

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

In the Matter of the Petition of Northern States Power Company for Approval of Revisions to the Business Incentive and Sustainability (BIS) Rider Tariff

ISSUE DATE: July 27, 2020

DOCKET NO. E-002/M-20-436

ORDER APPROVING PROPOSED
CHANGES WITH MODIFICATIONS

PROCEDURAL HISTORY

On April 23, 2020, Northern States Power Company d/b/a Xcel Energy (Xcel) filed changes to its Business Incentive and Sustainability (BIS) Rider tariff. In addition to proposing miscellaneous changes to the existing language, Xcel proposed a new section seeking to provide rate relief to commercial and industrial customers facing reduced business due to the COVID-19 pandemic (the COVID-19 program).

By May 21, 2020, the Commission had received comments from the Minnesota Department of Commerce (Department) and the Office of the Attorney General (OAG).

On May 28, 2020, Xcel filed reply comments.

On July 9, 2020, the matter came before the Commission.

FINDINGS AND CONCLUSIONS

I. Summary of Commission Action

The Commission will approve Xcel’s COVID-19 program with modifications. In addition, the Commission will approve Xcel’s miscellaneous changes to its BIS rider as filed.

II. Xcel's Business Incentive and Sustainability (BIS) Rider

Xcel's BIS rider offers an incentive, or credits, for demand-metered commercial and industrial customers that increase demand by 350 kilowatts (kW) or more.¹ Qualifying customers that agree to take service for six years may receive credits for the first five years of the agreement. Xcel makes an annual true-up filing wherein the program's revenues are compared to expected revenues, and Xcel adjusts rates prospectively to refund any over-recovery or assesses a surcharge to offset an under-recovery.²

III. Xcel's Proposed Revisions

A. New section addressing customers affected by the COVID-19 pandemic

Xcel proposes a temporary amendment to its BIS rider designed to provide rate relief for commercial and industrial customers that have lost substantial business as a result of the COVID-19 pandemic—customers such as schools, theaters, fitness centers, shopping centers, hotels, and small manufacturers. After incorporating a change proposed by the Department,³ Xcel proposes to offer a program whereby enrolled customers would receive a 25 percent credit or discount on basic charges (excluding customer charges) after the application of voltage discounts. But the program would be limited as follows:

- Participants must be commercial or industrial customers with an average monthly peak load of 100 to 2000 kW before the pandemic. (*Monthly peak load* refers to a customer's maximum rate of energy consumption during the month.)
- Participants must file an application demonstrating that the COVID-19 pandemic has materially impacted their business, and that they lost 25 percent of their load as a direct response to government mandates associated with the pandemic.
- Participants must be willing to participate in at least one of Xcel's energy efficiency programs.
- In the interest of keeping the program manageable, Xcel would stop enrolling new participants once it had enrolled customers with a combined total load, before the pandemic, of 200 megawatts (MW).
- Xcel would terminate the program on December 31, 2020, or earlier if peak loads of subscribed customers return to prior levels.

¹ See *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-12-961, Findings of Fact, Conclusions, and Order, at 51 (September 3, 2013) (Ordering Paragraph 33).

² See *In the Matter of Northern States Power Company d/b/a Xcel Energy for Approval of True-Up Mechanisms*, Docket No. E002/M-19-688, Order Approving True-Ups And Requiring Xcel to Withdraw its Notice of Change in Rates and Interim Rate Petition, at 4, 7–10 (March 13, 2020).

³ See Xcel reply comments, at 1–3.

To facilitate Commission oversight, Xcel would file a list of customers deemed eligible and participating in the COVID-19 program each month. In addition, Xcel would include in its annual report on the BIS rider the number of participating customers and the total amount of credits issued under the COVID-19 program. Finally, 90 days after the program terminates, Xcel would file a cost/benefit analysis of the program.

Xcel estimates that its proposal could result in the utility issuing up to \$7 million in credits. Xcel proposes to seek to recover the amount of the credits from other commercial and industrial customers. Xcel would seek this recovery as part of its next annual true-up scheduled for February 2021, or in its next rate case.

B. Miscellaneous changes to existing BIS Rider language

In addition to the new language focusing on the needs of customers affected by the pandemic, Xcel proposes four miscellaneous changes to its existing BIS rider.

The section labeled “Qualified Billing Demand” currently states that customers seeking to qualify for the existing BIS rider must have a load of 350 kW “at a single delivery point.” Xcel proposes to clarify that a customer may qualify for BIS credits at multiple delivery points, but the customer would not earn credits at any delivery point where the load increases by less than 350 kW.

At the section labelled “Existing Customers,” Xcel seeks to clarify that a customer may receive the BIS Rider discount at multiple delivery points, but may not qualify multiple times at any one delivery point.

In the section labelled “Right to Refuse Service,” Xcel clarifies that it may decline to enroll a customer into the program.

Finally, in the section labelled “Electric Service Agreement,” Xcel proposes to replace the term *Stimulation Rider* simply with *Rider*. Xcel notes that the term *Stimulation Rider* does not appear elsewhere in the tariff.

IV. Comments of the Parties

No party objected to Xcel’s miscellaneous changes to its current BIS rider language.

The Department generally supports Xcel’s proposal, but expressed concern with how the cost of the program would be borne by non-participating customers—especially residential customers. The Department argues that the cost of the COVID-19 program will likely exceed the costs of the rest of the BIS Rider, and questions whether the Rider’s true-up mechanism was really intended to recover these kinds of costs. As a possible remedy, the Department proposes that the program’s costs be shared by ratepayers and shareholders alike.

Xcel opposes the Department’s proposal. Xcel clarifies that under its proposal, the cost of the program would not be borne by any ratepayer outside of the commercial and industrial class. And if the program succeeds in keeping members of that class in business, it will benefit all members of the class by ensuring that there are more ratepayers to bear the utility’s fixed costs.

The OAG also generally supports Xcel’s proposal, but questions the need for restrictions that limit the range of customers who might benefit. Xcel opposes many of the changes proposed by the OAG.

First, the OAG argues that Xcel’s proposal should not preclude participation by smaller commercial and industrial customers. Xcel argues that this change would be administratively burdensome. In the interest of quick implementation, Xcel anticipates making manual changes to the bills for customers that become part of the COVID-19 program. Permitting participation by customers with loads less than 100 kW would greatly expand the number of customers applying for the program, and would likely result in more—and smaller—participants. This change could make the program harder to manage.

Second, while Xcel states that customers would qualify based on their reduced load, the OAG proposes to also permit customers to qualify who merely have reduced energy consumption. In response, Xcel notes that eligibility for the BIS Rider has always depended on changes in a customer’s peak load. Moreover, Xcel argues that a peak load measurement provides a more practical and precise method of establishing eligibility in the face of limited data; governmental policies responding to the pandemic only began in the middle of March 2020.

Third, the OAG seeks assurance that all eligible ratepayers have a meaningful opportunity to participate in this program. To this end, the OAG asks that Xcel give fair notice to all eligible customers and ensure that commercial and industrial customers of all sizes participate. Xcel states that it had intended to recommend the program to customers that contact the utility seeking assistance in coping with the consequences of COVID-19 policies. But Xcel acknowledged that it could print an announcement on customer bills and announce the program to industry groups. However, Xcel argues that efforts to designate quotas or slots reserved for customers of varying sizes would add unwarranted complexity and delay to this temporary program.

Fourth, the OAG recommends that Xcel implement a similar program to help residential ratepayers struggling with the economic consequences of COVID-19 policies. Xcel shares the OAG’s objectives, but states that it is pursuing those objectives in other dockets.⁴

V. Commission Action

A. Introduction

The Commission appreciates Xcel’s timely efforts to find ways to address the needs of its commercial and industrial ratepayers in a manner designed to serve the interests of all involved—program participants, non-participants, and the utility itself. Having reviewed the petition and the positions of the parties, the Commission generally concurs that Xcel’s proposal is reasonable and appropriate. During the Commission’s meeting on this matter, however, the

⁴ See, e.g., *In the Matter of an Inquiry into Actions by Electric and Natural Gas Utilities in Light of the COVID-19 Pandemic Emergency*, Docket No. E,G-999/CI-20-375 (addressing COVID-19 measures, Cold Weather Rule, late payment fees, etc.); E-002/M-20-437 (Fuel Cost Rate Adjustment Proposal); *In the Matter of Northern States Power Company’s (Xcel) Proposal to Adjust the 2020 Fuel Forecast Monthly Fuel Cost Charges*, Docket No. E,G-999/CI-20-492 (addressing COVID-19 inquiry into utility investments that may assist in Minnesota’s economic recovery).

Commission identified opportunities to refine Xcel's proposal. Accordingly, the Commission will approve it with modifications as set forth below.

B. COVID-19 program duration

Xcel proposes to terminate its COVID-19 program on December 31, 2020. But Xcel developed and filed its COVID-19 proposal in the spring of 2020, when little was known about how the disease would progress. Given current developments, the Commission finds it prudent to anticipate the possibility that the financial consequences of responding to the disease may last into next year. Accordingly, the Commission will extend the termination date for Xcel's COVID-19 program to March 31, 2021.

C. COVID-19 program eligibility—size of load

Xcel proposes making its COVID-19 program available to commercial and industrial customers with monthly pre-pandemic loads between 100 and 2000 kW. While the OAG proposes permitting smaller commercial and industrial customers to participate in the program, Xcel argues that doing so would be burdensome.

The record evidence on this question is thin. Rather than delay progress on this program to further develop the record, the Commission will authorize Xcel to implement it with the proposed load requirements. But the Commission will also direct Xcel to make a supplemental filing by August 14, 2020, designed to address the needs of commercial and industrial customers that had pre-pandemic peak loads of less than 100 kW.

D. COVID-19 program eligibility—evidence of business loss

The OAG argues that commercial and industrial customers should be able to demonstrate eligibility for Xcel's COVID-19 program by showing a decline in peak load, or a decline in total energy consumed. Xcel argues, among other things, that a focus on loss of energy consumption would pose practical problems, especially given the relatively short period that government policies for controlling the pandemic have been in effect.

For purposes of the current docket, the Commission concludes that Xcel's proposal has practical administrative advantages for identifying the commercial and industrial customers that have borne the brunt of the economic slowdown triggered by the pandemic. Accordingly, the Commission will decline the OAG's proposed changes.

E. COVID-19 program—ensuring fair participation

To ensure that all eligible ratepayers have a fair opportunity to receive COVID-19 credits, the OAG recommends that the Commission direct Xcel to publicize its COVID-19 program, and perhaps even require Xcel to ensure that customers of all sizes participate in its program. Xcel proposes providing notice of the program on customer bills and publicizing the program within trade associations. But Xcel again cautions against adding complexity that may prove administratively burdensome and delay implementation.

The Commission concurs with the OAG regarding the merits of publicizing Xcel's COVID-19 program to potential participants. Accordingly, the Commission will direct Xcel to take

affirmative steps to notify eligible customers. But in the interest of administrative simplicity, the Commission will decline to require Xcel to police whether applicants of all sizes actually participate in the program.

F. COVID-19 program—cost recovery

Xcel proposes to recover the cost of its COVID-19 program via the annual sales true-up process or, failing that, in its next rate case. The Department questions whether the true-up process was intended for recovery of costs related to Xcel's COVID-19 program. Instead, the Department proposes a cost-sharing mechanism. Xcel argues that cost sharing may not be necessary or appropriate where a program is designed to generate benefits that may well offset its costs.

The Commission will decline to make a definitive ruling on cost recovery at this time. Instead, the Commission will authorize Xcel to defer the costs of the credits it awards under the COVID-19 program, and to seek recovery of these costs in its next rate case. A rate case will provide an appropriate forum for addressing the program's costs and benefits, and the reasonableness of any cost recovery. To this end, the Commission will direct Xcel its next general rate case to detail the full amount of the COVID-19 credits given, the sales revenue stimulated and retained, and a cost-benefit analysis.

G. COVID-19 program—residential relief

The OAG argues that Xcel should grant similar relief to residential ratepayers that Xcel proposes for commercial and industrial customers. Xcel asks the Commission to refer such considerations to other dockets focused on the concerns of residential customers. The Commission concurs with Xcel. While the Commission is mindful of the challenges facing residential ratepayers, the current docket is not the appropriate forum for addressing those issues.

H. Miscellaneous BIS rider changes

Finally, the Commission finds Xcel's miscellaneous changes to its standard BIS rider tariff to be reasonable, and will approve them.

The Commission will so order.

ORDER

1. The Commission approves the proposal of Northern States Power Company d/b/a Xcel Energy, as set forth in its initial and reply comments, making miscellaneous changes to its Business Incentive and Sustainability Rider tariff and implementing a temporary COVID-19 program as modified below:
 - A. The COVID-19 program shall remain in effect until March 31, 2021.
 - B. Xcel shall take affirmative steps to notify eligible customers.

- C. By August 14, 2020, Xcel shall file a proposal designed to provide relief for commercial and industrial customers that had peak monthly loads of less than 100 kW before the COVID-19 pandemic.
 - D. In its next general rate case, Xcel may seek recovery of the cost of the credits issued in this COVID-19 program. At that time, Xcel shall provide a cost/benefit analysis demonstrating the reasonableness of any cost recovery, including the full amount of the COVID-19 credits given and the sales revenue stimulated and retained. Xcel may defer the cost of these credits until its next general rate case.
2. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Will Seuffert
Executive Secretary



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