

## Staff Briefing Papers

**Meeting Date**    **October 10, 2024**

**Agenda Item 1\***

**Company**            Northern States Power Co. d/b/a Xcel Energy

**Docket No.**        E002/M-24-173  
E002/M-22-266  
E002/RP-19-368

**In the Matter of Xcel Energy's Petition for an Automatic Bill Credit Pilot Program**

**Issues**              Should the Commission approve, modify, or deny Xcel Energy's new Automatic Bill Credit Pilot Program?

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✓ **Relevant Documents**

**Date**

<b>Xcel Energy – Petition for an Automatic Bill Credit Pilot Program</b>	April 23, 2024
<b>Xcel Energy – Response to MPUC IR 1</b>	May 9, 2024
<b>Xcel Energy – Response to MPUC IR 2</b>	May 9, 2024
<b>Xcel Energy – Response to MPUC IR 3</b>	May 9, 2024
<b>James Siegel – Public Comment</b>	May 28, 2024
<b><i>Initial Comments</i></b>	
<b>Department of Commerce</b>	July 5, 2024
<b>Office of the Attorney General</b>	July 8, 2024
<b>Fresh Energy</b>	July 8, 2024

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

✓ **Relevant Documents**

**Date**

<b>Joint Commenters (Center for Energy and Environment and Energy CENTS Coalition)</b>	July 8, 2024
<b>Community Action Partnership of Ramsey &amp; Washington Counties</b>	July 17, 2024
<b><i>Reply Comments</i></b>	
<b>Xcel Energy</b>	July 23, 2024
<b>Fresh Energy</b>	July 23, 2024
<b>LIUNA of Minnesota and North Dakota</b>	July 24, 2024

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## DEFINITIONS

Term	Definition
<b>BIPOC</b>	Black, Indigenous and People of Color
<b>Census Block Group (CBG)</b>	A geographical unit used by the United States Census Bureau, representing the smallest area for which the Census Bureau publishes decennial sample data, typically with a population of 600 to 3,000 people.
<b>Energy Burden</b>	The percentage of gross household income spent on energy bills. <sup>1</sup>
<b>ESAG</b>	Equity Advisory Stakeholder Group
<b>LIHEAP</b>	Low-Income Home Energy Assistance Program

## BACKGROUND

### I. Commission Order

In Xcel Energy’s 2020-2034 Integrated Resource Plan,<sup>2</sup> the Commission ordered Xcel to engage in community outreach and establish a stakeholder group to address energy burden in affected communities. The Commission ordered that:

*Xcel shall engage in community outreach and establish a stakeholder group to do the following:*

- A. Design for the equitable delivery of electricity services and programs for energy-burdened customers in the company’s next resource plan.*
- B. Create new options to improve customer access to energy efficiency and renewable energy.*
- C. Draft a plan to be submitted in Xcel’s next resource plan to bring the racial and gender diversity of the company’s workforce in line with the utility’s stated goals.*
- D. Design incentives to ensure that communities of low-income, Black, Indigenous, and People of Color that have disproportionately borne costs of unjust and inequitable energy decisions have equitable access to programs promoting distributed generation.*
- E. Adopt practices in furtherance of procedural justice—including deeper engagement with renters; affordable rental property owners; communities of Black, Indigenous, and People of Color; and under-resourced individuals— providing resources for engagement and participation, and providing financial support for impacted individuals to participate in dockets and decision-making processes.*
- F. Form an environmental justice accountability board which shall develop environmental*

<sup>1</sup> Xcel Petition, p. 6. This definition includes electricity and heating, but not energy related to transportation.

<sup>2</sup> Docket No. E002/RP-19-368, *In the Matter of the 2020–2034 Upper Midwest Integrated Resource Plan of Northern States Power Company d/b/a Xcel Energy*

*justice-focused initiatives to be incorporated throughout the utility.*<sup>3</sup>

Xcel established the Equity Stakeholder Advisory Group (ESAG) to address this order point.

ESAG members represent 35 organizations that include BIPOC community-based organizations, Native organizations, low-income advocates, workforce development and training organizations, energy efficiency implementers, solar developers, labor advocates, the cities of Minneapolis and Saint Paul, and several state agencies including the Department of Commerce and Office of the Attorney General.

The ESAG met approximately monthly (for a total of 16 times) between September 2022 and March 2024. The Center for Economic Inclusion<sup>4</sup> facilitated the meetings, helping members to brainstorm, prioritize, and ultimately vote on proposed strategies.

Staff recognizes the extensive work done by the Company and ESAG members to develop the petition, with 27 organization members signing on to the petition, along with representatives from four state agencies.<sup>5</sup>

## **DISCUSSION**

### **I. Overview of the Petition**

Stemming from the ESAG group's recommendations, Xcel proposed to deliver automatic monthly bill credits to all households in all U.S. Census Block Groups (CBGs) in the Company's Minnesota electric service territory where electric energy burden<sup>6</sup> is estimated to exceed 4%. Xcel estimated that this threshold would result in 77 eligible CBGs, and an average annual bill credit of approximately \$458 per household.

Xcel estimated that the bill credits provided by the pilot would cost approximately \$5.4 million per year, with a two-year pilot period resulting in \$10.8 million in anticipated costs. Xcel proposed to pay for the pilot using a portion of the U.S. Department of Energy's (DOE) annual settlement payment related to nuclear waste storage. Xcel also proposed to hire a third-party evaluator to gather findings and demonstrate whether the pilot should be continued or expanded.<sup>7</sup> Staff notes that the cost of the evaluator does not appear to be included in Xcel's anticipated \$10.8 million pilot budget, but Xcel said that it planned to seek recovery of those

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<sup>3</sup> *Id.*, Ordering Paragraph 25, p.39

<sup>4</sup> <https://www.centerforeconomicinclusion.org/>

<sup>5</sup> Xcel Petition, pp. 2-5

<sup>6</sup> See "Definitions" section.

<sup>7</sup> Xcel Petition, pp. 19-20

costs.<sup>8</sup>

The proposal is described in greater detail under “Summary & Party Discussion” below.

## **II. Notice of Comment**

On April 26, 2024, the Public Utilities Commission published a notice of comment that sought input on the following:

### *Topic(s) Open for Comment:*

1. Does the proposed pilot meet the Commission’s objectives for the Equity Stakeholder Advisory Group (ESAG)?

### *Budget*

2. Should the Commission approve a pilot budget of \$5.4 million per year, or \$10.8 million over the two years of the pilot?
3. Is it appropriate for Xcel Energy (Xcel or the Company) to absorb the administrative costs of delivering the pilot within its regular cost of doing business?
4. Is it appropriate for the pilot to be funded by Department of Energy (DOE) settlement payments, which have historically been dispersed across customer classes?

### *Method*

5. Is the two-year time frame for the pilot sufficient?
6. Has Xcel chosen a valid method to calculate and map energy burden?
7. Is Xcel’s chosen eligibility threshold of four percent (or greater) electric energy burden at the census block group (CBG)-level reasonable?

### *Bills*

8. Has Xcel chosen a valid method to calculate monthly participant bill credits?
9. Is “layering” the pilot benefits on top of additional energy assistance appropriate?
10. Is Xcel’s treatment of “over-inclusion,” by including policies for opting-out and preventing negative bills, reasonable?
11. If funding using DOE funds is approved, should pilot participants still be eligible to receive a share of the remaining DOE refunds?

### *Evaluation*

12. Is it appropriate to engage a third-party evaluator to provide a pilot-specific Monitoring and Evaluation (M&E) plan?
  - A. What degree of oversight would the Commission and/or ESAG have over the M&E process, including the timeline of work and selection of evaluation metrics and deliverables?

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<sup>8</sup> Xcel Response to Information Request No. 3

- B. How often should Xcel provide a progress report to the Commission and stakeholders?
  - C. Staff has issued an information request in the instant docket asking Xcel to estimate the costs associated with engaging a third-party evaluator. Given Xcel's estimate, are these costs reasonable?
13. Is it appropriate for Xcel to inform customers from ineligible CBGs about the automatic bill credit pilot along with information about other energy assistance opportunities?
14. Are there other issues or concerns related to this matter?

Staff issued an Information Request simultaneous to the Notice of Comment with the following questions:

- 1. Will Xcel give preference to a diverse contractor when selecting a third-party evaluator to prepare its pilot-specific Monitoring & Evaluation plan?
- 2. If Xcel and/or its contractor, as anticipated, are surveying customers about the Automatic Bill Credit Pilot Program, will the participant feedback be asked for in an accessible and inclusive manner?
- 3. What are the estimated costs associated with engaging a third-party evaluator?

### III. Summary & Party Discussion

Staff has broken down the details of Xcel's petition below in sections and included relevant discussion in each section. Comments were received from the Department of Commerce ("the Department"), the Office of the Attorney General ("OAG"), Fresh Energy, the Center for Energy and Environment and Energy CENTS Coalition ("Joint Commenters"), the Community Action Partnership of Ramsey & Washington Counties ("CAPRW"), LIUNA Minnesota/North Dakota ("LIUNA"), and public commenter James Siegel. Nearly every party recommended that the Commission approve the petition with modifications. **(Decision Options 4-23)** Public commenter James Siegel voiced concerns with the petition.

#### A. Objective

Parties overall agreed that the proposed pilot met the Commission's objectives for the ESAG. **(Decision Option 1)** Fresh Energy stated that the pilot's focus on equitable delivery of electricity services and on energy burdened customers directly addressed Ordering Paragraph 25.A of the Commission's IRP order.<sup>9</sup> The Joint Commenters agreed that the proposal met the objective,<sup>10</sup> as it would lower the percentage of income spent on electricity costs and improve equity across

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<sup>9</sup> Fresh Energy Initial Comments, p. 5.

<sup>10</sup> Joint Commenters Initial Comments, p. 1

Xcel's service territory.

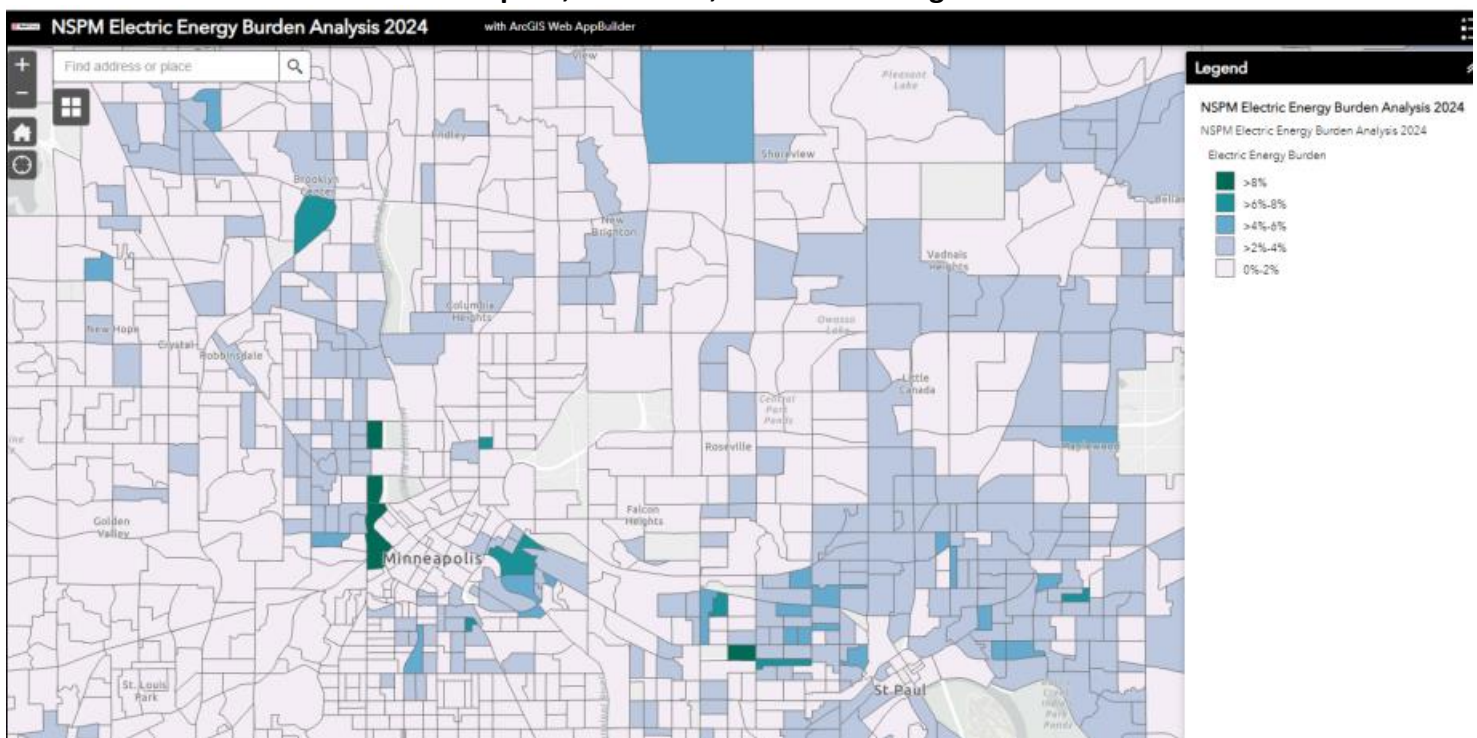
## B. Method

### Summary

Xcel designed its proposed pilot to be one that is low barrier but high impact. ESAG and the Company aimed to create a program that would neither be overly burdensome for customers to receive benefits, nor for the Company to administer.

Xcel states that one of the ESAG's three core priorities was: "Reducing energy burden for low-income and BIPOC customers."<sup>11</sup> Based on feedback from ESAG, Xcel created an electric "energy burden layer" on a map of its service territories. This mapping tool drew from a combination of U.S. census data on income, Xcel-specific electricity bills, and Xcel's Minnesota Electric Service Quality Interactive Map to identify Census Block Groups (CBGs) with high energy burdens. Below is a snapshot of the energy burden layer showing parts of Minneapolis, St. Paul, and the surrounding areas:

**Figure 1. Example of Xcel's energy burden data layer, showing downtown Minneapolis, Saint Paul, and surrounding areas.<sup>12</sup>**



<sup>11</sup> Xcel Petition, p. 3

<sup>12</sup> Xcel Petition, p. 8. Staff notes that energy burden in this instance appears to include both gas and electric.



Xcel then evaluated the size and cost of hypothetical programs using different electric energy burden percentages (from 3-6%) and settled on an eligibility threshold of 4% electric energy burden. Xcel chose the 4% threshold for several reasons, including that an overall energy burden greater than 6% is commonly considered High, but this figure includes all energy costs, not just electricity bills,<sup>13</sup> and that the 4% threshold yielded a number of CBGs that seemed appropriate for a pilot, at a reasonable annual cost.<sup>14</sup>

The average Minnesotan's energy burden is approximately 2%, but Xcel noted that energy burden can be significantly higher for certain groups such as people of color, Native Americans, renters, and older adults.<sup>15</sup>

Xcel and the ESAG group then settled on a pilot design, where:

- The pilot would be conducted for two years,
- Bill credits would be delivered monthly,
- Xcel would conduct customer outreach to educate eligible households on the credit's scope and purpose,
- Customers could opt out of the bill credit,
- Customers would receive the bill credit until they were disconnected, regardless of missed payments, and have the credit reinstated if and when they were reconnected,
- The bill credit would be tied to the premise number, not the customer. This would mean that a customer who moved outside of a qualifying CBG would no longer receive it, and a customer who moved from one eligible CBG to another would receive the appropriate bill credit for that new CBG.

Xcel proposed a two-year pilot period because it stated that "this length of time is appropriate to be able to evaluate the pros and cons" of the pilot.<sup>16</sup> The Company stated that it would be open to recalculating the energy burden and CBG eligibility at the midpoint of the pilot but that it preferred to evaluate the same households over two years.

Xcel also provided a statutory framework under which it believed this pilot to be consistent. The Company referenced Minn. Stat. § 216B.03, which states that:

*Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable, and consistent in application to a class of consumers...*

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<sup>13</sup> Xcel Petition, p. 6

<sup>14</sup> Xcel Petition, p. 9

<sup>15</sup> Xcel Petition, p. 6, referencing [LEAD Tool | Department of Energy](#)

<sup>16</sup> Xcel Petition, p. 12

*Any doubt as to reasonableness should be resolved in favor of the consumer.*

Xcel argued that the pilot meets this requirement because it does not affect *rates* but *bills*,<sup>17</sup> and second because, even if the pilot “may be considered preferential, if it is we believe it to be reasonably so, and in an anti-discriminatory direction.”<sup>18</sup> Xcel explained that the pilot’s intention is to address systemic and long-term prejudice and discrimination, and that, although the Company did not directly cause the disparities, this pilot would be an opportunity for the Company to reduce harm in affected communities.<sup>19</sup>

## Discussion

The Department, Fresh Energy, the Joint Commenters,<sup>20</sup> the OAG,<sup>21</sup> CAPRW, and LIUNA<sup>22</sup> supported Xcel’s method for pilot design.

Fresh Energy stated that the pilot’s design addressed a central theme in ESAG’s findings: that assistance programs need to be easy to access in order to reach those in need.<sup>23</sup> Fresh Energy’s comments were co-signed by six ESAG members and two non-ESAG parties active on equity issues in other dockets. The OAG and CAPRW both provided statistics supporting Xcel’s position that a large percentage of customers eligible for energy assistance plans are not enrolled in them – for example, the OAG cited a dataset by the Minnesota Department of Commerce that estimated that 81% (approximately 500,000) of Minnesota households are not receiving the LIHEAP assistance for which they are eligible.<sup>24</sup> And the OAG contended that even temporary support for struggling households “may offer substantive relief that lasts far longer than two years.”<sup>25</sup> LIUNA, one of the ESAG members, stated that “the proposed Automatic Bill Credit is among the most direct and efficient means to provide direct support and support wealth-building among customers and communities where the need is greatest.”<sup>26</sup>

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<sup>17</sup> Xcel Petition, p. 23

<sup>18</sup> Xcel Petition, p. 23

<sup>19</sup> Xcel Petition, pp. 23-24

<sup>20</sup> Joint Commenters Initial Comments, p. 5

<sup>21</sup> OAG Initial Comments, p. 5

<sup>22</sup> LIUNA Reply Comments, p. 1

<sup>23</sup> Fresh Energy Initial Comments, p. 5

<sup>24</sup> OAG Initial Comments, p. 7

<sup>25</sup> OAG initial Comments, p. 27

<sup>26</sup> LIUNA Reply Comments, p. 1

Parties<sup>27,28,29</sup> generally agreed that the proposed two-year time period was reasonable. The Department suggested that the Commission approve the two-year timeframe but consider an option to extend the pilot to five years, and Staff suggested language to reflect this recommendation in **Decision Option 5**. The Department also encouraged the Company to continue to monitor its efforts to implement ESAG's recommendations, as well as efforts from the Environmental Justice Board. (**Decision Option 6**)

Parties also generally supported the use of a 4% energy burden threshold for selecting eligible CBGs. The OAG, Department, and Joint Commenters all asked Xcel to run scenarios with different thresholds to analyze the opportunities and drawbacks, which Xcel provided in Table 1:

**Table 1. Key metrics for the Automatic Bill Credit pilot at different thresholds for electric energy burden.<sup>30</sup>**

Electric energy burden threshold	Number of CBGs eligible	Number of premises eligible	Estimated annual cost of bill credits	Annual residential bill impact for non-participants
4% (as proposed)	77	22,949	\$5.4 million	\$1.53
3%	190	67,945	\$19.7 million	n/a *
5%	39	8,183	\$1.7 million	n/a *
6%	16	2,638	\$476,000	\$0.13
8%	5	701	\$105,800	\$0.03

\* The Company has not estimated non-participant bill impact of a pilot at these thresholds.

The OAG and Fresh Energy concurred that the 4% electric-specific energy burden could significantly benefit customers, as those customers are likely suffering from a higher overall burden when including gas bills.<sup>31</sup> The OAG said that choosing this threshold would help the Company reach more customers (as opposed to, for example, 6% energy burden threshold, which yielded only 16 eligible CBGs), and by extension generate a "more robust set of data for analysis on the Bill Credit Pilot's impact on ratepayers in qualified CBGs and on Xcel's electric system as a whole."<sup>32</sup>

The Joint Commenters suggested that the Company consider targeting a 3% energy burden in

<sup>27</sup> DOC Initial Comments, p. 10

<sup>28</sup> Fresh Energy Initial Comments, p. 6

<sup>29</sup> Joint Commenters Initial Comments, p. 3

<sup>30</sup> Xcel Reply Comments, p. 16

<sup>31</sup> OAG Initial Comments, p.

<sup>32</sup> OAG Initial Comments, p. 27

future iterations but agreed that the current pilot design was acceptable as long as participants could layer assistance (see “Bills” section below for discussion on layering assistance).<sup>33</sup>

The Department agreed with Xcel’s proposal to use Census Block Groups for the pilot, stating that it is a “reasonably tight unit of data,” without requiring customers to submit non-public information, which would defeat the purpose of decreasing barriers to access.<sup>34</sup> Fresh Energy concurred, and supported the use of the energy burden threshold, rather than median income, as a more precise measurement of need and factors within the Company’s control.<sup>35</sup>

CAPRW supported Xcel’s proposal to continue delivering the bill credits to customers if they have missed payments, only ending the credits if the customer is disconnected. CAPRW posited that this method would help the Company learn whether the program makes a difference in customers’ ability to regularly pay their bills.<sup>36</sup> CAPRW cited statistics about the economic fragility of many low-wage workers (e.g., lack of paid sick days, which can create cascading effects on employment and income should the worker need to take time off for personal or family illness), and argued that the credits could make a difference where income is uncertain or unstable.<sup>37</sup>

CAPRW supported the decision that a bill credit should not “follow” a customer after they moved outside the eligible CBG.<sup>38</sup> While one public commenter raised concern that customers might be incentivized to move to a CBG to receive the credit,<sup>39</sup> Xcel countered that “home relocation decisions are significant, expensive, and often stressful for any family,” and that customers are highly unlikely to move for an average \$458 annual credit.<sup>40</sup>

## **C. Bills**

### **Overview**

Xcel proposed to calculate its bill credit by using the median annual income of CBGs where electric energy burden exceeds 4%, calculating the average annual electric bill, and then calculating the dollar amount of bill credits that it would take to bring the average household’s bill down to the 4% energy burden threshold. Each household in an eligible CBG would receive

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<sup>33</sup> Joint Commenters, Initial Comments p. 5

<sup>34</sup> DOC Initial Comments, p. 11

<sup>35</sup> Fresh Energy Initial Comments, p. 6

<sup>36</sup> CAPRW Initial Comments, p. 4

<sup>37</sup> CAPRW Initial Comments, pp. 5-7, referencing *Claxton and Levit (March 2020)*. Paid Sick Leave is Much Less Common for Lower-Wage Workers in Private Industry, Kaiser Family Foundation.

<sup>38</sup> CAPRW Initial Comments, p. 9

<sup>39</sup> James Siegel Public Comment, p. 1

<sup>40</sup> Xcel Reply Comments, p. 23

the same bill credit amount each month, but bill credits would vary between CBGs.

Xcel provided an example of a CBG in North Minneapolis, with:

1. A median household income of \$12,488,
2. All households receiving electricity from Xcel,
3. Estimated electric energy burden of 9.61% (according to Xcel’s mapping layer data),
4. A target electric energy burden of 4%.

Staff represents this example in **Figure 2** bellow.

**Figure 2. Hypothetical Example of a Bill Credit Calculation<sup>41</sup>**

Median Household Income (\$12,488) x CBG energy burden (9.61%) = Average Annual Electric Bill (\$1,200)

Median household income (\$12,488) x Target Energy Burden (4%) = Target Annual Electric Bill (\$499)

Average Annual Electric Bill (\$1,200) – Target Electric Bill (\$499) = Annual Bill Credit (\$701, or \$58 monthly)

Xcel proposed that the bill credit be limited to an amount that would result in a \$0 bill, so as not to cause a customer’s bill to become negative (i.e., a refund).<sup>42</sup> Xcel also included an “opt-out function” in its program design, so that customers could self-select out of the program if they did not wish to receive the credit.

Xcel proposed to recover the costs of the pilot using DOE annual settlement funds, originating from a successful lawsuit by Xcel over the U.S. Government’s failure to create a long-term nuclear waste repository.<sup>43</sup> Xcel noted that the most recent payment for the Minnesota jurisdictional share was \$12.3 million in 2023, and that the Company has historically returned the Minnesota-jurisdictional portion to Minnesota electric customers via rate case true-up refunds.<sup>44</sup> Xcel proposed to use the next two DOE settlement payments, which typically arrive in the fourth quarter of the year, to cover the annual pilot costs (detailed in the “Budget”

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<sup>41</sup> Xcel Petition, p. 19

<sup>42</sup> Xcel Petition, p. 14

<sup>43</sup> Xcel Petition, p. 18 “The Company reached a settlement agreement with the U.S. Government on these lawsuits in 2011, providing a mechanism for the Company to recover its spent nuclear fuel storage damages. That agreement has been extended several times since then, and each year the DOE has made a settlement payment under the agreement.”

<sup>44</sup> Xcel Petition, pp.18-19, referencing Docket No.s E002/GR-92-1185, G002/GR-92-1186, E002/GR-10-971, E002/M-20-743, E002/GR-21-630, G002/GR-21-678, G002/M-22-254, G002/M-23-468 and E002/M-21-815, *Notice of receipt of fourteenth DOE settlement payment and refund plan*, December 22, 2023.

section below), and that it planned to distribute the rest among all Minnesota electric customers (including customers receiving the automatic bill credit) via the regular true-up credit. Xcel referenced several past dockets in which the Commission approved the use of DOE settlement funds to fund low-income energy assistance programs.<sup>45</sup> Xcel also noted that it would revise its analysis of eligible CBGs and calculation of bill credits for an updated budget before the pilot began.

### Discussion

The Department,<sup>46</sup> Fresh Energy,<sup>47</sup> and the OAG were among the parties who agreed that Xcel's method of calculating credits was mostly reasonable. Parties primarily offered modifications to help focus the pilot's assistance to those most in need. The potential for over-inclusion was one of the most significant discussions (and area of suggested modifications) in the record.

Parties generally agreed that the benefits of the simplified method outweighed the risks of over-inclusion but made recommendations to help ensure more targeted assistance. CAPRW, for example, asserted that some degree of over-inclusion is inherent in most program designs for low- and moderate-income customers, and supported Xcel's intention to monitor and evaluate instances of overinclusion during the pilot period. **(Decision Option 15)**<sup>48</sup>

The OAG suggested three additional data screens to mitigate overinclusion, and Xcel found them reasonable.<sup>49</sup> The OAG proposed for Xcel to eliminate the following:

1. Any CBGs with fewer than 15 qualifying premises,
2. Any premise for which the customer name includes "Co.," "Corp.," "Ltd.," "LLC," "City," "County," "State," "Federal," or similar language identifying a non-individual owner, and
3. Any premise owned by a customer with a billing address outside of Minnesota.

### **(Decision Option 7.A-C)**

Regarding the first screen, the OAG pointed to several examples from trade secret data provided via Information Requests where it identified that CBGs with fewer than 15 qualifying premises often included anomalies that were not representative of Xcel's intended credit

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<sup>45</sup> Xcel Reply Comments, p. 9 stated: "As discussed in our response to the OAG's Information Request 26, the Commission in 2021 approved using part of the residential class allocation of DOE payment #11 to fund the PowerOn program, which offers low-income households a discount on a portion of their monthly bills and partial forgiveness of past-due bill balances. In another docket, the Commission approved a \$2 million allocation to the PowerOn program from the initial DOE payment (DOE #1) which covered claims for 1998 to 2008. (Dockets E002/M-21-0069 and E002/M-11-807)"

<sup>46</sup> DOC Initial Comments, pp. 12-13

<sup>47</sup> Fresh Energy Initial Comments, p. 7

<sup>48</sup> Xcel Reply Comments, p. 20

<sup>49</sup> Xcel Reply Comments, pp. 13-15

recipients (e.g. a business in an industrial zone).<sup>50</sup>

The second screen further helped the OAG identify private businesses and government entities that were listed as possible credit recipients, and noted that this violated the intent of the pilot, which is to relieve residential customers' energy burdens. The OAG did note that #2 could lead to the exclusion of multi-family buildings with a corporate landlord account holder, such as in shared-meter and sub-metered buildings. However, the OAG argued that excluding such premises from the pilot is reasonable because there is a risk of the corporate landlord account holder retaining the bill credits, rather than delivering them to residents, especially because there is not currently a structure by which Xcel or the Commission could enforce bill credit delivery to tenants at this time.<sup>51</sup> The OAG noted that upcoming changes in submetering laws may help,<sup>52</sup> but that in the meantime, it would welcome ideas to remedy this particular scenario.

Xcel also acknowledged this issue and agreed that the new submetering laws could help mitigate this issue, but also agreed that relevant regulatory authority is currently untested and that it preferred to screen these participants out than inadvertently provide bill credits to a landlord who might not pass them on to tenants. Xcel stated that it would explore this scenario through its M&E plan to learn how common this might be, and to consider future solutions to ensure the credits reach these tenants.<sup>53</sup>

OAG derived its third screen from a concern similar to the second one – that an out-of-state billing address typically indicates that the premise is a business or government entity, and therefore not the intended credit recipient.

The OAG argued that these additional screens would help finetune the Company's ability to meet the goal of the pilot, which is to provide assistance to energy burdened individuals.

Xcel confirmed in Reply Comments that it plans to re-run its analysis prior to launching the pilot, using the latest electric bill data, U.S. Census data on median incomes, and the OAG's

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<sup>50</sup> OAG Initial Comments (Trade Secret Version), pp. 15-17

<sup>51</sup> OAG Initial Comments, pp. 22-26

<sup>52</sup> Staff notes that the Commission currently has a comment period open in Docket No. E-002/M-21-695, *In the Matter of Northern States Power Co. d/b/a Xcel Energy's Tariff Revisions Updating Community Solar Garden Tariff Providing Additional Customer Protections in Subscription Eligibility*, and Docket No. E-002/M-13-867, *In the Matter of the Petition of Northern States Power Co. d/b/a Xcel Energy for Approval of its Proposed Community Solar Garden Program*, to address the question "What action(s) should the Commission take to address tariff revisions to provide customer protections to tenants under a rebilling or third-party billing arrangement?"

<sup>53</sup> Xcel Reply Comments, p. 15

three screens to determine recipients.<sup>54</sup> Xcel also proposed to utilize the following two screens to identify premises for additional evaluation to further reduce the risk of over-inclusion.

- A. Search the data for premises where the premise address and the in-state billing address are not the same.
- B. Flag for extra scrutiny any account holder names that appear multiple times in the data.

**(Decision Option 7.D-E)**

The Department agreed that overinclusion was likely to account for only a small proportion of the premises receiving assistance. The Department concluded that, overall, Xcel’s method for calculating electric energy burden was valid, but recommended that the Company use poverty rates in the eligible CBGs as a second criterion to determine eligibility.<sup>55</sup> **(Decision Option 8)** Xcel reiterated in Reply Comments that it felt that energy burden was a more precise measurement of need.<sup>56</sup> CAPRW expressed concern about the role of median income in identifying eligible CBGs, and while it did not recommend changes to the pilot, it encouraged the Company to look at the effect of the pilot specifically on low-income households, which the Company confirmed it would keep in mind during monitoring and evaluation.<sup>57</sup>

The Department,<sup>58</sup> Fresh Energy,<sup>59</sup> Joint Commenters,<sup>60</sup> and CAPRW<sup>61</sup> concurred that allowing participants to layer the credits with other energy assistance was acceptable. Fresh Energy noted that customers targeted by the pilot “often face serious challenges” and that a layered benefit could create “a more meaningful safety net.”<sup>62</sup> The Department noted that “households applying for [LIH]EAP are sometimes in crisis or experiencing financial hardship,”<sup>63</sup> and Joint Commenters stated that “no one should lose access to existing affordability programs or inadvertently see their energy costs increase due to the Proposed Pilot Program.”<sup>64</sup>

On this point, the Department said it believed that receipt of the automatic bill credit would not

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<sup>54</sup> Xcel Reply Comments, p. 13

<sup>55</sup> DOC Initial Comments, p. 18; PUC Permissible Ex Parte, September 10, 2024

<sup>56</sup> Xcel Reply Comments, p. 19

<sup>57</sup> Xcel Reply Comments, p. 19

<sup>58</sup> Department Initial Comments, p. 13

<sup>59</sup> Fresh Energy Initial Comments, p. 7

<sup>60</sup> Joint Commenters Initial Comments, p. 5

<sup>61</sup> CAPRW Comments, pp. 7-8

<sup>62</sup> Fresh Energy Initial Comments, p. 7

<sup>63</sup> Department, Initial Comments, p. 13

<sup>64</sup> Joint Commenters, Initial Comments, p. 5



impact an eligible customer's LIHEAP benefit and agreed that Xcel's proposal to cap the credit at an amount that will result in a \$0 bill would provide a sufficient guardrail to stop credit receipt from impacting other benefits (e.g., avoiding refunds that could be seen as income).<sup>65</sup> CAPRW pointed to the LIHEAP statute and relevant court decisions to demonstrate why it did not believe the credits would impact relevant customers' ability to receive LIHEAP benefits.

The Joint Commenters raised a concern about whether a customer bill that dropped to zero could potentially make a participant unqualified for assistance that requires regular payments, but said that they were in active conversations with the Company on this issue.<sup>66</sup> Xcel confirmed in Reply Comments that it was working with Energy CENTS—its third-party PowerON implementing partner—to explore potential solutions to this concern.<sup>67</sup>

CAPRW expressed a different concern: that if the LIHEAP benefit was subtracted from the customers' account, the amount of the bill credit required to drop the customer's account to zero could be lower than someone without LIHEAP benefits, therefore giving customers with LIHEAP a potentially smaller benefit than those without.<sup>68</sup> To mitigate this issue, CAPRW proposed that Xcel be allowed to true-up its credits at the end of the 12-month period, so that any amount of credit that would have caused a bill refund be applied to the participant's bill for the upcoming year. **(Decision Option 9)** Xcel opposed this recommendation, stating that it would be difficult to administer, and could create issues with assistance programs that require regular payments. Xcel suggested that it preferred to get a better understanding of how many customers would be affected by this scenario through its M&E plan before adding this additional factor.<sup>69</sup>

The Department, Fresh Energy, Joint Commenters,<sup>70</sup> and the OAG<sup>71</sup> also supported the proposed opt-out function. The Joint Commenters contended that automatically enrolling eligible customers while providing an opt-out option "offers a more robust approximation of truly meeting the needs of all low-income customers than does the current system."<sup>72</sup> The OAG and Department, however, noted that additional proactive measures (such as the screens discussed above) would more effectively avoid over-inclusion than the opt-out function

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<sup>65</sup> DOC Initial Comments, p. 13

<sup>66</sup> Joint Commenter Initial Comments, pp. 5-6

<sup>67</sup> Xcel Reply Comments, p. 7

<sup>68</sup> CAPRW Initial Comments, p. 9

<sup>69</sup> Xcel Reply Comments, p. 21

<sup>70</sup> Joint Commenters Initial Comments, p. 6

<sup>71</sup> OAG Initial Comments, p. 11

<sup>72</sup> Joint Commenters Initial Comments, p. 6

alone.<sup>73,74</sup>

The Department,<sup>75</sup> Fresh Energy, and the Joint Commenters<sup>76,77</sup> supported Xcel's proposal to utilize the DOE funds for the program, and to distribute remaining funds equally among ratepayers, including those benefiting from the program. Fresh Energy noted that distributing the full DOE refund across all customers "is likely to have very little impact" to most customers, versus using a portion of the funds to "create a meaningful bill credit for low-income customers in need."<sup>78</sup> Fresh Energy also asserted that it was appropriate to provide customers receiving the automatic bill credit a share of the remaining DOE funds given the high energy burden in the population being targeted.<sup>79</sup>

## **D. Budget**

### **Overview**

Xcel determined the overall budget using the criteria and calculations above. Xcel identified 77 CBGs meeting the 4% threshold criteria and stated that these CBGs had approximately 23,000 households. Xcel calculated that bill credits to these households would total approximately \$5.4 million per year, for a two-year pilot cost of \$10.8 million. The average annual bill credit among the CBGs would be \$458 per premise. In response to a PUC Staff Information Request, Xcel estimated that a monitoring and evaluation (M&E) consultant would cost \$400,000, subject to bids received in a competitive procurement.<sup>80</sup> Staff's understanding is that this M&E cost would be in addition to the \$10.8 million estimated for bill credits over two years.

Xcel proposed to absorb any Company administrative costs within regular costs of doing business but said that it would begin to track costs separately should the pilot become a permanent offering after the first two years.<sup>81</sup>

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<sup>73</sup> DOC Initial Comments, p. 19

<sup>74</sup> OAG Initial Comments, p. 11

<sup>75</sup> DOC Initial Comments, p. 15

<sup>76</sup> Joint Commenters Initial Comments, p. 4

<sup>77</sup> Joint Commenters Initial Comments, p. 6

<sup>78</sup> Fresh Energy Initial Comments, p. 6, referencing Xcel's statement in the OAG's Information Request #2 that stated that the \$5.4 million annual pilot cost would only result in \$1.53 in refunds per year to the average residential customer. OAG IR#2 was not included with either party's comments.

<sup>79</sup> Fresh Energy Initial Comments, p. 7

<sup>80</sup> Xcel Response to PUC Staff IR 3

<sup>81</sup> Xcel Petition, p. 17

## Discussion

Fresh Energy,<sup>82</sup> the Department, Joint Commenters,<sup>83</sup> and the OAG agreed that the Commission should approve the budget of \$10.8 million over two years, and that it was appropriate for the Company to absorb the administrative costs.<sup>84</sup> The Joint Commenters noted that the pilot fits into a strong culture among Minnesota’s public utilities of providing financial relief to low-income households with high energy burdens, and recovering the costs of these programs from ratepayers. The Joint Commenters also noted that financial assistance can provide longer-term financial benefits to ratepayers, the utility, and society, by reducing disconnections, moderating arrears, and reducing the costs of reconnections.<sup>85</sup>

Discussion of parties’ positions on the M&E portion of the budget is in the next section.

## E. Evaluation

### Overview

Xcel proposed to contract with a M&E consultant to gather findings and demonstrate whether the pilot should be continued or expanded.<sup>86</sup> Xcel said that it would use a competitive bid process to select this third-party evaluator. Xcel stated that it expected the evaluator to prepare an M&E plan, which would likely involve surveys (with treatment and control groups, and using several accessible formats<sup>87</sup>), and to collect data on factors ranging from awareness of the bill credit to expected financial benefits (e.g., ability to pay for non-energy expenses, reductions in past-due balances, and reductions in disconnections) to the amount of over-inclusion.

Xcel summarized several potential future expansions and refinements of the automatic bill credit program that the ESAG had discussed, but Xcel stated that these “would all add complexity” and therefore should be reassessed after the pilot evaluation. Examples of ESAG’s potential future refinements include:

- Testing different energy burden thresholds and bill credits,
- Zeroing in on monthly energy burden, rather than annual, and
- Targeting overall energy burden across gas and electric bills.

## Discussion

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<sup>82</sup> Fresh Energy Initial Comments, p. 6

<sup>83</sup> Joint Commenters Initial Comments, pp. 3-4

<sup>84</sup> Fresh Energy Initial Comments, p. 6 and DOC Initial Comments p. 7

<sup>85</sup> Joint Commenters Initial Comments, p. 4

<sup>86</sup> Xcel Petition, pp. 19-20

<sup>87</sup> Xcel Response to Information Request No. 2

The Department,<sup>88</sup> Fresh Energy,<sup>89</sup> Joint Commenters,<sup>90</sup> CAPRW,<sup>91</sup> and the OAG,<sup>92</sup> agreed on the importance of having a robust pilot evaluation and supported Xcel's proposal to hire a third-party evaluator. Parties discussed potential modifications to vendor selection and cost, which metrics to report and how often, and the extent and frequency of continued ESAG collaboration.

#### *Vendor Selection and Cost*

As for the estimated \$400,000 cost, parties were split on whether they had enough information to take a position on the dollar amount at this time. The Joint Commenters noted that the competitive bidding process would be important "to ensure a qualified evaluator is selected at an appropriate cost," and multiple parties agreed. The Department agreed that the projected cost of \$400,000 to hire an evaluator appeared reasonable for a pilot of this scale,<sup>93</sup> and named competitive bidding as one way to encourage Xcel to spend prudently.

Several parties did not provide a current position on the projected M&E cost. The OAG said that, instead of approving the cost now, that "Xcel should continue to bear the burden of showing the prudence of the costs of the third-party evaluator through the selection of a qualified evaluator through an RFP."<sup>94</sup> Fresh Energy said that it could provide an "informed recommendation" on the reasonableness of the cost estimate once it saw the scope of work for the consultant.<sup>95</sup>

#### *Metrics and Data Reporting*

Parties had differing ideas of what types of metrics Xcel and its evaluator should collect to evaluate the program. The OAG, for example, noted that Xcel's speculation that the evaluator would rely heavily on surveys would go against the pilot's intent, which is to decrease burden on recipients. The OAG encouraged Xcel and its eventual evaluator to look beyond surveys for a robust analysis, and Xcel agreed that it would work with its evaluator to design a plan that "captures meaningful data on key pilot metrics without imposing an unreasonable burden on participants."<sup>96</sup>

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<sup>88</sup> Joint Commenters Initial Comments, p. 7

<sup>89</sup> Fresh Energy, Initial Comments, pp.7-8

<sup>90</sup> Joint Commenters, Initial Comments, pp. 6-8

<sup>91</sup> CAPRW Comments, p. 10

<sup>92</sup> OAG Initial Comments, p. 30

<sup>93</sup> DOC Initial Comments, p. 16-17

<sup>94</sup> OAG Initial Comments

<sup>95</sup> Fresh Energy Initial Comments, p. 8

<sup>96</sup> Xcel Reply Comments, p.17

The OAG recommended that Xcel file the following monthly data about customers in participating CBGs:

- A. The number of premises in each participating CBG involuntarily disconnected;
- B. The number of premises in each participating CBG who sought protection under the cold weather rule;
- C. The number of premises in each participating CBG who were granted protection under the cold weather rule;
- D. The number of payment plan requests received in each participating CBG;
- E. The number of new mutually agreed payment plans in each participating CBG;
- F. The number of premises with current payment plans in each participating CBG;
- G. The number of past due accounts in each participating CBG;
- H. The average monthly past due amount for past due accounts in each participating CBG;
- I. The total dollars past due for residential customers in each participating CBG;
- J. Number and amount of write-offs from uncollectible accounts in each participating CBG;
- K. The number and amount of late fees charged to customers in each participating CBG;
- L. The number of premises electing to opt out of the bill credit, and which CBG they are in.

**(Decision Option 10)**

The OAG argued that Xcel should have much of this information available, as it is collected and filed monthly in the annual YR-02 dockets, and recommended that Xcel file the information quarterly in this docket. **(Decision Option 18)** Xcel disagreed about the data's availability and frequency of filing, saying that while it had some of this information at hand, much of it was not available at the CBG level. Xcel argued that pulling this data monthly and reporting it quarterly would add significant administrative cost to the pilot.

The Department proposed that Xcel report on the following quantitative metrics semi-annually throughout the pilot period, including annual estimates: <sup>97</sup>

- A. Average bill credit amount
- B. Total Bill credits dollars
- C. Missing payments
- D. Disconnections
- E. Arrearages
- F. Participation rates and amount of assistance for other energy assistance programs
- G. Participant billing impacts (e.g., percentage reduction in customer's bill.)
- H. Number or percentages of customers that opt out of credit

(Data content in **Decision Option 11**, reporting frequency in **Decision Option 17**)

The Department also recommended that Xcel should, in its first report, provide this historical data dating back two years prior to the pilot's start. **(Decision Option 12)**

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<sup>97</sup> DOC Initial Comments, p. 19

The Department also recommended that, in general and regardless of specific measures selected, the evaluators should track and measure outcomes in at least the following three areas:<sup>98</sup>

1. Energy credit dollars – i.e., the difference that the credit makes for participants, measured by the impact on the customer’s electricity payments,
2. Associated benefits from the credit, e.g., reduction in arrearages and disconnections
3. Participation in and impacts on other energy assistance programs (e.g., does receipt of the credit decrease or increase participation in other programs, and why)

Staff suggested language in **Decision Option 13** to address this recommendation.

Xcel stated that it agreed with the Department’s suggestions for reporting over the OAG’s, but ultimately preferred that the Commission defer to the third-party evaluator to shape its metrics and evaluation plan with stakeholder input, and not to finalize them before pilot approval.<sup>99</sup>

But CAPRW argued that Xcel should establish metrics *before* the evaluator is selected. “Specifying the outcomes, along with the data by which those outcomes will be measured,” CAPRW argued, “should be an element of program design that is articulated at the very beginning and agreed to by the Company, the Commission, and the relevant stakeholders.”<sup>100</sup> CAPRW agreed that Xcel should articulate specific outcomes and metrics before the launch of pilot. **(Decision Option 14)**

#### *ESAG Consultation*

Fresh Energy, the Joint Commenters, and CAPRW recommended that Xcel consult with ESAG about the evaluation design, and report directly to ESAG in addition to the Commission.

Fresh Energy, Joint Commenters suggested that Xcel should consult with ESAG when developing the scope of work for its M&E vendor.<sup>101</sup> **(Decision Option 19)** The Joint Commenters recommended that Xcel be ordered to hold a stakeholder meeting with ESAG members and the evaluator to solicit input on evaluation metrics during the evaluation design process (before data collection begins), **(Decision Option 20)** and Xcel agreed that this was reasonable.<sup>102</sup> Fresh Energy also suggested that Xcel be required to update the ESAG every two months on the implementation of the Pilot and on the evaluation process. **(Decision Option 21).**

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<sup>98</sup> DOC initial Comments, pp. 16-17

<sup>99</sup> Xcel Reply Comments, p. 18

<sup>100</sup> CAPRW Initial Comments, p. 10

<sup>101</sup> Fresh Energy Initial Comments, p. 9

<sup>102</sup> Xcel Reply Comments, p. 22

**F. Any other concerns**

The Notice of Comment asked parties' opinions on Xcel promoting the program outside of the eligible CBGs, and parties generally recommended Xcel avoid this. The Joint Commenters expressed concern about customer confusion,<sup>103</sup> and Fresh Energy said that it was not necessary.<sup>104</sup>

The Joint Commenters urged the Company to address underlying causes of high energy burden by pairing the program with targeted energy efficiency investments for credit recipients, and ongoing workforce development opportunities in the target CBGs. **(Decision Option 22)** Fresh Energy supported the Joint Commenters' recommendation.<sup>105</sup> Xcel stated that it had worked with ESAG to outline an initiative to increase energy efficiency program participation, and that it plans to work with its Energy Justice Advisory Board to further develop it.<sup>106</sup> Xcel also named several of its ongoing workforce development initiatives (including the Early Careers Academy, its Center for Energy and Environment partnership, and the Power Up program).

In its initial comments, the Joint Commenters noted the dual stressors of customers in arrears to pay down their debt while simultaneously paying their ongoing bills. The Joint Commenters requested that the Company provide a proposal and budget for arrear forgiveness for program participants, to maximize the positive impact of the bill credits on eligible households, while reducing the Company's financial liability, and by extension, the risk to ratepayers to pay down bad debt.<sup>107</sup> **(Decision Option 23)** Xcel did not respond to this recommendation in Reply Comments.

**STAFF ANALYSIS**

Staff notes that parties were overall in agreement on the main goal of the proposal: that it addresses a critical equity issue through a utility-specific tool, and that Xcel designed a program to accomplish this with high impact and low burden on participants. Most parties' suggestions were targeted modifications to finetune the proposal, rather than structural criticisms.

Staff notes that Xcel agreed to the OAG's additional proposed screens to mitigate over-inclusion, and these screens appear to strengthen the impact of the program by reserving dollars for those most in need – for example, by excluding businesses and government entities from receiving the credit. Staff notes that the OAG's third screen **(Decision Option 7.C, "Any premise owned by a customer with a billing address outside of Minnesota")** could exclude some customers that Xcel *does* intend to reach with the pilot - e.g. a low-income elderly parent

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<sup>103</sup> Joint Commenters Initial Comments, p. 8

<sup>104</sup> Fresh Energy Initial Comments, p. 8

<sup>105</sup> Fresh Energy Reply Comments, p. 2

<sup>106</sup> Xcel Reply Comments, p. 5

<sup>107</sup> Joint Commenters Initial Comments, p. 9

whose out-of-state child is acting as the power of attorney - however, Staff understands that parties are attempting to create screens to generally minimize overinclusion, and does not mention this to discourage the use of this screen.

One of the larger debates that the Commission will need to settle is around reporting. While some parties had specific sets of metrics that they want Xcel to report, Xcel argued that it needs to work with its consultant to create a M&E plan, rather than defining a list of reporting requirements now. Staff notes that it is common for the Commission to approve an evaluation plan (including specific metrics) in orders.<sup>108</sup> However, there is no requirement that the Commission must approve the metrics suggested by parties in this docket to issue its order. Therefore, the Commission may side with any party based on the merits of their arguments.

Staff does see value in allowing Xcel and the evaluators some flexibility in developing exactly which metrics to track and which methods may yield the most informative evaluation. However, Staff also believes there is value in determining which overarching questions that Xcel intends to answer with this pilot.<sup>109</sup> For example, in Docket No. E002/M-24-27 (Xcel's 2023 Annual Safety, Reliability, and Service Quality Report), Xcel discussed the Auto Bill Credit pilot as part of its suite of programs to address disparities in customer service quality, and stated the following:

*One element of [the pilot's evaluation plan] could be to examine the overlap between the 71 CBGs identified as eligible for the ABC Pilot, and the CBGs where disparities in disconnections were identified in the TRC study and/or the Pradhan and Chan study. We could then incorporate into our pilot M&E Plan an evaluation of any differences in disconnection rates in those CBGs that are receiving automatic bill credits versus those that are not.*<sup>110</sup>

To Staff, this demonstrates that Xcel can currently articulate some overarching questions that it could attempt to answer through this pilot, and that it may not be necessary to wait until the evaluation plan is developed to define those questions. To that end, regardless of whether the Commission wishes to require certain reporting

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<sup>108</sup> See for example: Docket No. E002/M-17-775, *In the Matter of Xcel's Residential Time of Use Rate Design Pilot Program*, August 7, 2018 Order, p. 8; Docket No. E002/M-20-86, *In the Matter of the Petition of Northern States Power, doing business as Xcel Energy, for Approval of General Time-Of-Use Service Tariff*, February 1, 2023 Order, pp. 7-9; Docket No. E015-M21-257, *In the Matter of Minnesota Power's Electric Vehicle Charging Infrastructure Investment*, October 22, 2021 Order, pp. 16-17; Docket No. E002/M-20-745, April 27, 2022 Order, pp. 10-11.

<sup>109</sup> For example, *A Handbook for Designing, Implementing, and Evaluating Successful Electric Utility Pilots*, by Peter A. Cappers and C. Anna Spurlock, asserts that a utility should develop hypotheses as part of the pilot design (September 2020, pp. 12-13).

<sup>110</sup> Docket No. E002/M-24-27, *IN THE MATTER OF NORTHERN STATES POWER COMPANY D/B/A XCEL ENERGY'S 2023 ANNUAL SAFETY, RELIABILITY, AND SERVICE QUALITY REPORT*, Xcel Comments, p. 5



metrics at the time of the order, the Commission could choose the Department's **Decision Option 13** (more specific) or CAPRW's **Decision Option 14** (broader) to require Xcel to define the questions it hopes to answer by undertaking the pilot, before the pilot begins or a vendor is selected.

Staff has proposed that, whether or not the Commission orders Xcel to include certain metrics during the agenda meeting, Xcel submit a compliance filing after the order is released with the details of its evaluation and monitoring proposal, as well as its anticipated pilot start date. (**Decision Option 16**) While Staff suggested 90 days after the order, Staff invites parties to discuss the exact timing, should the Commission agree that Xcel should submit the filing.

Should the Commission wish to adopt **Decision Option 11**, Staff suggests that parties and the Commission work together to add more specificity to the metrics to ensure that order language is clear. For example, the Department should clarify whether it intended for "D. Disconnections" to mean total disconnections across all eligible CBGs for the semi-annual period, or something different. Specificity will help Xcel correctly adhere to these requirements, if the Commission orders them.

Staff finds that the OAG's concern about how evaluation can increase burden on participants is a fair one. Staff notes that one way to reduce the burden on participants being surveyed is to offer an incentive. It is relatively common for surveys and focus groups to offer monetary incentives for participation, and there is a robust body of research on the effect incentives have on response rate and response quality.<sup>111</sup> Xcel and the evaluator could consider whether offering incentives for participation would be an effective tool to use in the evaluation.

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<sup>111</sup> Singer, E., & Ye, C. (2013). The Use and Effects of Incentives in Surveys. *The ANNALS of the American Academy of Political and Social Science*, 645(1), 112-141. <https://doi.org/10.1177/0002716212458082>

### DECISION OPTIONS

1. Find that the pilot proposal advances the Commission's objective for the Equity Stakeholder Advisory Group (ESAG) related to designing for the equitable delivery of electricity services and programs for energy-burdened customers. *(Xcel, Department,<sup>112</sup> Joint Commenters<sup>113</sup>)*
2. Approve Xcel's petition for an automatic bill credit pilot program.

OR

3. Deny Xcel's petition. *(James Siegel)*

OR

4. Approve Xcel's petition for an automatic bill credit pilot program with the modifications described below:

### **Modifications**

*The Commission may choose any combination (or none) of the following Decision Options to modify the proposal. If the Commission chooses to approve the pilot with modifications, it should select any desired modifications from the options below. For any modification decision option that is **not** selected, the corresponding part of Xcel's petition will be approved by default. The Decision Options are broken out by themes identified in the Notice of Comment.*

### **Method**

5. Within 30 days after the pilot has been operational for two years, require Xcel to make a filing addressing whether the pilot term should be extended to five years. The pilot shall continue until the Commission has issued an order resolving this question. *(Staff interpretation of Department)<sup>114</sup>*
6. Require Xcel to continue its efforts to implement the recommendations from the Equity Stakeholder Advisory Group and to monitor efforts from the Environmental Justice Board. *(Department)<sup>115</sup>*

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<sup>112</sup> DOC Initial Comments, p. 18

<sup>113</sup> CEE and ECC Initial Comments, p. 1

<sup>114</sup> DOC Initial Comments, p. 10

<sup>115</sup> DOC Initial Comments, p. 18

## Bill Credits

7. Require Xcel to implement the additional screens identified below to determine eligible CBGs. Require Xcel to revise and file the analysis of the total number of CBGs and premises eligible for a bill credit, as well as the total cost of the Bill Credit Pilot, after running these screens.
  - A. Screen out CBGs with 15 or fewer premises.
  - B. Screen out premises where the customer name indicates a corporate or government entity, or other entity that is not a natural person, pays the electric bill, including but not limited to the terms in OAG Attachment 6.<sup>116</sup>
  - C. Screen out premises where the customer billing address is outside of Minnesota.
15. (OAG,<sup>117</sup> Xcel,<sup>118</sup> Fresh Energy<sup>119</sup>)
  - D. Screen out data for premises where the premise address and the in-state billing address are not the same.
  - E. Flag for extra scrutiny any account holder names that appear multiple times in the data.
16. (Xcel<sup>120</sup>)
8. Require Xcel to use poverty rates as a second criterion for determining bill credit eligibility. (Department)<sup>121</sup>
9. Require Xcel Energy to do an annual true-up for each customer, and apply a net negative balance to the customer's account for the following year. (CAPRW,<sup>122</sup> Xcel opposed<sup>123</sup>)

## Evaluation – Metrics and Data Reporting

*Should Commissioners wish to adopt Decision Options 10 or 11 related to reporting content, it may also choose 17 or 18 related to the frequency of reporting.*

10. Require Xcel file the following monthly data in this docket for customers in each participating CBG:

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<sup>116</sup> OAG Initial Comments, Attachment 6

<sup>117</sup> OAG Initial Comments, p. 34

<sup>118</sup> Xcel Reply Comments, pp. 13-15

<sup>119</sup> Fresh Energy Reply Comments, p. 1

<sup>120</sup> Xcel Reply Comments, pp. 13-15

<sup>121</sup> DOC Initial Comments, p. 18

<sup>122</sup> CAPRW Initial Comments, p. 9

<sup>123</sup> Xcel Reply Comments, p. 21



- M. The number of premises in each participating CBG involuntarily disconnected;
- N. The number of premises in each participating CBG who sought protection under the cold weather rule;
- O. The number of premises in each participating CBG who were granted protection under the cold weather rule;
- P. The number of payment plan requests received in each participating CBG;
- Q. The number of new mutually agreed payment plans in each participating CBG;
- R. The number of premises with current payment plans in each participating CBG;
- S. The number of past due accounts in each participating CBG;
- T. The average monthly past due amount for past due accounts in each participating CBG;
- U. The total dollars past due for residential customers in each participating CBG;
- V. The number and amount of write-offs from uncollectible accounts in each participating CBG;
- W. The number and amount of late fees charged to customers;
- X. The number of premises electing to opt out of the bill credit, and which CBG they are in.

17. (OAG; Xcel opposed<sup>124</sup>)

11. Require Xcel to report on the following metrics until the end of the pilot period. If the data is not available, require Xcel to explain why the data is not available.
  - A. Average bill credit amount per month
  - B. Total bill credits dollars
  - C. Missing payments
  - D. Disconnections
  - E. Arrearages
  - F. Participation rates and amount of assistance for other energy assistance programs
  - G. Participant billing impacts (e.g., percentage reduction in customer's bill.)
  - H. Number or percentages of customers that Opt-out of credit

18. (Department,<sup>125</sup> Xcel alternative<sup>126</sup>)

*If the Commission chooses any subpart of Decision Option 11, it may also choose Decision Option 12.*

12. Require Xcel in its first report to include two years of historical data prior to automatic bill credits being applied. If two years of historical data is not available, Xcel shall explain why not.

*(Staff interpretation of Department)*

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<sup>124</sup> Xcel Reply Comments, p. 18

<sup>125</sup> DOC Initial Comments, p. 19

<sup>126</sup> Xcel Reply Comments, p. 18

13. Require the Company to, before the pilot begins, define the pilot's intended outcomes and identify how it will measure and report on these, including at minimum the following areas:
  - i. The impact that automatic bill credits have on participants' electric bills.
  - ii. Associated benefits from the pilot, including changes in payment of Xcel bills, customer arrears, service disconnections, and customers' ability to pay for other daily expenses.
  - iii. Impacts on participation in and benefits received from other bill payment assistance programs.

*(Staff interpretation of Department)*

14. Require the Company to, before selecting a third-party evaluator, articulate the specific outcomes it hopes to achieve through the Pilot, and the specific metrics it proposes to track by which to measure these outcomes. *(CAPRW<sup>127</sup>)*

15. Require Xcel to evaluate the degree of overinclusion in the pilot. *(CAPRW)<sup>128</sup>*

16. Require Xcel to submit a compliance filing with its monitoring and evaluation plan and its anticipated pilot start date within 90 days of the order. *(Staff suggestion)*

### **Evaluation – Frequency of Reporting**

17. Require Xcel to report on pilot implementation and evaluation process every six months after the pilot launches, in a compliance filing in this docket. *(Fresh Energy, Department)<sup>129</sup>*
18. Require Xcel to report on metrics listed in **Decision Option 10** in a quarterly compliance filing in this docket, beginning with monthly data for the quarter before the credit is applied, and monthly data for each quarter thereafter. *(OAG)*

### **Evaluation – Consultation with ESAG**

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<sup>127</sup>CAPRW Initial Comments, p. 10

<sup>128</sup> CAPRW Initial Comments, p. 4

<sup>129</sup> Fresh Energy Initial Comments, p. 8

19. Require Xcel to consult with ESAG on the scope of work of the evaluation to be included in its RFP. (*Joint Commenters*,<sup>130</sup> *Xcel*,<sup>131</sup> *Fresh Energy*,<sup>132</sup> *CAPRW*<sup>133</sup>)

*If the Commission chooses Decision Option 19, it may also choose Decision Option 20.*

20. Require Xcel to conduct one stakeholder meeting between ESAG, the company, and the third-party evaluator during the evaluation design process and before data collection begins. (*Joint Commenters*,<sup>134</sup> *Xcel*<sup>135</sup>)

19.

21. Require Xcel to update ESAG via email every two months on the implementation of the Pilot Petition and on the evaluation process. (*Fresh Energy*)<sup>136</sup>

### Other Topics

22. Require Xcel to provide credit recipients with energy efficiency investment and workforce development opportunities. (*Joint Commenters*,<sup>137</sup> *Fresh Energy*<sup>138</sup>)
23. Require Xcel to develop a proposal and budget for an arrears forgiveness program for Automatic Bill Credit Pilot participants and file it in this docket within 90 days of the Commission's order. (*Joint Commenters*)

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<sup>130</sup> Joint Commenters Initial Comments, p. 8

<sup>131</sup> Xcel Reply Comments, p. 22

<sup>132</sup> Fresh Energy Initial Comments, p. 8

<sup>133</sup> CAPRW Initial Comments, p. 10

<sup>134</sup> Joint Commenters Initial Comments, p. 8

<sup>135</sup> Xcel Reply Comments, p. 22

<sup>136</sup> Fresh Energy Initial Comments, p. 8

<sup>137</sup> Joint Commenters Initial Comments, pp. 9-10

<sup>138</sup> Fresh Energy Reply Comments, p. 2