

Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: **October 15, 2015** **Agenda Item # 6***

Company: Northern States Power Company d/b/a Xcel Energy (Xcel or the Company)

Docket No. E-002/GR-13-868
 In the Matter of the Application of Northern States Power Company for
 Authority to Increase Rates for Electric Service in the State of Minnesota

Issues: Is the Company’s September 2, 2015 Compliance Filing properly before the
 Commission?

 If so, should the Commission approve the Company’s September 2, 2015
 Compliance Filing with additional reporting requirements as recommended by
 the Department of Commerce?

 If not, should the Commission approve the Company’s September 2, 2015
 Compliance Filing with the additional reporting requirements recommended
 by the Department of Commerce, except for the Company’s interim rate
 refund plan?

 Should the Commission approve Xcel’s plan for notifying customers about
 final rates and the interim rate refund?

Staff: Bob Harding 651-201-2237

Relevant Documents

Xcel Energy – Final Rates Compliance Sep. 2, 2015
Department of Commerce – Comments Oct. 2, 2015

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

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Statement of the Issues

- Is the Company's September 2, 2015 Compliance Filing properly before the Commission?
- If so, should the Commission approve the Company's September 2, 2015 Compliance Filing with additional reporting requirements as recommended by the Department of Commerce?
- If not, should the Commission approve the Company's September 2, 2015 Compliance Filing with the additional reporting requirements recommended by the Department of Commerce, except for the Company's interim rate refund plan?
- Should the Commission approve Xcel's plan for notifying customers about final rates and the interim rate refund?

Introduction

The OAG's petition for reconsideration is on the agenda for this meeting before this agenda item involving Xcel's compliance filing. If the Commission grants the OAG's petition for reconsideration, the Commission may not want to take up Xcel's compliance filing until after that issue has been resolved and the Commission has issued its order on reconsideration.

Background

On May 8, 2015, the Commission issued its FINDINGS OF FACT, CONCLUSIONS, AND ORDER. The May 8, 2015 Order required Xcel to submit a compliance filing within 30 days explaining how it proposes to implement final rates, refund over-collected interim rates and provide notice to customers of final rates.

On July 13, 2015, the Commission issued its ORDER DENYING PETITIONS FOR RECONSIDERATION.

On August 31, 2015, the Commission issued its ORDER REOPENING, CLARIFYING, AND SUPPLEMENTING MAY 8, 2015 ORDER.

On September 21, 2015, the OAG submitted its request for reconsideration of the interim rate refund decision in the August 31, 2015 Order.

On September 30, 2015, Xcel submitted its answer to the OAG.

Normally, compliance issues and the requirements for compliance filings are put on hold (or are stayed by operation of the statute, pursuant to Minn. Stat. §§ 216B.26 and 216B.27, subd. 5) until after the Commission has addressed any outstanding petitions for reconsideration.

However, on September 2, 2015, Xcel submitted its Final Rates Compliance filing. And, on October 2, 2015, the Department submitted comments recommending the Commission approve Xcel's September 2, 2015 Compliance Filing with additional reporting requirements.

Potentially Relevant Statutes

Minn. Stat. § 216B.26.

Order; Effective Date.

Every decision made by the commission constituting an order or determination is in force and effective 20 days after it has been filed and has been served by personal delivery, electronic service as provided in section 216.17, or by mailing a copy thereof to all parties to the proceeding in which the decision was made or to their attorneys, unless the commission specifies a different date upon which the order becomes effective.

Minn. Stat. § 216B.27, subd. 5.

Rehearing; Condition Precedent to Judicial Review. Effect of decision on application.

It is hereby declared that the legislative powers of the state, insofar as they are involved in the issuance of orders and decisions by the commission, have not been completely exercised until the commission has acted upon an application for rehearing, as provided for by this section and by the rules of the commission, or until the application for rehearing has been denied by implication, as above provided for.

Staff Comment

If the Commission denies the OAG's September 21, 2015 petition for reconsideration, staff has no objection to Xcel's September 2, 2015 compliance filing or the Department's October 2, 2015 recommendation. Staff agrees with the Department that Xcel's proposed method of calculating the interim rate refund complies with the Commission's August 31, 2015 Order.

However, if the Commission grants the OAG's petition for reconsideration, the amount of the interim rate refund may need to be recalculated and the description of the interim rate refund in Xcel's proposed notice to customers will need to be revised.

1. Is the Company's September 2, 2015 Compliance Filing properly before the Commission?

No party has commented on whether it would be proper for the Commission to take up Xcel's compliance filing at this meeting in advance of the Commission issuing its written decision on the OAG's petition for reconsideration. However, that question may be an academic procedural point if there are no objections to the Commission taking up Xcel's compliance filing at this meeting.

Normally, compliance issues and compliance filings are submitted and then taken up after the Commission has addressed outstanding petitions for reconsideration. In this case, the only outstanding issue is the date on which Xcel may begin recovering the 2015 revenue shortfall and how to explain this to customers in a notice. Regardless of the Commission's decision on the OAG's petition at this meeting, the Commission's written decision will probably not be issued before the Commission is scheduled to take up Xcel's compliance filing.

However, because Xcel requested a decision on its compliance filing no later than mid-October, the Commission may want to take up Xcel's compliance filing at this meeting if it believes this would be the proper time to do so. If not, then Xcel's compliance filing could be rescheduled for a future meeting.

2. If so, should the Commission approve the Company's September 2, 2015 Compliance Filing with additional reporting requirements as recommended by the Department of Commerce?

On October 2, 2015, the Department recommended the Commission approve Xcel's September 2, 2015 compliance filing. Except for the issue concerning the date on which Xcel may begin recovering its 2015 revenue shortfall (which is the subject of the OAG's petition for reconsideration), there have been no objections to Xcel's proposal from any other party.

Apart from the uncertainty about whether the OAG's request for reconsideration will be granted and the uncertainty about whether the interim rate refund language in the proposed customer notice is accurate, Staff has no concerns about Xcel's compliance filing.

3. If not, should the Commission approve the Company's September 2, 2015 Compliance Filing with the additional reporting requirements recommended by the Department of Commerce, except for the Company's interim rate refund plan?

If the Commission is concerned about the issue involving the date on which Xcel may begin recovering its 2015 revenue shortfall (which is the subject of the OAG's petition for reconsideration), the Commission could defer considering Xcel's entire compliance filing or could defer considering Xcel's interim rate refund plan to a future Commission meeting.

4. Should the Commission approve Xcel's plan for notifying customers about final rates and the interim rate refund?

In the May 8 Order, Xcel was required to propose and provide draft language for a customer notice that explains the final rates, the monthly basic service charges, and any and all changes to rate design and customer billing authorized in this case. Comments were requested within 30 days of the date of the compliance filing except that the May 8 Order stated that comments were not necessary on Xcel's proposed customer notice. The reason the Commission did not ask for comments on the customer notice were twofold. First, in an earlier order at the beginning of this proceeding, the Commission delegated authority to the Commission's Executive Secretary to approve customer notices for the duration of this proceeding. Second, the amount of lead time Xcel needs to prepare the copy and print a notice to customers is normally quite long.

Xcel has informed staff that it was able to make alternative arrangements for printing this notice that do not require as much lead time as previously expected. Staff's understanding is that Xcel could modify the interim rate refund language in the proposed customer notice to reflect the uncertainty about the amount and timing of the interim rate refund. Xcel also indicated that it could provide more detailed information about the refund in a message printed on customer bills (in a bill "onsert" rather than and "insert") once that information is known. According to Xcel, customer bill messages can be added with much less lead time than bill inserts. Under the circumstances, staff believes this may be the only reasonable alternative.

If there is a revised draft of the customer notice available before the October 15 meeting, staff will make a copy available.

Commission Decision Alternatives

Xcel's September 2, 2015 Compliance Filing

1. Approve Xcel's September 2, 2015 Compliance Filing with additional reporting requirements as recommended by the Department of Commerce.
2. Approve Xcel's September 2, 2015 Compliance Filing with the additional reporting requirements recommended by the Department, except for Xcel's interim rate refund plan and proposed customer notice. Defer consideration of the interim rate refund plan to a future Commission agenda meeting. Delegate responsibility for approval of Xcel's customer notice to the Commission's Executive Secretary.
3. Defer consideration of Xcel's September 2, 2015 compliance filing to a future Commission agenda meeting.

Xcel's Proposed Customer Notice

4. Approve Xcel's (most recent) proposed customer notice and plan for notifying customers about final rates and the interim rate refund.
5. Conditionally approve, with modifications to be specified, Xcel's plan for notifying customers about final rates and the interim rate refund.
6. Without prejudice, do not approve Xcel's plan for notifying customers about final rates and the interim rate refund. Delegate responsibility for approval of Xcel's customer notice to the Commission's Executive Secretary.