

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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In the Matter of Northern States Power Co.
d/b/a Xcel Energy's 2023 Annual Safety,
Reliability, and Service Quality Report

Docket No. E-002/M-24-27

Reply Comments of the Joint Commenters

The Citizens Utility Board of Minnesota ("CUB") and Energy CENTS Coalition ("ECC," collectively, the "Joint Commenters") respectfully submit these Reply Comments in response to the Minnesota Public Utilities Commission's Notice of Comment Period issued April 26, 2024 in the above-referenced matter.

The Joint Commenters filed Initial Comments in this docket supporting Northern States Power Company d/b/a Xcel Energy's ("Xcel" or the "Company") petition to remotely reconnect customers during periods of extreme heat. We recommended these ratepayer protections also be extended to instances of poor air quality. It is our understanding that the Company is currently evaluating how to effectuate air quality reconnections. We look forward to reviewing Xcel's Reply Comments and working towards a streamlined process for safeguarding the health and welfare of all Minnesotans.

In addition to supporting Xcel's reconnection capabilities, we raised concerns about how remotely disconnecting customers contributes to the rising number of service terminations and fundamentally alters how the Company interacts with customers throughout the disconnection process. The Joint Commenters continued to engage with Xcel after filing Initial Comments. Our concerns have grown even more acute after learning about the Company's practices and reviewing recent trends in utility data. We previously highlighted how Xcel disconnected approximately 4,800 customers in May 2023, which was the highest number of monthly disconnections in the last decade.¹ Since then, the Company filed its Residential Customer Status Report for May 2024, which indicated over 10,000 customers were disconnected this past month.² Approximately 85 percent of those disconnections were carried out remotely. These figures reinforce the gravity of the situation surrounding Xcel's disconnection practices and have caused the Joint Commenters to reevaluate our positions in this docket.

The Joint Commenters are in ongoing, productive discussions with Xcel about how to protect consumers in the face of increasing capacity for remote disconnection through Advanced Metering

¹ *In the Matter of Northern States Power Company d/b/a Xcel Energy's 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, Initial Comments of the Joint Commenters at 4, n. 22 (Jun. 14, 2024) (hereinafter "Initial Comments of Joint Commenters").

² *In the Matter of Utility Residential Customer Status Reports*, Docket No. E,G-999/CI-24-02, Xcel May 2024 Residential Customer Status Report at Tab 1 (Jun. 18, 2024).

Infrastructure and lingering macroeconomic hardship. However, we have not yet reached an agreement. The Commission acknowledged when granting Xcel's initial variance to Minn. R. 7820.2500 that additional scrutiny may be required to understand how customers are affected by remote disconnections.³ Now that the variance has been in place for over a year, customer impacts are more clearly understood. Given our overarching concerns with Xcel's disconnection and payment agreement practices discussed below, we do not feel that we can support an extension of the Company's variance until those points of concern are resolved. We thank Xcel for their willingness to continue engaging with the Joint Commenters on these issues.

With this perspective in mind, we offer the following recommendations and analysis.

I. The Commission should direct Xcel to reduce its down payment requirements and modify its disconnection and payment agreement practices to include consideration of individual household financial circumstances.

As detailed in our Initial Comments, the premise that disconnections should serve as disconnection prevention hinges on customers being adequately informed about and provided access to affordability services. Offering customers opportunities to retain or reconnect service forms an integral part of this approach. Unfortunately, during our ongoing conversations with the Company, it came to light that Xcel's practices surrounding disconnection and payment agreements may be preventing customers from maintaining or reconnecting service on reasonable terms.

Xcel characterized its practices as requiring customers to submit a 50 percent down payment prior to entering into a payment agreement. Our previous understanding, as reflected in the Company's E,G-999/CI-YR-02 filings, is that this requirement only existed for customers who had already been disconnected and who were seeking restoration of service.⁴ However, the Company has since confirmed that it also applies to customers that are seeking to *avoid* service disconnection. This does not contribute to disconnection prevention, but rather perpetuates customer affordability challenges by eliminating reasonable opportunities for households to maintain service while paying down arrearage balances.

Frustrations with Xcel's approach have come up in conversations with customers seeking to enter payment agreements. For example, CUB recently heard from an Xcel customer that was asked to pay more than \$1,000 in order to enter into a payment agreement and restore service at their residence. Although the customer was unable to pay the full requested amount, they offered a lower amount in order to reconnect service and begin the process of paying down their arrearage balance. As described by the customer, Xcel rejected the proposal and demanded full payment of the 50 percent threshold, despite household financial circumstances limiting the customer's ability to pay such a large up-front cost. Similarly, ECC receives calls on a weekly basis from customers being asked to pay thousands of dollars to be reconnected – amounts they cannot afford.

³ *In the Matter of a Petition by Northern States Power Company Requesting Approval of Changes to its Tariff for an Indefinite Variance to Commission Rules Regarding Disconnection of Service*, Docket No. E-002/M-22-233, Order Approving Petition as Modified and Requiring Filings at 9-10 (Mar. 22, 2023).

⁴ The Company's filings in E,G-999/PR-23-02 and E,G-999/24-02 both state the down payment amount is "required to restore service to start a payment arrangement."

In its initial filing in this docket, the Company stated that “[d]isconnecting a larger eligible group of customers that may otherwise not have been disconnected before provides the opportunity to interact with them and offer energy assistance options they may be wholly unaware of.”⁵ The above-mentioned customer experience and numerous conversations ECC has had with households seeking assistance cast doubt on whether, in practice, the “opportunity” presented by the disconnection process is being effectively leveraged to assist customers.

By law, payment agreements for the payment of arrears must consider *both* the customer’s financial circumstances, as well as any extenuating circumstances of the household.⁶ As conveyed to us by the Company, Xcel’s stringent payment agreement practices fail to meet this fundamental requirement. Until Xcel incorporates households’ financial circumstances into payment agreement negotiations and lowers its down payment requirements, the Company should not be allowed to remotely disconnect customers through a variance to Minnesota Rule 7820.2500.

The Company has indicated to the Joint Commenters that it intends to immediately extend the time between when the disconnection notice is sent and when the disconnection occurs from 5 business days to 10 business days. We thank the Company for making that adjustment. The question going forward is what the nature of the customer experience will be during those 10 business days. The Joint Commenters are seeking assurances from Xcel that those experiences will be consistent and in full compliance with the law.

II. The Commission should order Xcel to file its payment agreement and disconnection practices in relevant dockets, and direct the Company to share those practices with customers.

As detailed above, the exact scope of Xcel’s payment agreement and disconnection practices is not adequately represented to customers, the Commission, or stakeholders. Given the rising trend in disconnections, we find it important for the Company to share its policies in written format. We recognize these policies and practices may change over time and are in no way recommending that the Company’s current approach to payment agreements and disconnections be memorialized indefinitely without an opportunity for modification. Rather, we recommend that Xcel be required to submit a compliance filing—both in this docket and in E,G-999/PR-24-02—within 30 days of the Commission’s Order detailing the Company’s current practices and, if necessary, incorporating any approved modifications. From there, we recommend that Xcel be required to periodically submit compliance reports detailing when payment agreement or disconnection policies change, and detailing the Company’s reasoning for making such adjustments.

In addition to filing compliance reports in relevant dockets, we believe it is extremely important that customers be made aware of the Company’s payment agreement and disconnection practices. To this end, we recommend that Xcel be required to include information on its website detailing its practices, and directing customers to potential assistance options to either avoid disconnection or seek service restoration. It is our understanding that the Company is receptive to this recommendation and plans on updating its website to ensure greater transparency. Providing this information will help customers

⁵ *In the Matter of Northern States Power Company d/b/a Xcel Energy’s 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, 2023 Annual Service Quality Report at 9.

⁶ Minn. Stat. § 216B.098, Subd. 3.

understand what to expect if they fall behind on payments, and what actions they can take to mitigate the potential for disconnection.

III. Xcel should clarify discrepancies surrounding the number of customers that have applied for and been enrolled in medical protection programs.

In reviewing the Department of Commerce's (the "Department") Initial Comments,⁷ the Joint Commenters identified discrepancies between the Medical Account data reported in Xcel's Annual Service Quality Performance Reports ("SQPR") and Residential Customer Status Reports filed in E,G-999/CI-YR-02.⁸

If the service quality data relied on by the Department is correct, we agree with the conclusion that the medical account program is expanding and we appreciate the Company's work to facilitate greater access for customers with medical needs. However, Xcel's Residential Customer Status Reports do not reflect this apparent increase, but instead show a steep *decline* in the number of customers requesting medical account status in 2023, with requests down by more than half since 2022.⁹ The percentage of application approvals is likewise vastly different, raising questions about the consistency of reporting practices. We ask that the Company provide an explanation of the discrepancies and ensure uniformity in reporting across dockets moving forward.

Finally, we appreciate the Department's recommendation that Xcel provide an estimate of the costs and benefits of upgrading its website to allow for direct submission of the medical exemption form. We look forward to considering the feasibility of adding that function based on Xcel's Reply Comments.

IV. The Commission should disallow voicemails as a final means of communication with customers prior to remote service disconnection.

The Joint Commenters continue to recommend disallowance of voicemail messages as a permissible form of final contact before customer disconnection. As described in our Initial Comments, the principle behind Xcel's policy of "disconnection as disconnection prevention" relies on final contact providing an opportunity for customers to take preventative measures to avoid disconnection.¹⁰ Voicemail messaging does not provide customers with this final chance to resolve payment issues and

⁷ *In the Matter of Northern States Power Co. d/b/a Xcel Energy's 2023 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-24-27, Department of Commerce Initial Comments at 16 (June 14, 2024).

⁸ For example, in 2018, Xcel reported in its Service Quality Report the total number of customers requesting Medical Account status as 2,818, of which 2,267 applications, or 80.4 percent, were granted. *In the Matter of Northern State Power Company's Annual Report on Safety, Reliability, and Service Quality for 2018; and Petition for Approval of Electric Reliability Standards for 2019*, Docket No. E002/M-19-261, Xcel's 2018 Annual Report and Petition, Service Quality Performance and Proposed Reliability Measures, Attachment G (Apr. 1, 2019). In contrast, the Company's YR-02 filings show a total of 5,155 customers requesting Medical Account status for that year, of which only 3,926, or 76.2 percent, were granted. The annual reporting for years 2015 through 2022 is inconsistent across the two dockets. *In the Matter of Utility Residential Customer Status Reports*, Docket No. E,G999/CI-23-02, Xcel December 2023 Residential Customer Status Report, Attachment A at Tab 4 (Jan. 18, 2024) (hereinafter "Xcel's 2023 YR-02 Report").

⁹ See Xcel 2023 YR-02 Report (showing that in 2022, 4,628 applications were received for medical account status, compared with only 2,193 requests in 2023).

¹⁰ Initial Comments of Joint Commenters at 5.

maintain service. Nor do automated messages allow the Company to confirm whether disconnection notifications were actually received by the intended recipient or whether the phone number is still associated with the residence to be disconnected.¹¹

The Joint Commenters appreciate that there are additional costs associated with carrying out in-person field visits. We also recognize the fact that, even with in-person visits, the account holder is not always reachable at the time of disconnection to receive final notice and therefore does not necessarily get one last opportunity to act in line with “disconnection as disconnection prevention.” We hope to continue discussions with Xcel to identify other alternative pathways for mitigating high disconnection rates and more successfully communicating with customers prior to disconnection. As noted previously, the Company has already committed to extending the time between when disconnection notices are sent and when disconnections are carried out from five business days to ten business days. However, in light of our concerns outlined above, we still believe alternatives to voicemail messaging should be identified and pursued. Until such alternative methods have been evaluated and implemented, the Joint Commenters continue to find voicemail messaging to be an insufficient form of final contact. We therefore recommend that if Xcel is unable to reach a customer over the phone, the Company should be required to conduct an in-person visit prior to disconnection.

V. Conclusion

CUB and ECC appreciate Xcel’s willingness to discuss our concerns and hope to continue dialog with the Company moving forward. But disconnection rates have reached critical levels, and having not yet reached a resolution with Xcel at this time, we recommend the Commission take the following actions.

The Commission should deny the Company’s variance request and discontinue allowance of remote disconnections. If the Commission chooses to approve the variance, Joint Commenters recommend voicemail messages be disallowed as a method of final communication to ensure customers are provided a last opportunity to rectify billing issues prior to disconnection.

The Joint Commenters further recommend the Commission require Xcel submit a compliance filing in this docket and in E,G-999/PR-24-02 detailing the Company’s current payment agreement and disconnection practices, and incorporating any ordered modifications. The initial compliance filing should be submitted within 30 days of the Commission’s Order in this proceeding. Xcel should also be required to submit additional compliance filings when its policies are updated, including justification for any changes. In order to ensure customers have reasonable insights into what to expect through the disconnection and payment agreement process, we recommend Xcel also be ordered to include an overview of its policies on the Company’s website.

The Joint Commenters request that Xcel explain the discrepancies in medical account reporting and ask that the Company provide uniform data across dockets moving forward.

Lastly, the Joint Commenters continue to support Xcel’s proposal to remotely reconnect customers during extreme heat and unhealthy air quality events.

¹¹ *Id.*

Sincerely,

June 24, 2024

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cc: Service List