

December 30, 2015

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-15-1042

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Northern States Power Company, d/b/a Xcel Energy (Xcel or the Company) Request for a Variance to the Billing Error Rules.

The filing was submitted on December 11, 2015 by:

Bria E. Shea
Regulatory Manager
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401

The Department recommends approval and is available to respond to any questions the Minnesota Public Utilities Commission may have on this matter.

Sincerely,

/s/ LERMA LA PLANTE
Financial Analyst

LL/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES**

DOCKET No. E002/M-15-1042

I. BACKGROUND AND SUMMARY OF FILING

On December 11, 2015, Northern States Power Company, d/b/a Xcel Energy (Xcel or the Company) filed a petition with the Minnesota Public Utilities Commission (Commission) for a variance to Minnesota Rules, part 7820.3800, the Billing Errors Rule, and to the Billing Error Tariff requirements contained in the Company's Electric Rate Book, to allow the Company to provide credit to one residential electric customer (Customer A) and one commercial electric customer (Customer B) for overcharges due to the following circumstances:

Customer A: A residential electric customer who did not receive a Saver's Switch discount since July 3, 2007. The error was due to the Saver's Switch order canceled in the Company's system, but completed in the field by the third party electrician. Xcel corrected the error and proposed to provide a credit back to July 3, 2007.

Customer B: A commercial electric customer who did not receive a Saver's Switch discount since June 1, 2010. The error was due to a false verification report in 2010 from a third-party electrician saying that there were no Saver's Switches installed on Customer B's Premise A. Xcel removed the two Saver's Switches from Customer B's account; however, the Saver's Switches were, in fact, installed at Premise A. The error was discovered in October 2015 after Customer B called to request installation of two Saver's Switches on Premise A, and Xcel realized that two Saver's Switches were already installed and operating. Xcel corrected the error in its billing system and proposed to provide the credit back to the first bill cycle affected by the removal of the Saver's Switches from the Company's billing system (June 1, 2010).

Xcel requested this rule variance and one-time tariff modification in order to gain approval to issue credits to these two electric customers for overcharges that the customers paid during a period outside of the three-year limit set in Minnesota Rules and Xcel's Electric Billing Error Tariff.

Xcel stated that the overcharges were due to an incorrect application of rate schedule. Since discovering these errors, the Company corrected the billing system. It has credited the customers for the applicable periods provided under the Company's tariff and the Commission's Rules. Xcel calculated and provided bill credits in accordance with Minnesota Rules, part 7820.3800 and calculated interest consistent with Minn. Statutes § 325E.02(b) as summarized in the tables below.

Xcel stated that, consistent with the Commission's June 21, 2010 Order in Docket E002/M-10-258, it will send a letter to affected customers informing them of the billing error issue and providing instructions on how to participate in the proceeding.

1. *Customer A*

The Company calculated a total credit for Customer A of approximately \$720.07¹ for the total timeframe both within and exceeding the Commission Rule and Tariff periods. The Company stated that on October 15, 2015 it credited Customer A a total of \$304.90² for the amount over-paid during the 3-year period provided for in Rule and Tariff. Xcel calculated and provided billing credits in accordance with Minnesota Rules, part 7820.3800 and calculated interest consistent with Minnesota Statutes § 325E.02(b).

The following table summarizes the credit amounts associated with Customer A.

Table 1: Credit Amounts Provided and Credit Amounts Requiring Variance

Time Period	Principal	Interest	Total
Credit Provided (09/28/2012 - 09/29/2015)	\$304.46	\$0.44	\$304.90
Credit Requiring Variance (07/03/2007 - 09/27/2012)	\$406.51	\$8.66	\$415.17
Total	\$710.97	\$9.10	\$720.07

2. *Customer B*

The Company calculated a total credit for Customer B of approximately \$2,410.02³ for the total timeframe both within and exceeding the Commission Rule and Tariff periods. The Company stated that on December 1, 2015 it credited Customer B the total of \$1,201.93⁴ for the amount over-paid during the 3-year period provided for in Rule and Tariff. Xcel calculated and provided billing credits in accordance with Minnesota Rules,

¹ Consisting of \$710.97 of principal and \$9.10 of interest.
² Consisting of \$304.46 of principal and \$0.44 of interest.
³ Consisting of \$2,400 of principal and \$10.02 of interest.
⁴ Consisting of \$1,200 of principal and \$1.93 of interest.

part 7820.3800 and calculated interest consistent with Minnesota Statutes § 325E.02(b).

The following table summarizes the credit amounts associated with Customer B.

Table 2: Credit Amounts Provided and Credit Amounts Requiring Variance

Time Period	Principal	Interest	Total
Credit Provided (09/01/2012 - 09/01/2015)	\$1,200.00	\$1.93	\$1,201.93
Credit Requiring Variance (06/10/2010 - 08/31/2012)	\$1,200.00	\$8.09	\$1,208.09
Total	\$2,400.00	\$10.02	\$2,410.02

I. DEPARTMENT ANALYSIS

Minnesota Rules, part 7820.3800 states in relevant part:

Subpart 1. Errors warranting remedy.

When a customer has been overcharged or undercharged as a result of incorrect reading of the meter, **incorrect application of rate schedule**, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be refunded to the customer or the amount of the undercharge may be billed to the customer as detailed in subparts 2 through 4.

Subpart 2. Remedy for overcharge.

When a utility has overcharged a customer, the utility shall calculate the difference between the amount collected for service rendered and the amount the utility should have collected for service rendered, plus interest, for the period beginning three years before the date of discovery. Interest must be calculated as prescribed by Minnesota Statutes, section 325E.02, paragraph (b).

Subpart 4. Exception if error date known.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the bases of payments for service rendered after that date, but in no event for a period beginning more than three years before the

discovery of an overcharge or one year before the discovery of an undercharge.

Xcel's Rate Book, Section No. 6, 6th Revised Sheet No. 16 states, in relevant part:

3.9 BILLINGADJUSTMENTS Overbilled

In the event the customer was over-billed, the Company shall recalculate bills for service during the period of the error, up to a maximum of three years from the date of discovery. Adjustments of bills will be made in accordance with the rules prescribed by the Commission. Interest will be calculated as prescribed by Minn. Stat. §325E.02(b).

Xcel stated that it has provided the affected customers the credits in accordance with Minnesota Rules and its Billing Error Tariff. The Company requested approval to issue further credits for the amount overcharged to the customer for the periods that lie outside the 3-year limit.

Minnesota Rules, part 7829.3200, subp. 1 establishes the following criteria for evaluating a variance request:

The commission shall grant a variance to its rules when it determines that the following requirements are met:

- A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- B. granting the variance would not adversely affect the public interest; and
- C. granting the variance would not conflict with standards imposed by law.

The Department believes that the rule variance criteria can also be used to assess the reasonableness of the one-time tariff modification that Xcel has requested.

In support of Xcel's variance request, the Company stated that, given the amount of time at issue, enforcement of the rule would impose an excessive burden on each of the customers by substantially limiting the credit from the total over-billed amount. Further, Xcel stated that granting the variance would not adversely affect the public interest because the credit serves only to make the customer whole against actual overcharges resulting from the application of the wrong rate schedule. Lastly, Xcel stated that it is unaware of any conflict with any standards imposed by law. Xcel noted that the Commission has approved a utility's voluntary credit beyond the time period required by Minnesota Rules when special circumstances exist.

The Department concludes that the criteria for granting a variance as set forth by Minnesota Rules, part 7829.3200, subp. 1 are met for Xcel's variance request and for a one-time modification to the Company's tariff.

II. RECOMMENDATION

The Department recommends that the Commission approve Xcel's request for a variance to Minnesota Rules, part 7820.3800 and a one-time modification to its Billing Error Tariff requirements for the purposes of providing the proposed refunds to Customers A and B.

/ja

CERTIFICATE OF SERVICE

I Marcella Emeott, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

**Docket No. E002/M-15-1042
Dated this 30th day of December 2015**

/s/Marcella Emeott

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