Paul Mattessich, MINNESOTA COMPASS, *The Minnesota Paradox Revisited* (Jul. 20, 2020), <https://www.mncompass.org/data-insights/articles/minnesota-paradox-revisited>.

<sup>13</sup> House Select Committee on Racial Justice, Report to the Legislature 11 (Dec. 22, 2020), <https://www.house.mn.gov/comm/docs/tElVeP6cVEaYSyh0-oOutQ.pdf>.

<sup>14</sup> Ross Beall & Carolyn Hronis, *In 2020, 27% of U.S. Households had Difficulty Meeting their Energy Needs*, ENERGY INFO. ADMIN. (Apr. 11, 2022), <https://www.eia.gov/todayinenergy/detail.php?id=51979>; CENTER FOR ENERGY POVERTY & CLIMATE & NAT'L ENERGY ASSISTANCE DIRECTORS ASSOC., *ENERGY HARDSHIP REPORT 10* (Apr. 2024), <https://neada.org/wpcontent/uploads/2024/04/neadahardshipreportAPR24.pdf> (hereinafter "ENERGY HARDSHIP REPORT").

<sup>15</sup> *Id.* at 9.

<sup>16</sup> *Id.*

<sup>17</sup> *In the Matter of Northern States Power Company d/b/a Xcel Energy's 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, Reply Comments of the Grid Equity Commenters at 5-6 (Sep. 12, 2024) (citing NAACP, Env't & Climate Justice Program, *Lights Out in the Cold: Reforming Utility Shut-Off Policies as if Human Rights Matter* 8 (Mar. 2017), <https://naacp.org/resources/lights-out-cold>; see also Minn. Dept. of Human Services, *The Structured Decision Making System for Child Protective Services* at 10 (Oct. 2018) (noting that a lack of utilities is a factor that may render a child's living conditions as hazardous and immediately threatening).

<sup>18</sup> See *In the Matter of Northern States Power Company d/b/a Xcel Energy's 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, Reply Comments of the Joint Commenters 7 (Sep. 12, 2024) (citing THE PEW CHARITABLE TRUSTS, *Payday Lending in America: Who Borrows, Where They Borrow, and Why* 14 (Jul. 2012)).

perpetuate the cycle of poverty.<sup>19</sup> The risks associated with these financing options reinforce the importance of ratepayer protections offered through Minn. Stat. §§ 216B.096 and 216B.098. Utilities can—and, by law, must—provide payment agreements based on individual household circumstances.<sup>20</sup> Providing reasonable pathways for Minnesotans to pay down past-due utility balances can reduce the risk of customers resorting to predatory high-interest loans.

### **III. Recommended Commission action**

Through its Extended Notice of Comment, the Commission requested parties to identify other issues and concerns related to the data in E,G-999/PR-24-02 and determine whether any actions should be required to remedy unsatisfactory utility performance.<sup>21</sup> Given the rising trend in disconnections seen throughout Minnesota, CUB and LSAP offer several suggestions so that the Commission, parties, and affected Minnesotans may better understand utility policies related to disconnection and the treatment of past-due customers. Additionally, we suggest the Commission require utilities to evaluate pathways for improving low-income customer participation in energy conservation and optimization programs.

#### **A. The Commission should require transparency in utility practices**

In Docket No. E-002/M-24-27, the Commission directed Xcel to publicize the utility's disconnection and payment agreement policies. Pursuant to the Commission's decision, Xcel will make a filing in the instant docket detailing its current disconnection and payment agreement policies and practices and submit additional filings any time there are changes to those policies and practices. Further, Xcel will publish information on its website describing its policies and practices and informing customers of their right to a payment plan that accounts for household financial circumstances and includes contact information for the Public Utilities Commission's Consumer Affairs Office. CUB and the Legal Services Advocacy Project requested that CenterPoint disclose comparable information in Docket No. G-008/C-24-191.<sup>22</sup> We recommend the Commission direct all utilities to take similar action.

Policies related to disconnections and arrearages vary from utility to utility and are often shielded from public view. This opacity makes it difficult for the Commission to evaluate whether utilities are complying with applicable ratepayer protections and hinders customers' ability to understand the options available to them. The Residential Customer Status Report template approved by the Commission for use in this docket requires utilities to share a portion of this information, including whether certain conditions are placed upon customers entering into payment agreements. While we appreciate utilities' attempts to answer these questions, we remain concerned that the reports do not always provide complete answers regarding utility policies and practices. This is especially concerning

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<sup>19</sup> See *In the Matter of Xcel Energy's 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, Reply Comments of the Joint Commenters 7 (Sep. 12, 2024) (quoting Brian Melzer, *The Real Costs of Credit Access: Evidence from the Payday Lending Market*, 126 QUARTERLY JOURNAL OF ECON. 517, 550 (Feb. 2011)).

<sup>20</sup> See *In the Matter of Xcel Energy's 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, Order Accepting Reports and Setting Additional Requirements at 6 (Jan. 13, 2025) (affirming that utilities must "negotiate payment agreement terms, including any down payment, individually with each customer based on the customer's financial circumstances and any extenuating circumstances of the household").

<sup>21</sup> See *In the Matter of Recent Utility Cold Weather Rule Data*, Docket No. E,G-999/PR-24-02, Notice of Amended Comment Period on Cold Weather Rule (CWR) Reports for Regulated Gas & Electric Companies, Topics (2) and (4) Open for Comment (Oct. 29, 2024).

<sup>22</sup> See *In the Matter of the Consumer Appeal of Consumer Complaint 82340*, Docket No. G-008/C-24-191, Initial Comments of the Citizens Utility Board of Minnesota and the Legal Services Advocacy Project at 7-8 (Dec. 23, 2024).

for those utilities that require service deposits or down payments prior to negotiating installment payment agreements, as demands for large, upfront financial commitments from customers could prevent households from exercising their rights under existing law, accessing tools designed to pay down arrearage balances, avoiding disconnection, or securing reconnection of service.

While all utilities report the number of disconnections carried out in their respective service territories, the process for determining when disconnections should occur is often not published in a publicly accessible manner. The demands that utilities make of customers when negotiating payment arrangements are similarly opaque. Although MERC and CenterPoint require down payments from customers before continuing or restoring service, neither utility explains the process for determining the amount requested. MERC simply states that it requires down payments and lists the average arrearage percentage paid by customers;<sup>23</sup> CenterPoint provides only the sum total of reconnection fees, down payments, and late fees charged, without explaining how the amounts requested of customers are determined.<sup>24</sup> Nothing in Minn. Stat. §§ 216B.096 or 216B.098 requires down payments as a condition of customers exercising their right to a payment arrangement. Prohibitive demands prior to the reconnection or continuation of service raise serious questions about whether utility policies undermine customers' statutory rights to payment agreements and just and reasonable utility service.

For these reasons, we recommend the Commission extend the reporting requirements adopted in response to Xcel Energy's 2023 Safety, Reliability, and Service Quality Report to all utilities required to file reports in Docket No. E,G-999/PR-24-02.<sup>25</sup> Adopting this recommendation would require all regulated utilities to submit a compliance filing in the instant docket detailing their current policies and practices on disconnections, service deposits, and payment agreements. For those companies requiring down payments or service deposits, these reports would include an explanation of how those amounts are determined in a manner consistent with the customer's financial circumstances and any extenuating circumstances of the household. Utilities will likewise be required to submit additional filings in Docket No. E,G-999/PR-YR-02 whenever there are modifications to their policies and practices. Further, regulated utilities would be required to discuss how they manage disconnections due to a landlord's failure to pay, consistent with the requirements of Minn. R. 7820.1400.

Adopting this slate of recommendations would also require utilities to publish their disconnection and payment agreement practices on their respective websites and share information about the rights of past-due customers.<sup>26</sup> Too often, we speak with individuals who have entered into payment agreements they cannot afford, resulting in missed bill payments and on occasion, disconnection. Other times, we see cases where unaffordable down payments or service deposits thwart a customer's ability to exercise their right to even enter into an agreement. Minnesotans often do not understand that payment agreements can be negotiated, or that the Consumer Affairs Office can facilitate those discussions. Publishing utility practices online and sharing information about statutory

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<sup>23</sup> See, e.g., *In the Matter of Recent Utility Cold Weather Rule Data*, Docket No. E,G-999/PR-24-02, MERC October 2024 Residential Customer Status Report at Tab 5 (Nov. 19, 2024).

<sup>24</sup> See, e.g., *In the Matter of Recent Utility Cold Weather Rule Data*, Docket No. E,G-999/PR-24-02, CenterPoint October 2024 Residential Customer Status Report at Tab 5 (Nov. 15, 2024).

<sup>25</sup> See *In the Matter of Xcel Energy's 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, Order Accepting Reports and Setting Additional Requirements at 12, Order Points 22, 23, 27, and 34 (Jan. 13, 2025).

<sup>26</sup> *Id.* at Order Point 22.

rights will provide much-needed transparency.

We recommend the Commission require the following language<sup>27</sup> be posted in a conspicuous place on utilities' websites:

1. Under Minnesota law, [UTILITY NAME] customers are entitled to a payment agreement for the payment of overdue bills. This payment agreement must consider a customer's financial circumstances and any extenuating circumstances of the household.
2. If the payment agreement terms offered are not affordable to you, or if your household is facing financial or extenuating circumstances, you should contact a(n) [UTILITY NAME] customer account representative at [PHONE NUMBER and/or EMAIL ADDRESS].
3. If you are unable to reach a mutually agreeable arrangement with a customer account representative, you may appeal the decision with the Minnesota Public Utilities Commission's Consumer Affairs Office. The Consumer Affairs Office can be contacted at 651-296-0406 or 800-657-3782, or by email at [consumer.puc@state.mn.us](mailto:consumer.puc@state.mn.us).

By providing increased transparency around disconnection processes and payment agreement opportunities, customers will be better able to avail themselves of ratepayer protections and take preventative measures to pay down arrearage balances and avoid service termination.

**B. The Commission should require utilities to conduct proactive outreach to affordability program participants about low-income conservation program opportunities**

CUB has been engaged in discussions with stakeholders about methods of increasing customer participation in utilities' Energy Conservation and Optimization ("ECO") programs. ECO presents an excellent opportunity for households to reduce energy consumption and permanently lower utility bills. Energy audits, weatherization, and energy efficient technologies are often free or available at significantly reduced costs for low-income households. Given the long-term benefits associated with these programs, we believe utilities should be required to conduct targeted outreach efforts towards those customers currently enrolled in their respective affordability programs. We recommend the Commission require utilities to discuss ECO outreach activities in their next annual affordability program reports and propose methods for improving outreach and engagement, including through direct customer communications and by working with third-party organizations and community groups.

**IV. Conclusion**

CUB and LSAP appreciate the Commission's continued focus on affordability challenges faced by Minnesota ratepayers, and the opportunity to share the trends we see in utility-reported data. For the reasons outlined above, we respectfully request the Commission:

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<sup>27</sup> These statements are based on the language recommended by the Joint Commenters and approved by the Commission in Docket No. E-002/M-24-27.

1. Require regulated utilities to submit a compliance filing in the instant docket detailing their current policies and practices on disconnections, service deposits, and payment agreements. Require regulated utilities to submit additional filings in Docket No. E,G-999/PR-YR-02 whenever there are changes to their disconnection, service deposit, and payment agreement policies and practices. For those companies requiring down payments or service deposits, these reports must include an explanation of how those amounts are determined.
2. Require regulated utilities to display their disconnection, service deposit, and payment agreement policies and practices on their respective websites, and explain those procedures in clear, easy-to-understand language.
3. Require regulated utilities to post the following language on their respective websites in a conspicuous place:
  - a. Under Minnesota law, [UTILITY NAME] customers are entitled to a payment agreement for the payment of overdue bills. This payment agreement must consider a customer's financial circumstances and any extenuating circumstances of the household.
  - b. If the payment agreement terms offered are not affordable to you, or if your household is facing financial or extenuating circumstances, you should contact a(n) [UTILITY NAME] customer account representative at [PHONE NUMBER and/or EMAIL ADDRESS].
  - c. If you are unable to reach a mutually agreeable arrangement with a customer account representative, you may appeal the decision with the Minnesota Public Utilities Commission's Consumer Affairs Office. The Consumer Affairs Office can be contacted at 651-296-0406 or 800-657-3782, or by email at [consumer.puc@state.mn.us](mailto:consumer.puc@state.mn.us).
4. Require regulated utilities to detail in their next annual safety, reliability and service quality reports the average down-payment amount received from customers—both as a percentage of arrears and as a total dollar value—during CWR and non-CWR months. Regulated utilities must also explain how they have implemented the statutorily required consideration of both financial and extenuating circumstances for payment agreements during CWR and non-CWR months.
5. Require regulated utilities to provide a discussion in their next safety, reliability, and service quality reports about how they manage disconnections due to a landlord's failure to pay, consistent with the requirements of Minn. R. 7820.1400.
6. Require regulated utilities to include in their next annual affordability program reports a description of their current outreach activities to low-income customers about free and low-cost ECO programs. Require utilities to propose methods for improving ECO outreach to affordability program participants.



Sincerely,

January 31, 2025

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