

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Joseph Sullivan	Vice-Chair
Hwikwon Ham	Commissioner
Audrey Partridge	Commissioner
John Tuma	Commissioner

In the Matter of an Investigation and Audit of
Service Quality Reporting – Fraudwise Report

Docket No. E,G-002/CI-02-2034

In the Matter of the Petition of Northern States
Power Company d/b/a Xcel Energy for Approval
of Amendments to its Natural Gas and Electric
Service Quality Tariffs Originally Established in
Docket No. E,G-002/CI-02-2034

Docket No. E,G-002/M-12-383

Initial Comments of the Citizens Utility Board of Minnesota

The Citizens Utility Board of Minnesota submits these comments in response to the Minnesota Public Utilities Commission’s (the “Commission”) Notice of Comment issued in the above-referenced dockets on June 6, 2025.

I. INTRODUCTION

Under Minnesota law, utilities must provide safe, adequate, efficient, and reasonable service.¹ In recognition of this overarching mandate, Minnesota Rules Chapter 7826 directs utilities to annually file Safety, Reliability, and Service Quality (“SRSQ”) reports detailing performance on a variety of customer- and system-related metrics.

Northern States Power Company d/b/a Xcel Energy’s (“Xcel” or the “Company”) Quality of Service Plan (“QSP”) Tariff further requires the utility to submit a comparison between the Company’s performance and Commission-approved standards for safety, reliability, and service quality.² If the Company fails to meet minimum-acceptable thresholds, a \$1,000,000 penalty is assessed for each metric in excess of the standard.³ Xcel submitted its QSP filing for the 2024 calendar year on May 15, 2025, wherein the Company reported that it fell short of meeting the service quality thresholds for both customer complaints and telephone response time.⁴ As a result, the Company has incurred \$2,000,000 in underperformance penalties.

Xcel’s QSP tariff currently stipulates that underperformance payments be disbursed in a specified manner. Customer bill credits account for 50 percent of the payment amount, while the remaining 50

¹ Minn. Stat. § 216B.04.

² Northern States Power Minnesota Electric Rate Book, Section 6, Sheet 7.6.

³ *Id.* at Sheet 7.5.

⁴ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, 2024 Annual QSP Report (May 15, 2025) (hereinafter “Xcel 2024 QSP Report”).

percent is allocated to the maintenance and repair of the Company's electric and gas distribution systems.⁵ Xcel has requested approval to forego bill credit payments to all customers and to instead use those funds to provide targeted arrearage forgiveness and invest in a live chat function.

In addition to discussing its proposal for distributing underperformance payments, Xcel has also requested the Commission to modify its customer complaint threshold and deny an inflation adjustment to the penalty amount.

II. ANALYSIS

A. Customer Complaints

In 2024, Xcel recorded a total of 1,468 customer complaints, which significantly exceeded the 383 complaints allowed under the Company's QSP Tariff.⁶ Most of these complaints were in the Billing and Credit category, which includes customer complaints about disconnections, disconnection warnings, and payment plans.⁷ Given the high volume of complaints related to these issues, the Company proposes to utilize 50 percent of its Customer Complaints underperformance penalty to reduce customers' past due balances, which will help them "enter into and maintain a payment arrangement and increase[] their chances of avoiding disconnection."⁸ In addition to this proposal, Xcel has petitioned the Commission to modify the threshold for its Customer Complaints metric due to the increased complexity of the Company's business and rate offerings.⁹

1. Arrearage Forgiveness Proposal

Xcel proposes to distribute 50 percent of its underperformance payment to customers in a manner similar to what was approved by the Commission when the Company exceeded the Customer Complaint standard in 2023.¹⁰ Under this approach, 1,000 customers would receive \$500 bill credits to reduce their arrearage balances if they meet the following criteria:

1. Have a past-due balance greater than \$2,000;
2. Have not otherwise received energy assistance;
3. Are working to pay off their bill, as demonstrated by a payment on their account in the last 90 days; and
4. Have received a notice of potential disconnection.¹¹

Xcel has chosen to forego a geographic criterion required for the 2023 underperformance payment that sought to award bill credits to customers located in census block groups with the lowest incomes.¹² When combined with the other eligibility parameters, applying these geographic constraints resulted in 1,000 customers receiving bill credits across 498 different census block

⁵ Northern States Power Minnesota Electric Rate Book, Section 6, Sheet 7.7

⁶ Xcel 2024 QSP Report at 3.

⁷ *Id.* at 3, 8.

⁸ *Id.* at 8.

⁹ *Id.* at 12.

¹⁰ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Order on Distribution of Underperformance Penalty at 5-6 (Oct. 9, 2024); Notice Granting Revised Distribution of Underperformance Penalty Bill Credits (Dec. 13, 2024).

¹¹ *Id.* at 8.

¹² *Id.* at 8-9.

groups.¹³ As explained by Xcel, implementing this restriction was relatively complex and did not result in bill credits being “concentrated in a few, very low-income” areas.¹⁴

We agree with Xcel that arrearage forgiveness is a reasonable and appropriate method for disbursing the underperformance payment. Given the Company’s findings that bill credits are not likely to be concentrated in a small area, we likewise agree that the geographic criterion used for the 2023 payment is no longer necessary. The other requirements retained by Xcel will still ensure arrearage forgiveness credits are provided to customers in need of assistance. However, we note that Xcel has not identified a process for who will receive the credit if more than 1,000 customers meet the eligibility criteria. For this reason, we recommend the Commission direct Xcel to apply the credits in order of oldest outstanding balance first, as required for the 2023 underperformance payment.¹⁵

In addition, we believe there is a reasonable basis to utilize the entire \$1,000,000 Customer Complaint penalty for arrearage forgiveness. Last year, Xcel’s arrearage forgiveness credits were funded by the portion of the underperformance payment devoted to the maintenance and repair of the utility’s distribution system. As explained in the Company’s 2023 QSP Report, this decision was premised on the connection between advanced metering infrastructure (“AMI”) and rising customer complaints:

Because a high number of complaints were related to reconnection payment plans following (primarily) AMI disconnections, and AMI is a function of the distribution system, we propose to use the remaining \$500,000 Distribution Under Performance Payment to help customers pay reconnection costs.¹⁶

As with last year, the Company acknowledges that the remote disconnection capabilities of its AMI system have “led to a greater number of customers eligible for disconnection . . . actually being disconnected.”¹⁷ In addition, Xcel states that a rule variance allowing the Company to forego in-person visits prior to final disconnection—a variance made possible by AMI—“may contribute to the increase in customer complaints.”¹⁸ In other words, the connection between AMI and customer complaints continues to exist. For this reason, we believe it would be reasonable and appropriate for the Company to use both the customer bill credit and distribution portions of the underperformance penalty to provide arrearage forgiveness.

We recognize that minor adjustments to the eligibility parameters may be necessary to effectuate this change. For example, if not enough customers have past-due balances greater than \$2,000, the Company might not be able to disburse the entirety of the \$1,000,000 underperformance payment. One potential modification that could resolve this issue would be to reduce the past-due balance requirement once all eligible customers with \$2,000 or more past-due have received a bill credit. By relaxing this requirement by increments of \$500 (i.e. setting the eligibility threshold at \$1,500, followed by \$1,000), Xcel could continue to provide arrearage forgiveness to customers in need of assistance until the underperformance payment has been expended.

¹³ *Id.* at 9.

¹⁴ *Id.*

¹⁵ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Order on Distribution of Underperformance Penalty at 5 (Oct. 9, 2024).

¹⁶ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Xcel 2023 QSP Report at 5 (May 1, 2024).

¹⁷ Xcel 2024 QSP Report at 4.

¹⁸ Xcel 2024 QSP Report at 4.

2. Customer Complaint Threshold

Pursuant to its QSP tariff, Xcel is assessed an underperformance penalty if the number of customer complaints received by the Commission exceeds 0.2059 complaints per 1,000 customers.¹⁹ As Xcel recognizes, this methodology for calculating the customer complaint threshold “automatically reflects any increase in the Company’s overall customer count.”²⁰ The number of customer accounts in Xcel’s service territory has steadily grown since the standard was first implemented, resulting in a proportional increase in the complaint threshold, from 346 complaints in 2013 to 383 complaints in 2024.²¹

Xcel proposes to modify the customer complaint threshold. The Company recommends maintaining the same basic methodology for calculating service quality requirements, but updating the data to include the most recent seven years in that formula. Under this approach, the complaint threshold would be set at 1.5 standard deviations from the average number of complaints received over the past seven years.²²

CUB opposes this revised methodology. The current complaint threshold ratchets upward or downward based on the number of customers served, and the Company has met the standard in every year except 2019, 2023, and 2024.²³ We believe Xcel’s proposed methodology would permit the Company’s customer service quality to decline over time. This concern was identified by Commission Staff leading up to the initial establishment of the customer complaint threshold:

There is an obvious problem with using average performance for setting performance thresholds. Basing standards for performance on the average performance could benefit Xcel from years of poor performance in service quality, because the years of poor performance will bring down the average. Likewise, there is a disincentive for good or superior performance because these years would raise the average. In Xcel’s case, setting the [underperformance penalty] threshold at 1.5 or 2 standard deviations from the average, in most cases, leads to penalties only when performance metrics deteriorate[] to levels outside the range of performance over the seven year period on which Xcel based the average. Using Xcel’s proposed standards could eliminate any improvements Xcel has managed to make over the tenure of the QSP plan.²⁴

For the period from 2018 to 2024, implementing the Company’s proposed revision would result in a 2024 threshold of 1,207 complaints—0.649 complaints per 1,000 customers—which amounts to more than three times the current standard.²⁵ This substantial increase is driven by the three years in which the Company failed to meet the customer complaint threshold since 2013, all which occurred during the last seven years. Modifying the customer complaint threshold in this way will erode service quality standards and lessen Xcel’s incentive to rectify performance issues. For this reason, we recommend the Commission keep Xcel’s current customer complaint threshold of 0.2059 complaints per 1,000 customers.

¹⁹ *Id.* at 11; Northern States Power Company, Minnesota Electric Rate Book, Section 6, 4th Revised Sheet Nos. 7.1 – 7.11.

²⁰ *Id.* at 13.

²¹ See generally Xcel Annual QSP Reports in Docket No. E,G-002/M-12-383.

²² Xcel 2024 QSP Report at 13.

²³ See generally Xcel Annual QSP Reports in Docket No. E,G-002/M-12-383.

²⁴ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Staff Briefing Papers, Part I at 14 (Jul. 2, 2013).

²⁵ Xcel 2024 QSP Report at 13.

B. Telephone Response Time

In addition to exceeding the customer complaint metric, Xcel has incurred a \$1,000,000 underperformance penalty for falling short of the service quality standards for timely answering customer calls. Pursuant to Minn. R. 7826.1200, utilities are required to answer 80 percent of calls made to the company's call center during regular business hours within 20 seconds (the 80/20 requirement).²⁶ Xcel reported an average of 79.7 percent of calls were answered in 20 seconds or less, just below the required 80 percent standard.²⁷ The Company identified staffing challenges and several severe weather events in July and August as the main drivers of its lower performance:

Staffing issues were largely caused by a challenging hiring market and recruiting efforts falling short, resulting in new hire classes that were not as full as we were targeting. As short staffing occurred, the remaining agents became busier, resulting in longer calls and higher attrition levels. This compounded the staffing shortages throughout the year.²⁸

Xcel increased staffing levels in late 2024 and, combined with its proposal to deploy a new Live Chat function on its website, believes these efforts will allow the Company to meet the 80 percent threshold in 2025.²⁹ CUB appreciates the Company's attention to this issue, as well as its efforts to rectify underperformance. Indeed, service level metrics in late 2024 already reflect an improvement in call response times compared to earlier in the year.³⁰ As detailed below, however, we have several concerns with the Company's methodology for measuring compliance with the 80/20 requirement and question the reasonableness of using the underperformance payment for this metric to fund a live chat feature.

1. Customer wait time to speak to a live agent is well below the 80/20 requirement.

Since 2006, Xcel has reported compliance under the 80/20 standard by counting the number of calls answered by live agents in 20 seconds, plus the number of outage calls handled by Interactive Voice Response ("IVR") software. Originally, the only automated calls included in the report were those directly related to outage information.³¹ However, in 2013 the Commission approved an agreement between Xcel, the Department of Commerce ("Department"), and the Office of the Attorney General ("OAG") that comprehensively modified the Company's QSP Tariff and required *all* IVR calls to be reported as part of the telephone response time metric.

During the negotiation of that agreement, the OAG raised concerns about the potential weakening of service quality standards if Xcel were able to meet the 80 percent threshold "simply by connecting all

²⁶ Minn. R. 7826.1200, Subp. 1.

²⁷ Xcel 2024 QSP Report at 5.

²⁸ *Id.*

²⁹ *Id.*

³⁰ See *id.*, Att. C at 1.

³¹ *In the Matter of Northern States Power Company, A Minnesota Company and Wholly Owned Subsidiary of Xcel Energy Inc.'s Annual Report on Safety, Reliability, and Service Quality for 2006; and Petition for Approval of Electric Reliability Standards for 2007*, Docket No. E002/M-07-422, Annual Report and Petition for Approval of Reliability Measures Service Quality Rules, Att. I at 2 (Apr. 2, 2007) (hereinafter "Xcel 2006 QSP Report") (noting that the service level formula is (All Calls Answered by Agents within 20 seconds + Outage Calls Handled by IVR) / (All Calls Offered to Agents + Outage Calls Handled by IVR)).

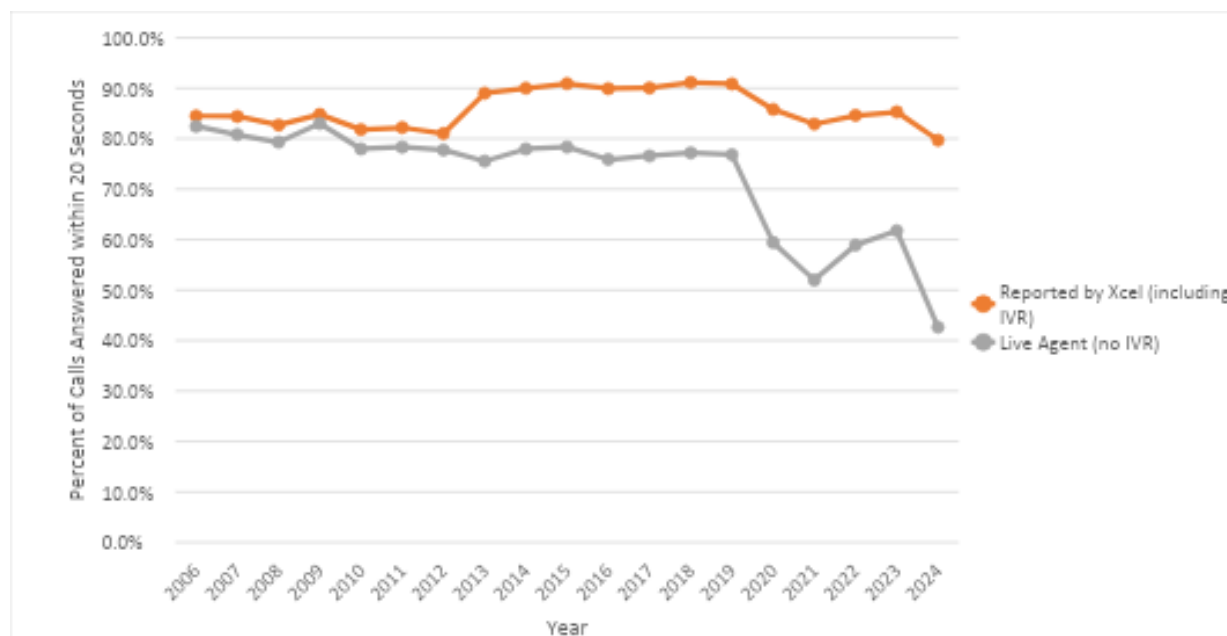
incoming calls to an automated system.”³² Given recent trends in the Company’s data, we believe the OAG’s concerns were warranted.

As Xcel explains in its SRSQ filing, IVR calls are reported as being answered within 0 seconds:

IVR handled calls are answered immediately with an average speed to answer calls calculated using 0 seconds and includes non-billing and non-outage IVR calls that did not route to an agent. These calls may have been offered messaging that can answer many upfront questions, including but not limited to billing credits, scam information, call before you dig information, the hold time length, or will direct the caller to other resources.³³

Because these IVR calls are included in Xcel’s QSP reporting, they lower the average call response time and make the 80/20 standard significantly easier to meet. When IVR calls are delineated from those answered by live agents, however, the adequacy of the Company’s telephone response time becomes much more questionable. Despite a significant decrease in the number of calls offered to live agents since 2006, the Company has consistently failed to meet the 20 second requirement when IVR is excluded.³⁴ Although Xcel has not reported underperformance on the 80/20 threshold until this year, the Company would have been out of compliance every year since 2010 if only live agent responses were recorded.

Figure 1: Percentage of Calls Meeting the 80/20 Requirement: 2006 - 2024



³² *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Reply Comments of the Office of the Attorney General – Antitrust and Utilities Division at 6 (Jun. 29, 2012) (hereinafter “OAG June 2012 Comments”).

³³ *In the Matter of Northern States Power Co. d/b/a Xcel Energy’s 2024 Annual Safety, Reliability, and Service Quality Report*, Docket No. E002/M-25-27, Xcel Annual Report and Petition, Att. F at 2 (Apr. 1, 2025).

³⁴ See generally Xcel Annual QSP Reports in Docket No. E,G-002/M-12-383.

CUB is concerned that because IVR calls utilize an average answer speed of zero seconds, the addition of a greater number of those calls decreases the significance of any excessive wait times customers who seek live agent assistance may face. Xcel does not report on the average wait time customers face when the 20 second answer threshold is not met.

Moreover, the number of customer calls offered to live agents has declined significantly. In 2024, Xcel reported 2,230,950 calls (or 65 percent of all calls received) were handled by IVR, rather than offered to live agents.³⁵ The total number of residential calls offered to agents in 2024 was 831,994, of which 351,301 (42 percent) were answered within 20 seconds.³⁶ Comparatively, Xcel reported 2,061,603 residential calls were offered to live agents in 2006, of which 1,708,378 (83 percent) were answered within the 20 second threshold.³⁷

CUB highlights these changes in the 80/20 reporting metric in the context of continued concern regarding Xcel's current residential customer arrearage levels and historically high disconnections. Although Xcel customers do have the option to set up a payment arrangement online, if there are specific questions about their bill they wish to address first, or if the customer needs to negotiate a lower payment arrangement due to financial or extenuating circumstances, they will need to speak with a live customer agent. If customers struggling to pay their bill are unable to access assistance readily, it may hinder them from setting up a payment arrangement or getting in contact with someone who can provide the help and resources they need to get back on track.

2. Live Chat Feature

Xcel proposes to utilize 50 percent of the Telephone Response Time underperformance penalty to develop a new "Live Chat" function for the Company's website.³⁸ In part, the Company believes offering this feature will "enhance the customer experience and reduce the volume of calls that need to be handled by a live agent."³⁹ While CUB appreciates that Xcel is piloting this tool, we question whether it is appropriate to utilize underperformance payments to expand its scope.

The Company describes the Live Chat function as an "additional communication channel that offers answers to billing questions, payment arrangements, and other needs, without having to place a telephone call."⁴⁰ In this way, Xcel hopes the tool will enhance customer experiences and contribute to better performance on the Telephone Response Time Metric.⁴¹ However, Xcel acknowledges that it takes longer to complete requests through Live Chat due to the typing required by both customers and agents, but that agents are able to complete two chats simultaneously.⁴² The Company currently employs "16 agents fully trained to support this channel, with eight agents supporting the channel full-time."⁴³ As proposed, the underperformance penalty would be used to offset the \$950,000 cost to fully implement the Live Chat feature, which would increase the number of trained agents to 31, with 16 being deployed full time to the project.⁴⁴

³⁵ Xcel 2024 QSP Report at Att. C.

³⁶ *Id.*

³⁷ Xcel 2006 QSP Report at Att. I.

³⁸ Xcel 2024 QSP Report at 2, 10.

³⁹ *Id.* at 10.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

CUB appreciates Xcel's intention to alleviate call volumes and improve customer experience through this new Live Chat feature. However, we are concerned that supplementing development of this tool—which will be an ongoing expense for the Company and ratepayers moving forward—is not an appropriate use of the underperformance payment. Based on Xcel's description of pilot results so far, it is not clear whether, or to what degree, the tool will be effective in reducing customer wait times.⁴⁵ It is also currently unclear how Xcel intends to recover pilot costs outside of the underperformance payment and we have concerns about the potential for double-recovery. CUB questions how this payment will factor into the jurisdictional cost allocation for Live Chat development if the Company intends to roll out this feature beyond Minnesota. For those reasons, CUB does not currently support using the underperformance payment to fund expansion of the Live Chat feature.

C. Inflation Adjustment

As part of its October 2024 Order on Distribution of Underperformance Penalty, the Commission directed Xcel to discuss with parties the possibility of implementing “an inflation adjustment to the underperformance penalty.”⁴⁶ While CUB did not participate in those stakeholder discussions,⁴⁷ Xcel conversed with both the Department of Commerce and the Office of the Attorney General without reaching alignment on whether an inflation adjustment was appropriate.⁴⁸ Xcel now recommends that the Commission deny an inflation adjustment to the penalty amount. CUB disagrees with Xcel and recommends that a modification to the underperformance penalty be made to incentivize compliance with safety, reliability, and service quality standards.

The \$1,000,000 underperformance penalty included in Xcel's Quality of Service Plan has not been adjusted since 2013.⁴⁹ As previously recognized by the Commission, the purchasing power associated with that penalty has decreased as inflation has risen.⁵⁰ In approving Xcel's 2024 QSP Report, the Commission therefore ordered the Company to evaluate whether the penalty should be subject to an inflation adjustment.⁵¹

Xcel opposes modifying the current underperformance payment, stating that it is “not designed to cover specific expenses that have increased due to inflation,” but is instead a penalty “set at a level deemed sufficient to motivate improved performance.”⁵² Across all service quality categories, the aggregate penalty amount Xcel could potentially occur is set at \$7 million, which the Company

⁴⁵ *Id.* (noting “[i]nitial results indicate that it does take longer to complete requests through this [live chat] channel due the typing required by both customers and agents”).

⁴⁶ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Order on Distribution of Underperformance Penalty at 6 (Oct. 9, 2024).

⁴⁷ Xcel 2024 QSP Report at 11 (stating that Xcel interpreted the Commission's October 9, 2024 Order as contemplating discussions with the Department of Commerce and the Office of the Attorney General, but not other parties to the proceeding).

⁴⁸ *Id.* at 11-12.

⁴⁹ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Order Approving Amendments to Service Quality Tariff (Aug. 12, 2013).

⁵⁰ Minnesota Public Utilities Commission, Recorded Webcast of September 19, 2024 Hearing, at 5:31:15, available at https://minnesotapuc.granicus.com/player/clip/2421?view_id=2&redirect=true.

⁵¹ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Order on Distribution of Underperformance Penalty at 6 (Oct. 9, 2024).

⁵² Xcel 2024 QSP Report at 12.

suggests is adequate to incentivize performance.⁵³ CUB respectfully disagrees, and recommends the Commission move forward with implementing an inflation adjustment.

When the \$1,000,000 underperformance payment was established in 2013, it represented a significant reduction from the aggregate penalty amount that could previously be assessed against the Company. Under the prior tariff, penalty amounts were ratcheted upwards or downwards based on performance in the prior year, with a potential maximum penalty of \$30 million—over \$41 million in 2025 dollars when adjusted for inflation—if the Company failed to meet all service quality metrics.⁵⁴ As then explained by the OAG, this process was designed to “provide[] a valuable incentive for Xcel to remedy any deficiencies to its service quality performance by providing increasing penalties for continued failures.”⁵⁵ This mechanism was replaced by a set \$1,000,000 underperformance payment, in part, because the threat of high penalties led to Xcel improving its service quality, with annual penalties being decreased to \$500,000 per metric.⁵⁶

This background underscores several important points. First, the Commission has historically found that penalty thresholds well above \$1,000,000 per metric may be necessary to incentivize performance, especially when the Company has fallen short of meeting service quality standards. Prior to the 2013 decision, underperformance penalties were set at a minimum of \$500,000 but could increase to as much as \$3 to \$7.5 million per metric.⁵⁷ Second, it reinforces the relationship between the performance penalty and inflation. As previously explained by the Department of Commerce, “should a potential underperformance payment be significantly less than the cost to make the investments needed to maintain or improve service quality, the underperformance payment would not sufficiently incent the Company to make the investments.”⁵⁸ While a \$1,000,000 penalty may have been appropriate to incentivize performance in 2013, inflationary pressures have driven up the cost of measures necessary to rectify service quality deficiencies.

Considering inflation, the \$1,000,000 penalty approved in 2013 is equivalent to \$1,383,397 in 2025, an increase of over 38 percent.⁵⁹ This upward trend is expected to continue, with estimates placing inflation for 2025 and 2026 at approximately 2.9 and 3.2 percent, respectively.⁶⁰ Given this trajectory, we recommend that the Commission employ an inflation adjustment or another mechanism to ensure the Company remains motivated to make investments necessary to maintain or improve its service quality and reliability.

D. Other Tariff Adjustments

At its September 19, 2024 hearing on Xcel’s 2023 QSP Report, the Commission raised the possibility of modifying the Company’s tariff to maximize benefits to ratepayers when an underperformance

⁵³ *Id.*

⁵⁴ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Comments of the Minnesota Department of Commerce, Division of Energy Resources at 7 (Jun. 15, 2012) (hereinafter “DOC-DER June 2012 Comments”; see also Federal Reserve Bank of Minneapolis, *Inflation Calculator* (last accessed Jul. 19, 2025).

⁵⁵ OAG June 2012 Comments at 6.

⁵⁶ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs*, Docket No. E,G-002/M-12-383, Comments of the Minnesota Department of Commerce, Division of Energy Resources at 5 (Sep. 20, 2012) (hereinafter “DOC-DER Sep. 2012 Comments”); DOC-DER June 2012 Comments at 7-8.

⁵⁷ DOC-DER June 2012 Comments at 8.

⁵⁸ *Id.*

⁵⁹ Federal Reserve Bank of Minneapolis, *Inflation Calculator* (last accessed Jul. 19, 2025).

⁶⁰ Michael Wolf, *United States Economic Forecast*, DELOITTE GLOBAL ECON. RES. CTR. (Jun. 25, 2025).

penalty is assessed. In particular, Commissioner Sullivan noted that, under current tariff language, half of the \$1,000,000 penalty amount “goes to all ratepayers and amounts to . . . penn[ies] a year... so it’s fundamentally meaningless,” and “could be utilized . . . for a higher purpose.”⁶¹ CUB agrees with Commissioner Sullivan and believes tariff changes are warranted to more effectively utilize underperformance payments to the benefit of Xcel’s ratepayers.

Xcel does not propose any substantive modifications to its tariff governing the distribution of underperformance payments. Nonetheless, the Company has evidenced a desire to “[tie] the disbursement plan to the QSP metric exceeded and the cause of exceedance,” and sees this as “preferable to simply returning that portion to all Minnesota customers as a very small refund.”⁶² We support the idea of modifying the QSP tariff language, and look forward to reviewing parties’ positions about how to utilize underperformance payments in a way that will address the causes of metric exceedance.

III. CONCLUSION

We appreciate the opportunity to provide these comments on Xcel’s Quality of Service Plan proposal and look forward to continuing conversations with the Company and stakeholders to resolve ongoing concerns about service quality.

Sincerely,

July 22, 2025

/s/ Annie Levenson-Falk
Executive Director
Citizens Utility Board of Minnesota
332 Minnesota Street, Suite W1360
St. Paul, MN 55101
annielf@cubminnesota.org
651-300-4701, ext. 1

/s/ Olivia Carroll
Regulatory Advocate
Citizens Utility Board of Minnesota
332 Minnesota Street, Suite W1360
St. Paul, MN 55101
oliviacc@cubminnesota.org
651-300-4701, ext. 5

/s/ Brandon Crawford
Regulatory Advocate
Citizens Utility Board of Minnesota
332 Minnesota St., Suite W1360
St. Paul, MN 55101
brandonc@cubminnesota.org
651-300-4701, ext. 7

⁶¹ Minnesota Public Utilities Commission, Recorded Webcast of September 19, 2024 Hearing, at 5:29:10, *available at* https://minnesotapuc.granicus.com/player/clip/2421?view_id=2&redirect=true.

⁶² Xcel 2024 QSP Report at 11-12.