

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

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

In the Matter of Xcel's Residential Time of
Use Rate Design Pilot Program

MPUC DOCKET NO. E002/M-17-775

**REPLY COMMENTS OF THE
SUBURBAN RATE AUTHORITY
REGARDING XCEL PETITION FOR
TOU PILOT**

REPLY

The SRA appreciates the opportunity to comment on Xcel's Petition and read with interest the numerous, helpful comments and proposed modifications submitted by the interested parties. This Reply is limited to responses that pertain to the SRA's initial comments on moving forward with the pilot and the Petition's needed detail for its customer communication and education.

A. COMMENTS OF THE DEPARTMENT

The Department and Office of the Attorney General appropriately object to Xcel's statement that if its requested TOU pilot costs are not approved in the TCR Rider, the Company "would stop the pilot process and wait for a future rate case to bring the pilot and any remaining costs forward."¹ The Department points out that Xcel has been granted a multi-year rate plan and Xcel is "expected to manage its costs and expenses in such a way as to permit the Company to provide new rate offerings without recovery of every cost component through a Rider."² Xcel's apparent position holds a much needed residential conservation pilot hostage to a blanket request

¹ Department Comments at 17; OAG at 27-28.

² *Id.*

for Rider cost recovery. Such an approach would seem to allow Xcel or other utility undue leverage to hold up worthy rate and rate design improvements to the benefit of their customers, after obtaining an authorized revenue amount. Such a problem is heightened by multi-year rate periods now allowed and in place with GR-15-826. The SRA joins in the Departments and OAG's objection to this posture relating to the TOU pilot.³

The Department recommends Commission approval of Xcel's petition while seeking clarification on a number of important issues.⁴ Where the Department does not seek additional information, and the SRA does, is in the detail of Xcel's "various customer-engagement strategies."⁵ The SRA does not understand how such customer-engagement strategies can be deemed "reasonable" without reviewing how and when and to whom such strategies will be implemented. The OAG points out, and the SRA agrees, that effective customer communication and education lies at the heart of the success or failure of the TOU pilot.⁶ Promising to engage in rigorous communication with pilot participants and potential participants does not, standing alone, warrant approval.

The Department finds Xcel's method of selecting customers for the pilot to be reasonable based on the cost and practicality of targeting those premises where AMI meters can be installed.⁷ The SRA questions, however, whether such a method will yield the necessary diversity of customer to provide the broad-based customer information for sufficient evaluation of the pilot and its benefit to customers. The SRA would like to see more detail on how Xcel intends to accomplish the diversity and opt-in quantity goals of the stated pilot size. While cost considerations are important, given the time prior to TOU pilot implementation, there may be an

³ OAG Comments at 28.

⁴ Department Comments at 17-18.

⁵ *Id.* at 8; *see* SRA Comments.

⁶ OAG Comments at 21.

⁷ Department Comments at 5.

opportunity to expand the test areas or select a third area to gain a larger and assure a more diverse sample, as suggested by the SRA in its initial comments.

B. COMMENTS OF THE OAG

The SRA appreciates the OAG's preference for an independent third party to design and market the TOU pilot.⁸ While partially appeased with the retention of Mr. Huber and the stakeholder process, the OAG is still concerned with the transparency in this pilot.⁹ The SRA shares that concern while acknowledging that Xcel is entitled to maintain necessary controls in programs it provides to its own customers. Yet in this proceeding and prior to pilot implementation, Xcel should share with the interested parties its specific plan and drafts of the what, to whom, when and how it plans to communicate with and educate the diverse base of residential customers who should be allowed to benefit from TOU. Stakeholders will have sufficient time, and should be allowed, to review and assist in the content of Xcel's "robust" customer education and outreach.¹⁰

Respectfully submitted,

KENNEDY & GRAVEN, CHARTERED

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ATTORNEYS FOR THE
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⁸ OAG Comments at 3.

⁹ *Id.* at 4-5.

¹⁰ OAG Comments at 19-21.