

May 12, 2016

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. G002/M-16-347

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 Variance to the Billing Error Rules.

The filing was submitted on April 22, 2016 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/ BEN KAMARA
Public Utilities Financial Analyst

BK/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET No. G002/M-16-347

I. BACKGROUND AND SUMMARY OF FILING

On April 22, 2016, 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, parts 7820.3800 and 7820.4000, the Billing Errors Rule, and to the Billing Error Tariff requirements contained in the Company's Electric and Natural Gas Rate Books, to allow the Company to provide credit to one residential electric customer (Customer A) and one residential gas customer (Customer B) for overcharges due to the following circumstances:

Customer A: This billing error was the result of an incorrect application of the rate schedule by the Company. A residential electric customer, who installed a geo thermal heating pump in August 2010, received the heat pump rebate from Xcel Energy in February 2011. Customer A advised the Company in November 2015 that they were misinformed about the Company's available rates and therefore, they never requested the rate change to the Electric Space Heat Rule (ESHR). Xcel corrected the error on November 11, 2015 and proposed to provide full credit to the customer back to when the first billing cycle qualified for ESHR, September 6, 2010.

Customer B: Xcel discovered that a resident of a duplex since August 1, 2011 was being billed for their neighbor's gas usage. The error was due to the meters being incorrectly switched at the time of installation. Both meters were corrected in the system on November 12, 2015. On March 31, 2016, Customer B called the Company to request a refund for the error beyond the 3-year limit. Xcel proposed to provide a credit back to when Customer B began residing at the duplex back in August 1, 2011.

Xcel requested this rule variance and one-time tariff modification in order to gain approval to issue credits to the electric and gas 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 a rate schedule in respect to Customer A and an incorrect connection of the meter in respect to Customer B. Since discovering these errors, the Company corrected the billing system for both parties. 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, parts 7820.3800 and 7820.4000 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 the affected customers informing them of the request for a variance and provide instructions on how to participate in this proceeding.

A. CUSTOMER A

The Company calculated a total credit for Customer A of approximately \$1,300.59¹ for the total time frame both within and exceeding the Commission Rule and Tariff periods. The Company stated that on November 11, 2015 it credited Customer A in the amount of \$896.41² for 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 (11/02/2012 - 11/03/2015)	\$894.51	\$1.90	\$896.41
Credit Requiring Variance (09/06/2010 - 11/01/2012)	\$401.43	\$2.75	\$404.18
Total	\$1,295.94	\$4.65	\$1,300.59

¹ Consisting of \$1,300.59 of principal and \$4.65 of interest.

² Consisting of \$894.51 of principal and \$1.90 of interest.

B. CUSTOMER B

The Company calculated a total credit for Customer B of approximately \$2,172.53³ for the total timeframe both within and exceeding the Commission Rule and Tariff periods. The Commission stated that on November 13, 2015 it credited Customer B the total of \$2,023.58⁴ 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 7820.4000 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 (10/22/2012) - (10/22/2015)	\$2,019.70	\$3.88	\$2,023.58
Credit Requiring Variance (08/01/2011 - 10/21/2012)	\$148.11	\$0.84	\$148.95
Total	\$2,167.81	\$4.72	\$2,172.53

II. DEPARTMENT ANALYSIS

Minnesota Rules, parts 7820.3800 and 7820.4000 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).

³ Consisting of \$2,167.81 of principal and \$4.72 of interest.

⁴ Consisting of \$2,019.70 of principal and \$3.88 of interest.

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 basis 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 BILLING ADJUSTMENTS 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 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 and an incorrect connection of the meter. Finally, Xcel stated that it is

unaware of any conflict with any standards imposed by law. Xcel noted that the Commission has in the past 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.

III. RECOMMENDATION

The Department recommends that the Commission approve Xcel's request for a variance to Minnesota Rules, parts 7820.3800 and 7820.4000 a one-time modification to its Electric and Natural Gas Billing Error Tariff requirements for the purposes of providing the proposed refunds to Customers A and B.

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