

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

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Dan Lipschultz	Vice Chair
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Katie Sieben	Commissioner

In the Matter of an Alternative Rate Design
Stakeholder Process for Xcel Energy

MPUC Docket No. E-002/CI-15-662

**COMMENTS OF THE
SUBURBAN RATE AUTHORITY
REGARDING PROCEDURAL ISSUES
AND XCEL PROPOSED TOU PILOT**

INTRODUCTION

These are the comments of the Suburban Rate Authority (“SRA”) to the Commission’s April 19, 2017 Notice.

The SRA supports Xcel’s recent proposal to move forward expeditiously with a Time of Use (“TOU”) pilot conservation rate design. Importantly, Xcel’s April 11, 2017-published Pilot Development Timeline (“Timeline”)¹ recognizes the need for customer education and feedback prior to pilot implementation. The importance of actual Xcel customer, pre-implementation feedback on conservation rate design pilot(s), however, is a compelling reason to include its TOU proposal in this docket. It is more efficient and helpful in establishing a pilot to gain customer feedback on multiple conservation rate designs, including the Inverted Block Rate (“IBR”) plan that has received no feedback from Xcel customers during this two-year study period. The review process contemplated in this docket would be deficient if only TOU received the pre-implementation, direct Xcel customer response. TOU development within this docket allows this broader Customer Engagement that a separate TOU docket does not.

¹ Pilot Development Timeline (“Timeline”), attached.

Further, it is not clear that the TOU will be ready to implement within the aggressive timeframe Xcel presented on April 11. In that case, a single docket can more easily address the alternative conservation rate designs that may remain viable while TOU is evaluated for readiness.

There is too much information overlap and relevance between this docket and Xcel's TOU to separate the two. Xcel's TOU pilot proposal should be considered and compared within this docket.

COMMENTS

1. What procedural actions, if any, should the Commission take at this time with respect to Xcel's proposal to file a rate design pilot by November 2017?

Xcel's TOU proposal should be merged into this docket and considered with the benefit of the data already obtained and in a comparative context as to cost, readiness and customer acceptance. In that posture, the SRA looks forward to moving forward on the TOU pilot timetable that Xcel published during the April 11, 2017 Commission meeting.

Significantly, Xcel demonstrates with its Timeline that pre-implementation "Customer Engagement" is important to the development of a well-defined, well-accepted pilot. The SRA agrees. Direct Customer Engagement, however, is one element that the SRA believes was lacking in the two-year stakeholder process carried out in this docket following the Commission's May 2015 order in GR-13-868 initiating the docket.² "Stakeholder" was not defined in the order as including Xcel customer feedback. Yet hearing from Xcel customers whether they believe a rate design is reasonable, would give them incentive to conserve electricity, reduce peak demand or send better price signals is vital information in this context.

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*, Docket No. E-002/GR-13-868, Findings of Fact, Conclusions, pp. 90-91 and Order No. 45 (May 8, 2015) ("Order") (Ordering "careful consideration" of IBR and consideration of "other possible alternative rate designs that promote conservation..." (among other policies)).

Early Customer Engagement on TOU is enhanced when compared to other explained conservation options. If customers are given only one form of conservation rate design to assess, their responses are more limited and less reliable. Choosing among two or more allows a more informed response. That type of Customer Engagement could not be done if Xcel's TOU were a separate docket and thus the sole focus of any such process. Evaluating Xcel's TOU proposal within this docket is efficient and furthers the goal of identifying the most effective rate design(s) in providing customer incentive to conserve and other pilot considerations.

Despite IBR's well-developed plan established on the record in GR-13-868, IBR has not yet had the benefit of a Customer Engagement process, as Xcel recognizes to be important for the TOU pilot. Based on current information, the Commission does not yet know how Xcel's customers would react to different possible rate designs and incentives, be it through TOU, IBR or other rate design. The Commission can take administrative notice that such pre-program/product data is considered vital to major retailers when evaluating possible new products or services. Xcel's utility customers should not be left wholly uninvolved in the formulation of a product or service they will be asked to use. Xcel rightly proposes to involve its customers prior to implementing TOU but that process should include feedback on other programs the Commission is considering.

Another benefit of combining TOU with this docket occurs if Xcel is unable to meet the aggressive timeline it proposes in the Timeline. Prior to Xcel's recent April 11 publication of the Timeline there has been little indication that TOU was ready for near-term implementation. While a delay of weeks or a few months may not be significant, if TOU is truly a longer-term option, the Commission may want to consider an interim pilot. Evaluation of that option would be more difficult if there are two different dockets. The same goals, stakeholders and customers

exist in both. Thus, any procedural consideration regarding this docket and Xcel's TOU proposal should acknowledge the common components and efficiencies derived from one docket, including avoiding delay.

2. Should the record in this docket eventually be incorporated into the record of Xcel's pilot when filed?

Data collected in this docket is necessarily relevant to TOU. It seems unnecessary to first separate the two dockets and then later incorporate the data. As noted above, two dockets might also pose the issue of separate implementation of Customer Engagement on two or more different rate designs. Such separation would create additional expense and less reliable customer data. Customer Engagement in one docket but not the other would be incomplete, particularly with regard to IBR, which the Commission ordered to be the subject of "careful consideration" in these last two years.³ The SRA believes that TOU is better evaluated when compared with other rate design options.

3. Should this generic docket continue in parallel to the Xcel Pilot Development and if so, what should the Commission address in this generic docket apart from the issues addressed in the Xcel Pilot proceeding?

This docket should continue and Xcel's TOU proposal should be made herein. As opined above, this "generic" docket has gathered information that is important to evaluation of TOU. If the Commission believes this docket should be terminated now, the record should be transferred to the TOU docket. Such a decision to close this docket, however, would appear to require a definitive conclusion that the TOU is ready for near-term implementation in the form Xcel proposes and that no other conservation rate designs should be evaluated along with TOU during a Customer Engagement process. The SRA believes it is premature to make such a decision on this record. The Commission does not yet have valuable information on customer reaction to

³ GR-13-868 Order at 90.

TOU, or other programs providing opportunities to conserve electricity. For example, the Customer Engagement process may reveal that Xcel's customers do not respond enthusiastically to TOU. If that were to be the case, would the Commission proceed with TOU notwithstanding test-customer doubt? We don't know enough about Xcel's TOU proposal yet and this docket is the best vehicle to learn more.

4. Please provide other comments related to Xcel's informational meeting presentation on its plan to develop and file a TOU pilot.

The SRA reiterates that a TOU residential electric user conservation rate design has promise. Important issues remain to be determined, however, the SRA respectfully suggests that it is more appropriate to consider TOU in this docket rather than in a separate docket.

Respectfully submitted,

Dated: May 15, 2017

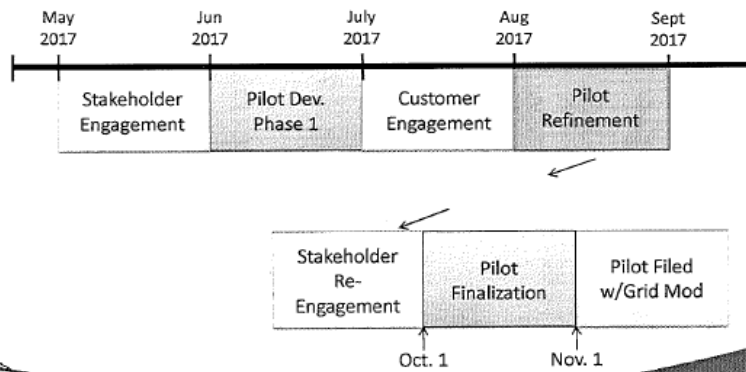
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ATTORNEYS FOR THE
SUBURBAN RATE AUTHORITY

PILOT DEVELOPMENT TIMELINE (“TIMELINE”)

Pilot Development Timeline



Stakeholder Engagement

- Small, Diverse Group of Stakeholders
 - Low income customers
 - Business customers
 - Renewable developers
 - Electric Vehicle advocates
 - Environmental advocates
 - Residential customers
 - DSM experts
 - MN Commerce
 - MN Office of Attorney General
- Convene core group of stakeholders for 2-3 meetings in May and Sept.
 - Deeper dive on specific topic areas
 - Facilitated stakeholder discussion, together w/ Company experts