

March 19, 2021

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 Ninth 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 1, 2021 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,

/s/ SUSAN L. PEIRCE
Rate Analyst Coordinator

SLP/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

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 Order¹, 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.

¹ *In the Matter of Minnesota Power's Petition for Approval of a Rider for Customer Affordability of Residential Electricity, Order Accepting Report and Approving Program Changes*, Docket No. E015/M-11-409, October 20, 2019.

On March 1, 2021, MP filed its Ninth Annual Report on the status of its CARE Program.

II. SUMMARY OF CARE REPORT

MP's latest annual report covers the CARE Program year 2020 from October 2019 through September 2020 (PY 2020), and reflects the implementation of the Program changes approved in the Commission's October 30, 2019 Order.

A. REPORTING REQUIREMENTS

MP had 5,102 active participants as of September 30, 2020, and a total of 6,925 enrolled at any point during the program year. A total of 1,733 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. The monthly average number of customers with arrearage forgiveness was 118. Finally, the Company states that it has successfully re-enrolled approximately 95 percent of affordability discount participants.

1. Disconnection

Disconnections were significantly lower during PY2020 as a result of the COVID-19 pandemic and the Governor's Emergency Executive Order that included suspension of disconnections for residential customers. For PY2020, the disconnection rate for CARE participants was 0.55 percent compared with a 2 percent disconnection rate in PY2019. LIHEAP customers who did not participate in CARE experienced a 4 percent disconnection rate in the current program year.

2. Average Usage and Average Discount

The average usage for a CARE program participant during PY 20 was 562 kWh per month, slightly lower than the previous year's average usage of 574 kWh per month. CARE participant average usage also was lower than LIHEAP customer usage of 590 kWh per month, and Standard Residential customer usage of 738 kWh per month.

MP indicates that as of September 30, 2020 approximately 20 percent of CARE participants were receiving the affordability discount, and the remainder were receiving the flat \$15 discount. The average discount received by a CARE customer in PY19 was \$21 per month, and the average arrearage amount was \$26 per month. A total of \$391,353 was forgiven as part of the arrearage forgiveness program.

B. TRACKER BALANCE AND AFFORDABILITY SURCHARGE

MP reports the following activity in its tracker balance:

Beginning Balance (Oct. 2019)	\$768,014
Affordability Surcharge collected	<u>\$1,529,689</u>
Subtotal	\$2,297,703
Less: Total Discounts and Arrearage Forgiveness	\$1,370,283
Less: Program Administrative Costs	\$41,968
Plus: Interest Earned	<u>\$38,641</u>
Ending Balance (Sept. 2020)	\$924,113

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 Ninth Annual CARE Program Report, and concludes that it complies with the reporting requirements. The objectives of MP's CARE Program as set forth in Minn. Stat. §216B.16, Subd. 15(b) are to:

- Lower the percentage of income that participating households devote to energy bills;
- Increase participating customer payments over time by increasing the frequency of payments;
- Decrease or eliminate participating customer arrears;
- Lower utility costs associated with customer account collection activities; and
- Coordinate the program with other available low-income payment assistance and conservation resources.

MP has implemented the program changes approved by the Commission in its October 2019 Order.² The affordability discount targets keeping customer bills close to 3 percent of income. Determining whether customer payment frequency has changed would require a comparison of payment frequency for customers before and after CARE participation; data that is not currently tracked. Nonetheless, the Company notes that CARE participants paid 88 percent of their bills during PY2020 compared with 76 percent payment by LIHEAP non-CARE customers. MP matched a total of \$39,719 in arrearage

² *Ibid.*

payments for PY2020. The Department expects the arrearage forgiveness program to offer additional assistance as the Company transitions out of the peacetime emergency requirements in place to assist customers during the COVID-19 pandemic.

The Company continued to work with community partners to offer information on its CARE Program, as well as energy efficiency resources, through virtual events rather than in-person programs as a result of the COVID-19 pandemic.

For the PY2020, MP requests approval to recover \$41,968 or 2.4 percent of the program budget. Minn. Stat. 216B.16, Subd. 15(d) permits the Commission to allow recovery of administrative costs in an amount no more than 5 percent of total program cost. MP has complied with the statutory requirement to keep administrative costs below 5 percent of its program costs. MP proposes no change to its Affordability Surcharge.

The Department concludes that MP met its CARE Program requirements, and recommends acceptance of the Company's Ninth Annual CARE Report, and approval of its request to recover administrative costs.

IV. DEPARTMENT RECOMMENDATION

The Department recommends the Commission accept Minnesota Power's Ninth Annual CARE Program Report and approval to recover its administrative costs.

/ja

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 19th day of March 2021

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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
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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