

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Joseph Sullivan	Vice-Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
John Tuma	Commissioner

In the Matter of a Commission Investigation to Identify and Develop Performance Metrics and, Potentially, Incentives for Xcel Energy’s Electric Utility Operations

DOCKET NO. E-0002/CI-17-401

**COMMENTS OF THE OFFICE OF
THE ATTORNEY GENERAL**

I. INTRODUCTION

The Office of the Attorney General—Residential Utilities Division (“OAG”) respectfully submits the following Comments in response to the Notice of Comment Period issued by the Public Utilities Commission (“Commission”) on May 26, 2023. The purpose of these Comments is to propose targets that will benefit customers for some of Xcel’s Commission-approved performance metrics.

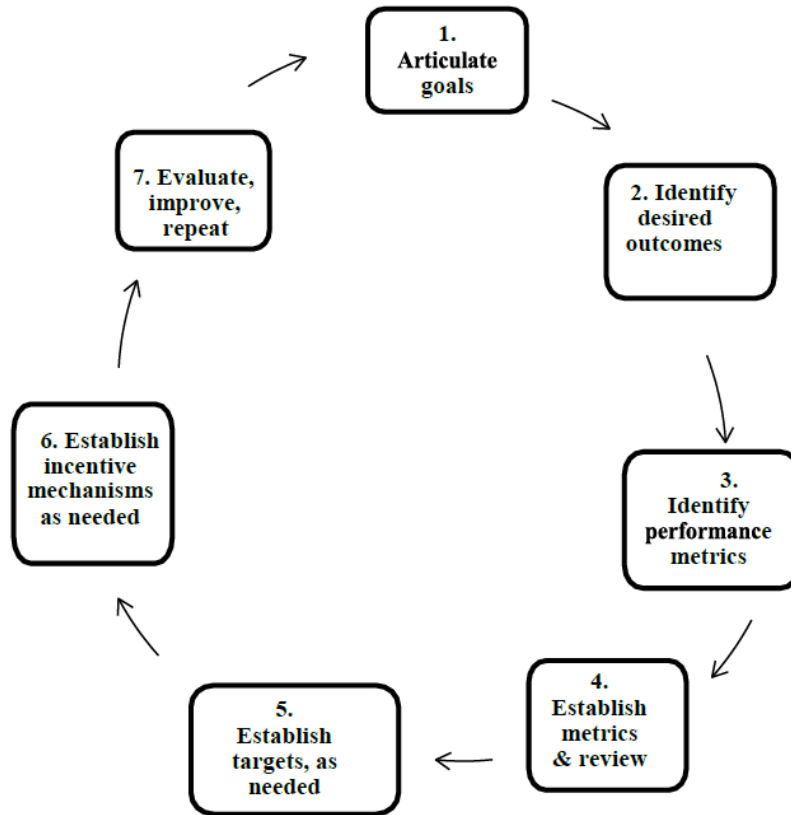
II. BACKGROUND

The Commission opened this docket to “identify and develop performance metrics and standards, and potentially incentives” on June 12, 2017, within the context of Xcel Energy’s then-current multiyear rate plan.¹ In initiating the instant investigation, the Commission noted that “[p]erformance metrics are an important tool to preserve service quality and align utility incentives with ratepayer interests. . . .”²

¹ *In the Matter of the Application of Northern States Power for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-15-826, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 68 (Order Point 8) (June 12, 2017).

² *In the Matter of the Application of Northern States Power for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-15-826, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 23. (June 12, 2017).

In 2019, the Commission adopted the Performance Incentive Mechanism Process (“PIM”) proposed by the OAG.³ The PIM has been discussed at length in this docket, and can be summarized with the following diagram:



Now that metrics have been established and several years of data has been made available for review, the Commission, Xcel, and stakeholders are at phase 5 of the PIM: establishing targets, as needed.

³ ORDER ESTABLISH PERFORMANCE-INCENTIVE MECHANISM PROCESS at 11.

III. RECOMMENDATION

The OAG previously advocated for metrics addressing three customer-facing and Commission-selected outcomes: affordability, reliability, and customer-service quality.⁴ These Comments will provide recommendations for how the Commission can begin to establish appropriate targets for metrics within those selected outcomes.

A. THE COMMISSION SHOULD ESTABLISH AFFORDABILITY TARGETS THAT FOCUS BOTH ON THE COST OF SERVICE AND THE ABILITY OF ALL RATEPAYERS TO AFFORD IT.

The Commission previously established four metrics for the affordability outcome: average monthly bills for residential customers; revenue per kWh (rates); total arrearages; and total disconnections.⁵ These four metrics can be split into two categories. Monthly bills and rates are both metrics that address how well Xcel is keeping the cost of electricity under control for consumers. Arrearages and disconnections speak to how well the Company is protecting its most vulnerable customers' ability to pay their bills.

1. Both Rates and Bills are Important When Evaluating Xcel's Affordability.

It is important to consider rates and bills in tandem when evaluating affordability. Rates show how much a utility customer pays for a given usage level, and bills are what customers actually pay every month. With respect to rates, the Commission does not need to establish a new target because the Legislature has already provided one. Specifically, “[i]t is the energy policy of the state of Minnesota that...retail electricity rates for each customer class be at least five percent

⁴ Comments of the Office of the Attorney General at 2–9 (May 6, 2019) [hereinafter OAG Metric Comments]. As previously discussed, by focusing on these outcomes, the OAG is not discounting the importance of other outcomes, including environmental performance or cost-effectively aligning generation to load. Rather, the OAG is focusing on metrics related to outcomes that align with its expertise as an advocate for residential and small business ratepayers, and the fundamental goal of the regulatory process to provide safe, reliable, and affordable service. *Id.* at 2 (internal citations omitted).

⁵ Order Establishing Performance Metrics at 5 (Sep. 18, 2019) [hereinafter Metric Order].

below the national average.”⁶ As the Legislature has set a state energy policy calling for rates to be five percent below the national average, that should be the target that Xcel’s performance is measured against: revenue per kWh should be five percent below the national average. The Energy Information Administration (“EIA”) publishes monthly regional and national figures for rates by customer class.⁷ This is a credible source that provides a benchmark for comparison to Xcel’s rates.

Bills are also important because that is what consumers will actually pay. That said, bills are more difficult to compare because, unlike rates which can be measured per kWh, they are susceptible to numerous customer characteristics. For example, an Xcel residential customer might run their air conditioner in the summer and use natural gas for heating in the winter. That customer could have a lower average bill than a residential customer in Arizona with a comparable home that runs an air conditioner year-round, even if both customers have the same rate per kWh. The Arizona utility, providing electricity at the same price, should not be said to be providing less affordable electricity just because the electric need of its customer is greater than that of Xcel’s. Also, too much focus on bills would create the perverse incentive of punishing Xcel for driving its customers towards beneficial electrification. If Xcel’s average bills increase because customers are making productive shifts to electricity and away from natural gas, that does not mean that Xcel’s service has become less affordable. Thus, it is important to focus on rates as well as bills. While the Legislature’s five percent goal applies to rates (and not bills), the Commission should also adopt the target of residential bills that are five percent below the national average for Xcel.

⁶ Minn. Stat. 216C.05, subd. 2 (2022).

⁷ U.S. Department of Energy, EIA, Electric Power Monthly, Table 5.6.A. Average Price of Electricity to Ultimate Customers by End-Use Sector, https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a (last visited July 27, 2023).

This will appropriately measure bill savings resulting from Xcel's conservation efforts, while still tracking Xcel's ability to keep its rates affordable.

2. The Commission Should Set Targets for Xcel to Reduce Both Arrearages and Disconnections.

When they are too high, disconnections and arrearages represent a fundamental failure of affordability. If ratepayers are facing increasing unpaid bills and rising arrearages, this means that some customers are unable to afford their bills. As with rates and bills, it is essential that the Commission look at disconnections and arrearages together.

During the last three years, Xcel's disconnections and arrearages have both increased dramatically.⁸ During that period, Xcel's disconnections have increased from 2,819 in 2020 to 9,263 in 2022.⁹ While the disconnection trend is likely impacted by the moratorium on disconnections during the COVID emergency, Xcel's arrearages have also skyrocketed during this period, increasing by more than a third from \$61 million in 2020 to \$88 million in 2022.¹⁰ A useful target for the Commission to set for Xcel would be to expect improvement in both disconnections and arrearages. It would not be productive to reduce arrearages by being more aggressive with disconnections. Rather, the Commission should look for improvement in both figures together. This would demonstrate success in working with customers by directing them to energy assistance programs and establishing workable payment plans. The three-year average for disconnections is 6,048¹¹ and the three-year average for arrearages is \$77,357,958¹². The Commission should set a target for Xcel to improve on both of those figures in future years.

⁸ Xcel 2022 Annual Report at Attachment A, page 1 of 6.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* $((9,263+6,062+2,819)/3=6,048)$.

¹² *Id.* $((\$88,482,147+\$82,753,364+364+\$60,838,363)/3=\$77,357,958)$.

B. THE COMMISSION SHOULD ESTABLISH TARGETS FOR XCEL TO IMPROVE OR MAINTAIN ITS RELIABILITY PERFORMANCE.

The Commission previously adopted six metrics for the reliability outcome: SAIDI, SAIFI, CAIDI, CELID, CEMI, and ASAI.¹³ An independent benchmark, produced by the Institute of Electrical and Electronics Engineers (“IEEE”), is already in place for the SAIDI, SAIFI, and CAIDI metrics. As proposed by Xcel in accordance with Minnesota Rules part 7826.0600,¹⁴ the Commission set “Xcel Energy’s 2022 statewide Reliability Standard at the IEEE benchmarking 2nd Quartile for large utilities” and required Xcel to file a supplemental report to its 2022 SRSQ report 30 days after IEEE publishes the 2022 benchmarking results, with an explanation for any standards the utility did not meet.”¹⁵ This supplemental report is required because IEEE does not publish its annual benchmarking analysis until late August or early September, well after the SRSQ has been filed. This also means the IEEE benchmarking analysis data for 2022 is not yet available to compare to Xcel’s 2022 SAIDI, SAIFI, and CAIDI actual performance. That said, apart from the predictable delay resulting from IEEE’s publication timeline, the IEEE benchmark is a readily available, independent measure against which to evaluate Xcel’s performance.

Conversely, meeting a performance target should require more than merely meeting the minimum standard to avoid a penalty. As Xcel already reports data for all six metrics identified above—including CELID, CEMI, and ASAI—computing the Company’s average performance

¹³ Notice of Comment Period, May 26, 2023 at 4. Note: The Commission also directed Xcel and stakeholders to “develop measurements and reporting methodology for MAIFI, locational reliability, and power quality” as well as “equity as it relates to reliability,” (Metric Order at 7) though these metrics are still in various stages of development and will not be addressed in these Comments.

¹⁴ *In The Matter of Northern States Power Company’s Annual Report On Safety, Reliability, And Service Quality For 2022; And Petition For Approval Of Electric Reliability Standards For 2023*, Docket No. E-002/M-22-73, Annual Report and Petition at 26 (March 31, 2023) (hereinafter Xcel 2022 SRSQ Report).

¹⁵ *In the Matter of Minnesota Power’s, Otter Tail Power Company’s, and Xcel Energy’s 2021 Annual Safety, Reliability and Service Quality Report and Proposed System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), and Customer Average Interruption Duration Index (CAIDI) Reliability Standards for 2022*, Docket No. E-002/22-162, ORDER at 2, Order Point 4 (November 9, 2022).

over three years for any or all of these metrics is a relatively simple task. For example, SAIDI—the System Average Interruption Duration Index—measures the average duration of an outage experienced per customer over a defined period of time.¹⁶ Xcel’s 2020-2022 average SAIDI performance—normalized to exclude major event days—is 92.57 minutes.¹⁷ Comparatively, Xcel’s 2017-2019 average SAIDI performance—also normalized to exclude major event days—is 84.04 minutes.¹⁸ While other stakeholders have expressed valid concern that “numerous and far-reaching policy changes, as well as the impact of the COVID-19 pandemic on nearly all aspects of utility operations and performance data” warrant a delay and “recommend that the Commission take no action to establish baselines, targets, and benchmarks at this time,”¹⁹ the Commission could also use pre-pandemic data as discussed here to set baselines and targets for reliability metrics. As Xcel itself noted, during 2021—in the midst of the COVID-19 Pandemic—“NSPM’s SAIDI performance was at the 1st quartile performance level.”²⁰ This seems to indicate that for all its ravages, the COVID-19 pandemic did not meaningfully impair Xcel’s ability to maintain reliable service for its customers, and supports the use of Xcel’s most current reported reliability data in setting baselines and targets. Accordingly, the Commission should use Xcel’s most recently reported data for all six reliability metrics currently in effect to calculate three-year average performance baselines, and establish targets accordingly.²¹

¹⁶ See Xcel 2022 Annual Report at Attachment A page 1 of 6.

¹⁷ *Id.* $((90+88.79+98.92)/3=92.57)$.

¹⁸ *Id.* $((81.02+96.07+75.04)/3=84.04)$.

¹⁹ Docket No. 17-401, Joint Comments of the Center for Energy and Environment and Fresh Energy at 2 (July 28, 2023).

²⁰ Xcel 2022 SRSQ Report at 36.

²¹ In making this recommendation, it is worth recognizing that Xcel’s most recent three-year average SAIDI performance—from 2020 through 2022—does indicate slightly lower system reliability than the pre-pandemic average of 2017-2019. Thus the Commission could also consider using pre-pandemic data if it seeks to impose more stringent baselines and targets that are still based on the Company’s actual performance.

C. THE COMMISSION SHOULD ESTABLISH TARGETS FOR XCEL TO IMPROVE OR MAINTAIN ITS CUSTOMER SERVICE PERFORMANCE.

The Commission previously established four metrics for the customer service outcome: customer satisfaction scores; call center response time; billing invoice accuracy; and number of customer complaints.²² While the customer satisfaction scores from third-party services are difficult to benchmark and set targets for, the Commission should set targets for Xcel to maintain or improve its performance against the other three metrics.

Over the past three years, Xcel's call center response time metric has dropped precipitously when compared to the previous three years. When considering calls answered by a representative within 20 seconds and all calls handled via self-service in the Company's Interactive Voice Response System, Xcel's success rate fell to an average of 84.43 percent for the past three years after having never been below 90 percent in the three previous years.²³ The Commission should set a target for Xcel to return to a success rate of 90% or greater. This number is higher than the minimum requirement of 80 percent set forth in Minnesota Rules part 7826.1200 and Xcel's service-quality plan.²⁴ It is appropriate that a target be higher than merely meeting the minimum requirement under law to avoid a penalty. Further, this should be an attainable target as Xcel achieved that number every year from 2017 to 2019.²⁵

In contrast to its call center response time, Xcel's billing invoice accuracy has been stable over the last six years. During that period, the Company has achieved an accuracy rate of at least

²² Metric Order at 8.

²³ Xcel 2022 Annual Report at Attachment A, page 2 of 6 $((84.59\%+82.90\%+85.8\%)/3=84.43\%)$.

²⁴ *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service-Quality Tariffs Originally Established in Docket No. E,G-002/CI-02-2034, Docket No. E,G-002/M-12-383, ORDER APPROVING AMENDMENTS TO SERVICE-QUALITY TARIFF at 3 (Aug. 12, 2013) [hereinafter Service-Quality Order].*

²⁵ Xcel 2022 Annual Report at Attachment A, page 2 of 6.

99.8% in every year.²⁶ The Commission should set a target for Xcel to maintain billing invoice accuracy of at least 99.8% going forward. This is also higher than the 98.7 percent minimum requirement called for in the Service-Quality Order.²⁷ Once again, it is appropriate that the target should be higher than a minimum requirement needed to avoid a penalty. This is also attainable, as Xcel has achieved this level of invoice accuracy for each of the last six years.

Xcel's customer complaint calculation, which is made to ensure that performance is measured in relation to its total customer base, has averaged .1525 over the last three years.²⁸ The Commission should set a target for Xcel to improve this figure to below .1500. As with the other customer service metrics, it is appropriate for this target to be lower than the .2059 minimum threshold established in the Service-Quality Order.²⁹ This is also a realistic goal, as Xcel has achieved this number in four of the past six years.³⁰

IV. CONCLUSION

In order to push Xcel towards improved affordability, reliability, and customer service, the Commission should adopt targets consistent with the recommendations in these Comments.

Dated: July 31, 2023

Respectfully submitted,

KEITH ELLISON
Attorney General
State of Minnesota

/s/ Travis Murray
TRAVIS MURRAY
Assistant Attorney General
Atty. Reg. No. 0402765

²⁶ *Id.*

²⁷ Service-Quality Order at 3.

²⁸ Xcel 2022 Annual Report at Attachment A, page 2 of 6 ((.1810+.1425+.1341)/3=.1525).

²⁹ Service-Quality Order at 3.

³⁰ Xcel 2022 Annual Report at Attachment A, page 2 of 6.

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July 31, 2023

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

Re: *In the Matter of a Commission Investigation to Identify and Develop Performance Metrics and, Potentially, Incentives for Xcel Energy's Electric Utility Operations*
MPUC Docket No. E-0002/CI-17-401

Dear Mr. Seuffert:

Enclosed and e-filed in the above-referenced matter please find Comments of the Minnesota Office of the Attorney General—Residential Utilities Division.

By copy of this letter all parties have been served. A Certificate of Service is also enclosed.

Sincerely,

/s/ **Travis Murray**

TRAVIS MURRAY
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CERTIFICATE OF SERVICE

Re: *In the Matter of a Commission Investigation to Identify and Develop Performance Metrics and, Potentially, Incentives for Xcel Energy's Electric Utility Operations*
MPUC Docket No. E-0002/CI-17-401

I, JUDY SIGAL, hereby certify that on the 31st day of July, 2023, I e-filed with eDockets ***Comments of the Minnesota Office of The Attorney General—Residential Utilities Division*** and served a true and correct copy of the same upon all parties listed on the attached service list by e-mail, electronic submission, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

/s/ Judy Sigal

JUDY SIGAL

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