

Staff Briefing Papers

Meeting Date February 8, 2024 Agenda Item *2

Company Northern States Power Company dba Xcel Energy –

Electric

Docket No. E-002/M-23-476

In the Matter of a Petition for a Proposed Low Income, Low Usage Program

1. Should the Commission approve Xcel Energy's Low Income Low Usage

Program report?

2. Should the Commission approve Xcel Energy's revised Section 5 of its

Minnesota Electric Rate Book, Sheets 95 and 96?

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Relevant Documents	Date
Xcel Energy Low Income Low Usage Program Compliance Filing	November 7, 2023
Xcel Energy 2023 Annual Report on Electric Low Income Energy Discount Programs	December 1, 2023
Energy CENTS Coalition Comments	December 11, 2023
Department of Commerce – Division of Energy Resources Comments	December 11, 2023
Xcel Energy Reply Comments	December 15, 2023
Department of Commerce – Division of Energy Resources Reply Comments	January 17, 2023

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

Issue Statements

- 1. Should the Commission accept Xcel Energy's Low Income Low Usage Program report?
- 2. Should the Commission accept Xcel Energy's revised Section 5 of its Minnesota Electric Rate Book, Sheets 95 and 96?

Proposal

In Xcel Energy's (Xcel or the Company) 2021 rate case, Energy CENTS Coalition (ECC) proposed a discount program, the Low Income Low Usage Program (LILU), to help low-income households that use a low amount of energy.

Xcel worked with ECC on the program structure. The Commission approved the program as proposed by ECC and required the Company to make the LILU available to customers on the later of the effective date of the final rates or on October 1, 2023. Xcel states that the LILU was implemented as of final rates, which was January 1, 2024. The discount will be recovered through Xcel's Low-Income Energy Discount Rider.

The LILU offers a 35% discount on the electric energy charge per kWh.² Monthly bill credits are provided to customers in the next month's bill. The program is available to residential customers at or below 50% of the state median income and have an annual average monthly usage of 300 kWh or less. Customers that meet these qualifications will be automatically enrolled if they receive Low-Income Home Energy Assistance Program (LIHEAP) funds or through income self-declaration. Automatic enrollment for LIHEAP customers will happen at the end of the summer when the prior heating season has concluded.

Self-declared low-income customers will receive a reminder notice to recertify for the Program. kWh usage will be reassessed annually to ensure that participants still qualify. Xcel will perform a query of 12 months of usage. If Xcel has less than 12 months of historical usage, it will calculate usage based on available history with a minimum of 3 months.

Automatically enrolled customers will receive a letter informing them of their enrollment in the program.³ Customers that have not received LIHEAP, and thereby are not automatically enrolled, will be targeted for outreach efforts that will describe the self-declaration process.⁴ Outreach costs will remain within the allocated 5% administrative cap and will include:

- Bill messages
- Bill onserts
- Direct mail
- Email
- In-person and automated call campaigns

¹ 21-630 Commission Order, July 17, 2023, Ordering Paragraph 63 and 64.

² 23-476 Xcel compliance filing, October 17, 2023.

³ 23-476 Xcel compliance filing, October 17, 2023, Attachment A.

⁴ 23-476 Xcel compliance filing, October 17, 2023, Attachment B.

- Social media marketing
- Collaborative marketing with community partners
- Translating program information into Spanish, Somali, and Hmong

The Commission also ordered Xcel to file a status update on December 1, 2023, and annually thereafter include it in the annual low-income program report.⁵ Annual reports on LILU will include a narrative update, average annual discount, program disbursements, customer enrollment breakdown between LIHEAP and self-declaration, etc.

Xcel provided proposed tariff modifications to its Low Income Energy Discount Rider, Section 5⁶ to reflect the LILU Program, which reads:

Low Income Low Usage (LILU) Program

Eligible customers will receive a 35% discount on the base energy rate portion of their bill each month and paid in the following month. Eligibility will be determined on a customer's annual average monthly energy usage of 300 kWh or less and either a receipt of energy assistance during the current LIHEAP season or a valid program self-declaration of income form, as provided by the customer to the Company. Customers must have received a minimum of three billing statements.

Party Comments

Department of Commerce Comments

The Department finds both Xcel's petition and its revised tariff to be consistent with ECC's LILU proposal and Commission Order. Additionally, the Department finds Xcel's reporting proposal to be adequate to obtain an understanding of the program.⁸

Additionally, the Department requests Xcel address the third question of the Notice of Comment in its reply comments as to whether the LILU proposal meets the requirements of Minn. Stat. § 216B.16, Subd. 15(b). The Department says that it does not have enough details to make a recommendation on this issue.

⁵ 04-1956/10-854 Annual Reports on Electric Low Income Energy Discount Programs.

⁶ Xcel Electric Rate Book, Low Income Energy Discount Rider, Section No. 5, 10th Revised Sheet No. 95, p. 162 of 242 in PDF.

⁷ 23-476 Xcel compliance filing, October 17, 2023, Attachment E.

^{8 23-476} Department comments, December 11, 2023.

⁹ Minn. Stat. § 216B.16 Subd. 15 Low-income affordability programs.

⁽b) Any affordability program the commission orders a utility to implement must:

⁽¹⁾ lower the percentage of income that participating low-income households devote to energy bills;

⁽²⁾ increase participating customer payments over time by increasing the frequency of payments;

⁽³⁾ decrease or eliminate participating customer arrears;

⁽⁴⁾ lower the utility costs associated with customer account collection activities; and

⁽⁵⁾ coordinate the program with other available low-income bill payment assistance and conservation resources.

Energy CENTS Coalition Comments

ECC finds that Xcel's compliance filing is consistent with the Commission Order in its 2021 rate case. Therefore, ECC asks that the Commission accept the report.

ECC states that the Commission's determination regarding LILU reporting to be adequate, saying that it allows stakeholders to review the program in the most efficient manner possible. Additionally, requiring Xcel to report on LILU does not preclude the Commission from setting additional reporting requirements. Therefore, a determination about *where* information is reported is not as important as *what* information is reported.¹⁰

ECC responds to the third question of the Notice of Comment, saying that "ECC does not believe the that the proposed LILU should, or even could, meet the requirements of Minnesota's low-income affordability program statutes." ¹¹ ECC designed the LILU to assist customers that do not benefit from other assistance programs, because the LILU requires energy consumption at or below 300 kWh per month, and the majority of Xcel's other affordability programs require higher usage.

The Commission's approval of Minnesota Power's low-income, low-usage discount was not predicated on adherence to, or compliance with, the low-income electric affordability program statute. ECC believes the Commission approved Xcel Energy's LILU because, by definition and design, the discount does not, and cannot, meet the requirements of Minn. Stat. § 216B.16, Subd. 15. 12

Xcel Energy Reply Comments

Xcel discusses its compliance report on the LILU program. The Company says that it is consistent with reporting on other programs and acknowledges that reporting requirements may change over time.

The Company proposes to provide the following LILU Program updates in each Low-Income Discount Annual Report:

- A narrative update on the LILU Program;
- A cumulative five-year outlook showing program year participation (as it
- progresses);
- The average annual discount;
- Total program disbursements;
- Total administrative costs;
- Customer enrollment breakdown through LIHEAP (Low-Income Home Energy Assistance Program) and self-declaration;
- LILU Program participant disconnections;
- Monthly class surcharges;
- A program tracker; and

¹⁰ ECC comments, December 11, 2023, p. 3.

¹¹ ECC comments, December 11, 2023, p. 2.

¹² ECC comments, December 11, 2023, p. 3.

A status summary sheet provided as an attachment.¹³

Xcel responds to the Department's question about whether the LILU meets the requirements of Minn. Stat. § 216B.16, Subd. 15 and considers the entirety of the statute as well as the fact that the Commission approved the LILU program in the Company's 2021 rate case.

Xcel says that the LILU helps customers that its existing programs cannot, both for low usage customers and those without LIHEAP, as the program accepts income attestation for participation. For example, the average monthly kWh usage for PowerON is 774, which is more than twice the 300 kWh requirement for participation in the LILU.

Additionally, the statute requires the Commission to consider ability to pay as a factor for setting rates, which it did when it approved the LILU.

The Company agrees with ECC's comments and requests that the Commission accept the program without considering Minn. Stat. § 216B.16, Subd. 15.¹⁴

However, Xcel addresses the five provisions of the Stat., saying that the LILU program would:

... lower the percentage of income participating households use to pay their electricity bills, allowing for a stronger ability to pay bills timely, reducing accumulating utility arrears. Increasing payment frequency and decreasing arrears reduces utility account collection costs. ¹⁵

Department of Commerce Reply Comments

The Department reiterates its support for the Company's petition and associated tariff revision, as well its proposed reporting.

The Department does not offer an opinion on whether Xcel and ECC's assessment of LILU and the requirements in Minn. Stat. § 216B.16, Subd. 15 is a correct interpretation of the statute. However, the Department agrees with Xcel's statement that the program will lower the percentage of household income that the participants will devote to energy bills.

In doing so, the Department believes the program will also address the other requirements of section 216B.16, subd. 15 for low-income affordability programs. ¹⁶

Staff Analysis

Staff, as well as all parties, support both **Decision Options 1 and 2**. Decision Option 1 accepts Xcel's October 17, 2023 compliance filing on its LILU program. Decision Option 2 accepts Xcel's

¹³ Xcel reply comments, December 15, 2023, p. 4.

¹⁴ Xcel reply comments, December 15, 2023, p. 4.

¹⁵ Xcel reply comments, December 15, 2023, p. 4.

¹⁶ Department reply comments, January 17, p. 2.

tariff change reflecting the LILU program in its Minnesota Electric Rate Book, Section 5, Sheets 95 and 96.

Staff wants to clarify the purpose of the third question in the November 9, 2023 Notice of Comment: 17

 Does the LILU meet the requirements of 216B.16 Subd. 15 for low-income affordability programs?

The intention of the question was not that the LILU program must meet all of the requirements of Minn. Stat. § 216B.16, Subd. 15 for it to be accepted by the Commission. Staff acknowledges that the LILU program has already been approved by the Commission and is already being offered by Xcel as of January 1, 2024.

The intention was that the LILU program would help consumers in the same ways listed in Subd. 15, such as increasing customer payments, decreasing or eliminating arrears, etc. Staff's intention was for parties to analyze the Company's 2023 compliance filing to verify that the LILU program will have a comparable financial benefit to the participating consumers. In its reply comments, Xcel stated that it would.

Note that the Commission will not be making a decision on whether the LILU Program meets the qualifications in 216B.16, Subd. 15.

Decision Options

Staff supports Decision Options 1 and 2.

- 1. Accept Xcel Energy's Low Income Low Usage Program compliance report filed on November 7, 2023. (Xcel, DOC, ECC)
- 2. Approve Xcel Energy's Low Income Low Usage Program tariff modification to its Minnesota Electric Rate Book, Low Income Energy Discount Rider, Section No. 5, Sheets 95–96, as shown in Attachment E to Xcel's November 7, 2023 filing. (Xcel, DOC, ECC)

¹⁷ Notice of Comment, November 9, 2023, p. 1.