

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Nancy Lange	Chair
Dan Lipschultz	Vice Chair
Matt Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

In the Matter of the Petition of Northern States Power Company for Approval of Tariff Modifications and a Variance from Commission Rules to Implement Customer Driven Operational Changes and Other Tariff Changes

DOCKET NO. E,G-002/M-17-553

**COMMENTS OF THE OFFICE
OF THE ATTORNEY GENERAL**

I. INTRODUCTION

The Office of the Attorney General-Residential Utilities and Antitrust Division (“OAG”) respectfully submits these Comments in response to the Petition filed by Northern States Power Company (“Xcel” or “Company”) in the above-entitled matter. The Public Utilities Commission (“Commission”) should either deny Xcel’s proposal to reduce its call center hours or, alternatively, require Xcel to refund any savings generated by reducing call center hours to ratepayers.

On August 26, 2016, the Company filed a Stipulation of Settlement (“Stipulation”) in its 2015 electric rate case.¹ The Stipulation presented an agreement between Xcel and several other parties to support a resolution to the rate case that guaranteed Xcel three rate increases over a four year period.² On June 12, 2017, the Commission adopted the Stipulation in full.³ The next

¹ *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, MPUC Docket No. E-002/GR-15-826, Stipulation of Settlement (Aug. 16, 2016).

² *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, MPUC Docket No. E-002/GR-15-826, Stipulation of Settlement at 5 (Aug. 16, 2016).

month, the Company filed the Petition in the instant proceeding seeking to cut the hours of operation for its general service call center by as much as 60 percent.⁴ According to the Company, this change would affect approximately 130,000 calls annually.⁵ Under Xcel's proposal, these residential customers would be required to call back at a different time in order to speak to an agent. Xcel argues that this shift will result in cost savings that "are not expected to be significant."⁶

II. ANALYSIS

The Commission's adoption of the Stipulation provided significant benefits to the Company. Specifically, the Company is now guaranteed three rate increases over a four-year period. In light of the benefits conferred on the Company, the nature and timing of this new filing is troubling. With the ink barely dry on the Commission's Order in Xcel's rate case, the Company now seeks to trade more than half of its general customer service line availability in exchange for what it claims will be a small amount of savings, thereby increasing shareholder profits. Such a proposal unfairly exploits the structure and duration of its Stipulation.

Xcel describes its proposal as one designed to be responsive to customers' preferences for channels of communication.⁷ But evolving to meet changing customer preferences does not justify the slashing of existing channels of communication. Xcel presumably knew of its

(Footnote Continued from Previous Page)

³ *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, MPUC Docket No. E-002/GR-15-826, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 68 (June 12, 2017).

⁴ Petition at 8.

⁵ According to Xcel, the proposed hours of operation for its general call center will capture approximately 90 percent of total agent-handled call volume. Petition at 2 (July 14, 2017). In 2016, 1,304,759 residential calls were offered to Xcel's agents. *In the Matter of Northern States Power Company's Annual Report on Safety, Reliability, and Service Quality for 2016*, MPUC Docket No. E002/M-17-249, Annual Report and Petition at Attachment I Mar. 31, 2017). Ten percent of the call volume annually would thus be over 130,000 residential calls.

⁶ Petition at 18 (July 14, 2017). Xcel estimates that the "efficiencies" will be between \$100,000 to \$130,000 per year.

⁷ Petition at 2-3 (July 14, 2017).

ratepayers' evolving preferences before it filed its most recent rate case and when it entered into the Stipulation with several other parties in that rate case. It could have proposed a reduction to the relevant call center expenses as well as the reduction to its call center hours during that case. And, when it files its next rate case, the Company is free to do so. As it stands now, however, Xcel is taking advantage of its insulation from the traditional ratemaking process in Minnesota afforded to it by its four-year rate plan by seeking to retain the cost savings, while simultaneously decreasing customer service availability to its ratepayers. The Commission should not allow Xcel to reduce its service to ratepayers while pocketing any savings that result from that reduction.

There are two potential solutions to the concerns raised in these Comments. First, the Commission should deny the Company's proposal and require Xcel to continue to staff its general customer service line according to its existing schedule. Alternatively, if the Commission agrees with the Company that a reduction in general customer service line hours is justified, then it should allow the Company to reduce the hours, but require Xcel to propose and implement a mechanism to refund the savings realized from this change to ratepayers.

The financial impact of this specific proposal is, in Xcel's words, "not significant."⁸ The small amount involved, however, should not deter the Commission from taking action. In light of the non-traditional approach to ratemaking applied in Xcel's rate case, it is important that the Commission send a clear message that utilities cannot lock-in several years of rate increases and then simply cut services to increase profits. In addition, although the financial impact of Xcel's proposal is not significant, the change to call center hours has the potential to affect over 130,000

⁸ Petition at 18 (July 14, 2017).

calls annually. The Commission should give this matter careful consideration before approving Xcel's request.

III. CONCLUSION

The Commission should require Xcel to retain its current general customer service line hours and deny this proposal. If, however, the Commission believes that the reduction in general customer service line availability is justified by the cost savings in this proceeding, then it should require the Company to refund those savings to ratepayers.

Dated: August 14, 2017

Respectfully submitted,

LORI SWANSON
Attorney General
State of Minnesota

s/ Joseph C. Meyer

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August 14, 2017

Mr. Daniel Wolf, Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: *In the Matter of the Petition of Northern States Power Company for Approval of Tariff Modifications and a Variance from Commission Rules to Implement Customer Driven Operational Changes and Other Tariff Changes*
MPUC Docket No. E,G-002/M-17-553

Dear Mr. Wolf:

Enclosed and e-filed in the above-referenced matter please find Comments of the Minnesota Office of the Attorney General – Residential Utilities and Antitrust Division.

By copy of this letter all parties have been served. An Affidavit of Service is also enclosed.

Sincerely,

s/ **Joseph C. Meyer**

JOSEPH C. MEYER

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Enclosure

AFFIDAVIT OF SERVICE

Re: *In the Matter of the Petition of Northern States Power Company for Approval of Tariff Modifications and a Variance from Commission Rules to Implement Customer Driven Operational Changes and Other Tariff Changes*
MPUC Docket No. E,G-002/M-17-553

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

I, DEANNA DONNELLY, hereby state that on 14th day of August, 2017, I efiled with eDockets *Comments of the Office of the Attorney General – Residential Utilities and Antitrust Division* and served the same upon all parties listed on the attached service list by email, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

s/ Deanna Donnelly
DEANNA DONNELLY

Subscribed and sworn to before me
this 14th day of August, 2017

s/ Ruth M. Busch
Notary Public
My Commission expires: January 31, 2020.

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