

August 27th, 2024

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
Saint Paul, MN 55101-2147

RE: DOCKET NO. E002/M-24-27: IN THE MATTER OF XCEL ENERGY’S INTERACTIVE SERVICE QUALITY MAP AND EQUITY ANALYSIS

Dear Mr. Seuffert:

The City of Minneapolis (“Minneapolis”) respectfully submits these comments regarding the equity analysis within Xcel Energy’s (“Xcel” or “the Company”) 2023 Safety Reliability and Service Quality Report.¹

I. Background

Within the most recent Xcel Energy Minnesota Electricity Rate Case, data analysis by the Just Solar Coalition concluded a correlation between race and quality of electricity services exists in Xcel Energy’s Minnesota service area.² Specifically, the analysis identified racial disparities between the number and length of power outages and involuntary disconnections customers experience.

The findings prompted the following Commission actions.

Order Point 3 from the Commission’s March 22, 2023 Order required Xcel to:

Conduct an analysis that examines whether there is a relationship between poor performance on the five identified metrics displayed on the interactive map and equity indicators. Required Xcel to file this analysis with its next service quality report due April 1, 2024.³

And Order Point 4 required:

If Xcel’s analysis determines there are disparities in any of the five metrics displayed on the map, required Xcel to identify preliminary steps it could take to rectify the disparities and if Commission approval is required, where and when it would expect

¹ Docket No. 24-27 Xcel SRSQ Report. p. 108-112; Attachment Q.

² Docket No. E-002/GR-21-630. OAH Docket No. 22-2500-37994. INITIAL BRIEF OF THE JUST SOLAR COALITION. In The Matter of the Application of Northern States Power Company, d/b/a Xcel, for Authority to Increase Rates for Electric Service in the State of Minnesota. January 11, 2023.

³ Order in Docket Nos. E002/M-20-406 and E002/CI-17-401. May 18, 2023.

*to file solutions. This should include an analysis of whether modifications to Xcel's Quality of Service Plan are necessary to address any identified disparities Xcel to file this preliminary plan with its next service quality report due April 1, 2024.*⁴

The Company's Equity Analysis was completed by TRC Companies to fulfill the requirements of the above Orders. The SQSR Report also includes a preliminary plan about how to address disparities identified by TRC Companies.⁵

In response to Xcel's Annual Report and the stakeholder meeting convened by the Commission on July 9, Minneapolis provides recommendations related to improving the equitable delivery of service reliability, disconnection policy, and low-income program participation.

Note that Minneapolis staff did not evaluate the data analysis approach used by TRC as compared to that of the Just Solar Coalition. We are simply making recommendations based on the TRC findings as reported in the annual report.

II. City of Minneapolis Analysis and Recommendations

The TRC Study suggested three areas of opportunity for improvement:⁶

- **Long duration outages:** In high percent POC communities with older housing vintage, the Company could assess vegetation management practices and distribution equipment vintage.
- **Disconnections in high percent POC neighborhoods:** In high percent POC neighborhoods, there may be opportunities to explore ways to address the disparity in disconnection.
- **Energy efficiency program participation in very-low-income communities:** Conducting additional outreach and assessing program barriers in these communities may improve participation.

We address each of these below.

A. Long Duration Outages

Minneapolis appreciates Xcel's contracting with TRC to conduct the equity analysis on the Company's behalf.

TRC's study found that "The racial composition of a neighborhood does not have a strong relationship with outage duration, except among neighborhoods with old housing stock and high percent POC where the highest [Customers Experiencing Lengthy Service Interruptions (CELI) of 12 hours or more] rates are observed and CELI rates rise with percent POC."⁷

TRC controlled for other variables and determined that the higher incidence of 12+ power outages "is isolated primarily within Census block groups with older housing"⁸ and "These Census block groups are clustered in three areas in North Minneapolis, South Minneapolis, and surrounding downtown St. Paul."⁹

Minneapolis is among the earliest communities served by Xcel, and it follows that some of the

⁴ *Id.*

⁵ *Service Quality and Safety Reliability Report. p. 110-111 and Attachment Q*

⁶ *Id.* p. 108-109.

⁷ *Id.* Attachment Q. p. 6.

⁸ *Id.* Attachment Q. p. 11.

⁹ *Id.* p. 12.

infrastructure in city is older than in other portions of Xcel’s service area. Over time these aging assets must be replaced and modernized to provide reliable service, meet the evolving needs of customers, and fulfill public policy goals.

Minneapolis supports the possible solutions raised by Xcel as follows:

- Enhanced vegetation management to mitigate heightened risks to overhead distribution lines.¹⁰
- Developing a plan for targeted undergrounding to bring stronger reliability to older vintage homes served by an older vintage of the distribution network.¹¹

Minneapolis appreciates Xcel’s observation that the solutions for resolving the disparity in lengthy power outages also relates to Order Point 5 of the Commission’s December 5, 2023 Order in Docket No. E002/M-23-73, where the Company was directed to analyze the incremental costs associated with achieving IEEE first quartile performance. Specifically, Xcel noted that “This analysis can act as a guidepost to consider distribution equipment upgrades like undergrounding wires, including in these specific communities.” Implementation of a targeted undergrounding plan could help inform broader efforts to improve reliability as contemplated in Order Point 5.

In summary, Minneapolis recommends the Commission accept Xcel’s offer to develop a targeted undergrounding plan for the geographies highlighted in the TRC analysis, including portions of North Minneapolis, South Minneapolis, and the area surrounding downtown Saint Paul to resolve the racial disparities relating to extended outages outlined in the annual report.

B. Disconnections in high percent POC neighborhoods

During the most recent Xcel electric service rate case, the testimony provided by Prof. Gabe Chan on behalf of the Just Solar Coalition showed:

“a robust statistical association between a Census block group’s POC [person of color] share of the population and electric utility disconnection.” As Dr. Chan explained, “POC households and households experiencing poverty are consistently more likely to experience utility disconnection in the Company’s service area. Further, these two effects are compounding, not confounding, meaning that POC households experiencing poverty are even more likely than non-POC households experiencing poverty to be disconnected in the Company’s service area.”¹²

Xcel noted that:

...the TRC analysis indicates that after “controlling for relevant demographic information [e.g., income, poverty, and home ownership] disconnections are still higher in higher POC neighborhoods.” The study identifies three potential reasons for these results: 1) a higher rate of non-payment in higher percent POC neighborhoods; 2) potential disparities in disconnection policy; or, 3) disparities in how people in different communities access elements of the disconnect policy— like payment plans.

¹⁰ SQSR Report. p. 110.

¹¹ *Id.* p. 111.

¹² PUC Docket No. E-002/GR-21-630. In The Matter of the Application of Northern States Power Company, d/b/a Xcel, for Authority to Increase Rates for Electric Service in the State of Minnesota. INITIAL BRIEF OF THE JUST SOLAR COALITION. January 11, 2023 p. 38.

To try and reach low-income communities with a self-identified higher proportion POC, the Company can utilize current algorithms that identify customers who have not received assistance, are carrying past due balances, and also reside within the identified communities. Targeted outreach about our energy assistance and payment options to these identified areas could include a variety of contact methods that can be tracked for effectiveness. This activity does not require Commission approval. Results of these activities could be tracked and filed in either the next Annual Electric Service Quality Report or added to our Annual Low Income Discount Report.¹³

Minneapolis supports Xcel's implementation of the above solutions and recommends that the Commission require reporting to monitor progress on eliminating the racial disparities among customers who are involuntarily disconnected.

C. Energy efficiency program participation in very-low-income communities

Xcel notes that TRC's analysis indicated the CIP LI program "does not appear to be underserving communities with high percent POC. It may be underserving very low-income communities, which is not unexpected" given other known challenges.¹⁴

It is critical to find solutions for customers who most need the benefits of low-income efficiency programs to be able to better access them, particularly with deep retrofitting as provided by Weatherization Assistance and low-income ECO programs in partnership with CenterPoint Energy.

Xcel noted some efforts already underway, which Minneapolis appreciates as a positive step to help improve access for renters, customers in multi-family homes, and other low-income households.

We will continue to work with stakeholders to expand access to our programs not only through the formal reviews and workshops supported by the Department and Commission, but also through informal channels as we develop relationships and more established communication channels with the entities engaged in providing both energy and non-energy related services to the low-income communities we serve.¹⁵

Minneapolis recommends the disparity identified between income level and participation low-income programs be tracked over time. We note that more may be required to resolve the issue than what is currently being contemplated by Xcel.

III. Summary

Xcel's Safety Reliability and Service Quality Reports and reliability maps are excellent resources for guiding efforts to deliver more equitable service to customers across geographies and to communities of color within Xcel's service area. Equitable service is a critical priority, and Minneapolis requests that the Commission direct Xcel to take action to address the disparities documented by Xcel and other parties.

In conclusion, the City of Minneapolis recommends the Commission:

¹³ SQSR Report. p. 111.

¹⁴ SQSR Report. p. 112 and Attachment Q. p. 15.

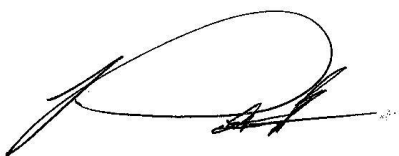
¹⁵ *Id.* p. 112.

- Accept Xcel's offer to develop a targeted undergrounding plan for the geographies highlighted in the TRC analysis, including portions of North Minneapolis, South Minneapolis, and the area surrounding downtown Saint Paul.¹⁶
- Require Xcel to monitor and report on progress toward eliminating the racial disparities among customers who are involuntarily disconnected.
- Require reporting on the disparity between income level and participation in low-income programs.

Minneapolis appreciates the Commission's consideration of our Comments.

Respectfully submitted,

Patrick Hanlon

A handwritten signature in black ink, appearing to read 'Patrick Hanlon', with a large, stylized initial 'P'.

Deputy Commissioner
Minneapolis Health Department – Sustainability Division

¹⁶ *SQSR Report*, p. 111.