

Staff Briefing Papers

Meeting Date December 4, 2025 Agenda Item 1***

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

Docket No. E, G-002/CI-02-2034

In the Matter of an Investigation & Audit of Service Quality Reporting – Fraudwise Report.

E, G-002/M-12-383

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.

Issues

- Should the Commission accept Xcel Energy's Annual 2024 Quality of Service (QSP) Report?
- 2. Should the Commission approve Xcel Energy's proposal to use 50% of the Customer Complaint under performance penalty for bill credits to past due customers?
- 3. Should the Commission approve Xcel Energy's proposal to use 50% of the Telephone Response Time under performance penalty for deployment of its Live Chat function?
- 4. Are there other issues or concerns related to this matter?

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✓ Relevant Documents

Date

Xcel Energy's Annual 2024 QSP Report

May 15, 2025

Public Comment

July 2, 2025

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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
Department of Commerce Initial Comments	July 22, 2025
Office of the Attorney General – Residential Utility Division Initial Comments	July 22, 2025
Citizens Utility Board of Minnesota Initial Comments	July 22, 2025
Energy CENTS Coalition Initial Comments	July 23, 2025
Xcel Energy Reply Comments	August 14, 2025
Department of Commerce Reply Comments	August 15, 2025
Office of the Attorney General – Residential Utility Division Reply Comments	August 15, 2025
Citizens Utility Board of Minnesota Reply Comments	August 15, 2025
Energy CENTS Coalition Reply Comments	August 15, 2025

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BACKGROUND

I. Executive Summary

Xcel files a report every year on its compliance with its Quality of Service Plan (QSP). In the 2024 QSP annual report, Xcel Energy (Xcel or the Company) reported exceeding its Customer Complaint and Telephone Response Time metrics. Therefore, Xcel has incurred \$1 million each in penalties – \$2 million total. Xcel is proposing to use 50% of the Customer Complaint penalty towards bill credits for past due customers and 50% of the Telephone Response Time penalty towards investment in its Live Chat function.

Additionally, Xcel is proposing to update its customer complaint metric to account for more complaints each year and a revision of the 'Customer Complaint' definition in its QSP tariff.

In this proceeding, the main question before the Commission is: How should the Commission require Xcel to disburse \$2 million of under performance penalties (UPPs) from its 2024 QSP report?

In these briefing papers, the issues before the Commission are divided into two sections: 1) threshold issues for Commission consideration which must be decided upon; and 2) additional considerations.

The <u>threshold issues for Commission consideration</u> in these proceedings are:

- Acceptance of the 2024 QSP report
- How to disburse the 2024 Customer Complaint UPP
- How to disburse the 2024 Telephone Response UPP

The <u>additional considerations</u> are largely disputed. They can be decided upon at this juncture or at a later proceeding. This is an annual docket. Therefore, the Commission has the ability to develop a more robust, data-based record on any of the issues raised here during future proceedings. These issues are:

- Expanding of the Customer Complaints metric standard
- Refining the definition of 'Customer Complaint'
- Removing Interactive Voice Response (IVR) from the Telephone Response Time metric
- Adjusting the UPPs

II. Introduction to Xcel's QSP

Xcel's QSP represents a series of seven metrics. The Company must report annually whether they have stayed within the set standard for each of these metrics:

	Metrics	Metric Standards
1	Customer complaint to PUC	<383 complaints*
2	Telephone response time (% of calls	<u>></u> 80%
	answered in ≤ 20 secs.)	
3	Electric reliability – SAIFI	≤133.23 mins.
4	Electric reliability – SAIDI	<1.21 outage events
5	Gas emergency average response	<60 mins.
	time	
6	Accurate invoices	<u>></u> 99.3%
7	Invoice adjustment timelines	<2.35 billing periods

Table 1: Xcel's QSP Metrics¹

The QSP tariff compels a \$1.0 million penalty per metric if Xcel reports poor performance.

The under performance payment is disbursed with 50% applied to customer bills, and 50% added to the amount budgeted for maintenance and repair of the Company's distribution system. It is to be dispersed as follows:

50% of any under performance payments assessed will be applied to customer bills during the following July billing cycle of a given performance year. Any bill credit amounts not remitted by the end of the July billing cycle shall accrue interest beginning after the September billing cycle of the applicable year at a rate equal to that applied to the Company's customer deposits.

50% of any under performance payments assessed will be added to the amount budgeted for the maintenance and repair of the Company's natural gas and electric distribution system. The Company shall maintain records sufficient to enable tracking, by Work Center, the amounts budgeted, amounts added due to under performance payments incurred, and amounts expended in a given year.²

Per the QSP Settlement Agreement, the UPPs come from Xcel's shareholders.³ Under performance payments incurred by Xcel pursuant to this portion of the QSP tariff are not eligible for cost recovery in any future rate proceeding.⁴ The QSP tariff allows Xcel to request exclusion of Customer Complaints that it can demonstrate are the result of an event beyond the Company's control, which it took reasonable steps to address. Xcel's QSP originated in two dockets, as discussed below.⁵

In October 2002, Commission Order requested that the Department of Commerce (Department) open a docket to investigate whether Xcel had accurately reported service

^{*} Customer complaint standard is \leq 0.2059 complaints per 1,000 customers. This number reflects the calculation for 2024 based on its total customer count for the year.

¹ 2024 Xcel QSP Report, May 15, 2025, Table 1, p. 3.

² Xcel Energy Minnesota Electric Rate Book, Section No. 6, 3rd Revised Sheet No. 7.6.

³ Xcel reply comments, August 14, 2025, p. 7.

⁴ Xcel Energy Minnesota Electric Rate Book, Section No. 6, 3rd Revised Sheet No. 7.5 – 7.11.

⁵ A more complete history of the QSP is provided in more detail in Appendix C.

outages in its service quality reports.⁶ The Department and the Office of the Attorney General – Residential Utility Division (OAG) directed a third-party audit of Xcel's service quality reports by Eide Bailly's Fraudwise Division. The resulting Commission Order required Xcel to submit QSP tariffs and required a settlement wherein Xcel paid customers that had experienced outages.⁷ The QSP tariff strengthened standards and increased penalties.

On April 16, 2012, Xcel filed a petition for Commission approval of new amendments to their QSP tariff.⁸ The Commission approved Xcel Energy's current QSP tariff, including Customer Complaint definitions and the performance threshold of <0.2059 complaints per 1,000 customers or 1.5 standard deviations from Xcel's seven-year average.⁹

Xcel exceeded the Customer Complaint metric in both 2019 and 2023. The Company was subject to the \$1 million UPP both of those years.

III. Xcel's 2024 QSP Report

Xcel filed its required annual QSP report on May 15, 2025. The metrics in red were not met.

Metrics	2024 Performance	Metric Standards
Customer complaint to PUC	1,468 complaints	≤383 complaints*
Telephone response time (% of	79.7%	<u>></u> 80%
calls answered in < 20 secs.)		
Electric reliability – SAIFI	108.23 mins.	<133.23 mins.
Electric reliability – SAIDI	1.06 outage events	≤1.21 outage events
Gas emergency average response	28.13 mins.	<60 mins.
time		
Accurate invoices	99.64%	<u>></u> 99.3%
Invoice adjustment timelines	1.48 billing periods	<2.35 billing periods

Table 2: Xcel's QSP Performance in 2024¹⁰

Xcel met five metrics but exceeded two – Customer Complaints and Telephone Response Time – in 2024 and incurs a \$1 million penalty for each.

Xcel "proposes to use the applicable customer refunds on initiatives to address the specific metrics exceeded." 11 Xcel notes that the amount of the 2024 refund to all Minnesota customers as prescribed by the QSP tariff was \$0.38. Instead, Xcel proposes to use this portion more strategically.

^{*} Customer complaint standard is \leq 0.2059 complaints per 1,000 customers. This number reflects the calculation for 2024.

⁶ 02-1346 Commission ORDER REQUIRING ADDITIONAL INFORMATION AND AUDIT, October 22, 2002.

⁷ 02-2034 Commission ORDER ACCEPTING SETTLEMENT AGREEMENT, AS MODIFIED, March 10, 2004.

^{8 02-2034} Xcel QSP Tariff Petition, April 16, 2012.

⁹ 12-383 ORDER APPROVING AMENDMENTS TO SERVICE-QUALITY TARIFF, August 12, 2013.

¹⁰ 2024 Xcel QSP Report, May 15, 2025, Table 1, p. 3.

¹¹ 2024 Xcel QSP Report, May 15, 2025, p. 1.

A. Customer Complaints

1,468 complaints from Xcel customers were received by the Commission's Consumer Affairs Office (CAO)¹² in 2024; 98% of which were from residential customers. 74% of the customer complaints (1,083) were in the Billing & Credit category. Of the Billing & Credit category, 88% were specifically in the Credit category, which contains complaints from customers who have been disconnected or setting up a reconnection payment plan.

Xcel offers two reasons as to why the Customer Complaints metric was exceeded:13

- Economic conditions after the pandemic like inflationary impacting food, housing, and transportation costs, which can cause customers to fall behind on their utility bills and possibly face disconnection.
- After implementing its Advanced Metering Infrastructure (AMI), it is able to remotely disconnect customers and therefore, are disconnecting more.¹⁴ Therefore, a larger proportion less than 20% of households eligible for disconnection are being disconnected, which Xcel says may contribute to increased customer complaints.

1. Department Comments

The Department laid out that the customer complaints lodged with the CAO in 2024 was 283.3% above Xcel's metric standard of 383 complaints.

2. OAG Comments

The OAG states that since 2018, Xcel has not met the customer complaint threshold three times. Table 3 displays the differences between the complaint threshold requirements and the actual number of customer complaints to CAO from 2018 to 2024. The years in red were not in compliance.

Year	Standard	Complaints	Difference
2018	<u><</u> 360	248	68.9%
2019	<u><</u> 363	396	-109.1%
2020	<u><</u> 367	239	65.1%
2021	<u><</u> 371	257	69.3%
2022	<u><</u> 375	329	87.7%
2023	<u>≤</u> 380	759	-199.7%
2024	<u><</u> 383	1,468	-383.3%

¹² CAO is the internal office at the Commission that mediates complaints between customers and their utilities.

¹³ In its report, Xcel references the efforts it has made to reduce the number of disconnections from Docket No. 24-27 – its 2023 Safety, Reliability, and Service Quality (SRSQ), the results of which the Company notes were not reflected in the 2024 complaint totals.

¹⁴ 2024 Xcel QSP Tariff, May 15, 2025, p. 4. The Commission approved a variance to Minnesota Rule 7820.2500 that allows Xcel to disconnect customers remotely via its AMI technology without a personal visit by a utility.

¹⁵ OAG initial comments, July 22, 2025, Table 1, p. 4.

The OAG points out that the standard fluctuates annually, because it is based on the number of customers on Xcel's system.

3. Staff Analysis

Xcel has exceeded the Customer Complaint threshold in three years: 2019, 2023, and 2024. In 2019, the metric was exceeded by 109.09%, <u>just over the standard</u>. In 2023, the complaint metric was exceeded by 199.74%, <u>nearly double the standard</u>. Xcel's complaints in 2024 were 1,085 complaints over the limit, which is 3.8x the standard (383.29%), <u>nearly four times the</u> standard.

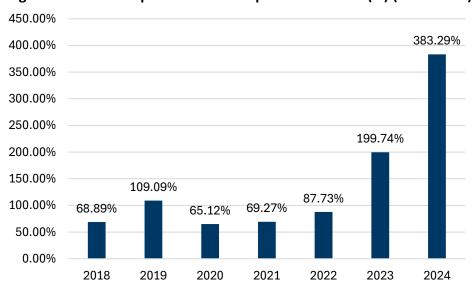


Figure 1: Xcel's Compliance with Complaint Threshold (%) (2018-2024)

Figure 2 displays the 2024 complaints by type and month. It is clear that the Billing & Credit category dominates the totals every month, and the rest of the categories are nominal but steady over each month. CAO sees approximately 100 complaints from Xcel customers each month. There is a spike in complaints from May through October. This is likely related to non-CWR season; that is, Xcel mostly performs disconnections outside of CWR, so more customers call CAO to set up payment arrangements during this time period. Further, 98% of the total customer complaints were received from residential customers, who are at greater risk for disconnection.

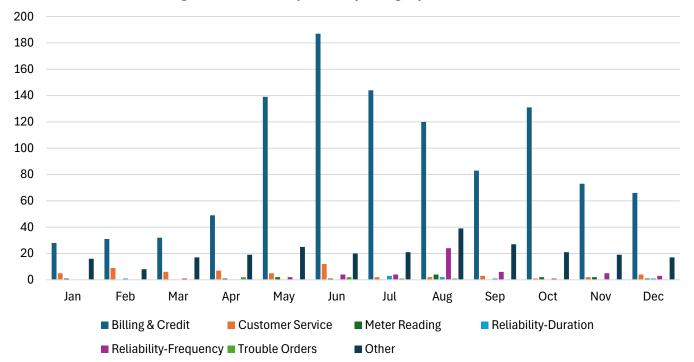


Figure 2: 2024 Complaints by Category and Month¹⁶

Spike in Disconnections

Xcel says that disconnections have been directed by the post-pandemic economic downturn. However, by the Company's own admission, it has begun disconnecting more customers due to the implementation of AMI starting in 2023. Xcel says that it is still disconnecting less than 20% of those eligible for disconnection. Xcel says that it sees this as an opportunity to connect with customers on payment arrangements and energy assistance availability.¹⁷ After Dockets 24-27 and 25-2 (the most recent service quality and CWR dockets), Xcel has implemented a number of precautions to improve customer knowledge and protections, including but not limited to limiting payment arrangements, setting past due limits before disconnection, and additional communications.¹⁸ The protections were designed to prevent Xcel's customers' arrears and disconnections, and therefore, energy burdens. Commission Staff will be measuring the effectiveness of these strategies in the upcoming Safety, Reliability, and Service Quality (SRSQ) and Cold Weather Rule (CWR) dockets.¹⁹

Subd. 5. Cold weather rule.

(a) During the cold weather period [October 1 - April 30], a utility may not disconnect and must reconnect utility heating service of a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a

¹⁶ Xcel 2024 QSP Report, Attachment B.

¹⁷ Xcel 2024 QSP Report, p. 4.

¹⁸ See Appendix D for full list of new consumer protections after 24-27, 25-27, and 25-2 Orders.

¹⁹ 216B.096 COLD WEATHER RULE; PUBLIC UTILITY.

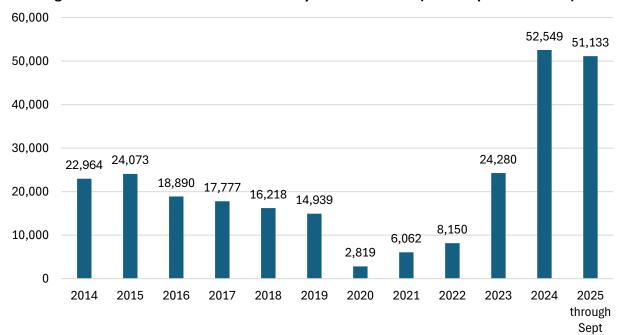


Figure 3: Xcel's Total Annual Involuntary Disconnections (2014-September 2025)²⁰

As of September 2025, 97% of disconnections have been performed remotely. Starting on February 2024, the Company was required to begin reporting the number of remote disconnections and reconnections performed remotely each month.

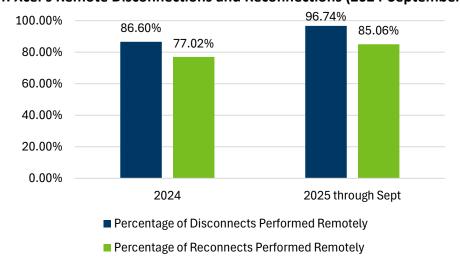


Figure 4: Xcel's Remote Disconnections and Reconnections (2024-September 2025)²¹

Given the spike in disconnections, largely led by the number of remote disconnects, Staff has no

mutually acceptable payment agreement with the utility that is based on the financial resources and circumstances of the household; provided that, a utility may not require a customer to pay more than ten percent of the household income toward current and past utility bills for utility heating service.

²⁰ Commission ORDER ON DISTRIBUTION OF UNPERFORMANCE PENALTY, October 9, 2024, Table 1, p. 3. Xcel Dec 2024 and Sept 2025 CWR reports.

²¹ Xcel Dec 2024 and Sept 2025 CWR reports.

doubt that the Customer Complaint metric will continue to be exceeded in the coming years for the foreseeable future. In fact, CAO has fielded 1,169 complaints from Xcel customers as of the end of October, so Xcel will be required to pay another penalty after its 2025 report is released. The majority of complaints were about disconnections and determining payment arrangements. However, CAO has also seen an increase in complaints from customers due to incorrect billing that Xcel has failed to remedy in a timely manner. To address this, the Commission has opened an investigation in Docket No. 25-341.²²

B. Telephone Response Time

Xcel made an average of 79.7% of calls answered in 20 seconds or less, which is slightly below the standard of 80%.²³ The Company explains that the lower performance in 2024 was driven by staffing challenges and severe weather events that attributed to higher call volumes. Xcel began adding additional customer service staff in late 2024.

C. Customer Outage Credits

The QSP tariff requires the Company to provide bill credits to customers who experience outages under the below circumstances:

Table 4: QSP Outage Credit Requirements²⁴

Outage Credits	Credit Amount
Customers experiencing six or more outages unrelated to major event days	\$50
(MEDs) in the performance year	
Customers experiencing an outage lasting 24 hours or more	\$50
Customers experiencing five or more interruptions in two consecutive years	\$75
Customers experiencing four or more interruptions in three consecutive	\$100
years	
Customers experiencing four or more interruptions in four or more	\$125
consecutive years	
Large municipal pumping customers on the A41 Tariff experiencing outages	\$200
lasting more than one minute per year	
Small municipal pumping customers on the A40 Tariff experiencing outages	\$100
lasting more than one minute per year	

In its QSP report, Xcel provides the number of credits issued and the total number of dollars credited to customers. Xcel notes that it's unable to track all outages for its municipal pumping customers due to its current distribution infrastructure. For these customers, the Company issued proxy credits of \$267 for large municipal pumping customers and \$166 for small municipal pumping customers. Table 5 displays the outage credits dispersed in 2024:

²² 25-381 Commission ORDER INITIATING INVESTIGATION, September 10, 2025, Order Point 1, p. 2.

²³ 2024 Xcel QSP Tariff, May 15, 2025, p. 5.

²⁴ 2024 Xcel QSP Tariff, May 15, 2025, pp. 5-6.

Table 5: 2024 Outage Credits²⁵

	2024 Credits	Dollars
Six or more outages	9,447	\$472,350
Outages lasting 24 hours or longer	1,429	\$71,450
Consecutive years of outages	929	\$82,200
Tracked small municipal pumping outages (A40)	1,123	\$112,300
Untracked small municipal pumping outages (A40)	248	\$41,168
Tracked large municipal pumping outages (A41)	560	\$112,000
Untracked large municipal pumping outages (A41)	195	\$52,065
Total	13,931	\$943,533

In the docket, an Xcel customer located in Minneapolis submitted a public comment on June 30, 2025. The customers cited four power outages in one week with at least one during an extreme heat warning. The customer has concerns about outages happening more frequently in neighborhoods where more people of color and low-income people live. The customer cited the study from Drs. Pradhan and Chan at the University of Minnesota, "Racial and Economic Disparities in Electric Reliability and Service Quality in Xcel Energy's Minnesota Service Area." Note that service outages will be examined in the upcoming SRSQ proceedings.

²⁵ 2024 Xcel QSP report, May 15, 2025, Table 3, p. 6.

²⁶ Public Comment, June 30, 2025, filed July 2, 2025.

²⁷ See the paper here.

DISCUSSION

I. Threshold Issues for Commission Consideration

The Commission must determine:

- That the 2024 QSP report be accepted.
- How the \$1 million Customer Complaint UPP should be distributed.
- How the \$1 million Telephone Response Time UPP should be distributed.

A. Acceptance of QSP Report

Acceptance of the 2024 QSP report is necessary and represented in **Decision Option 1**.

1. Department Comments

The Department recommends that the Commission accept Xcel's 2024 QSP report (**Decision Option 1**).

2. Staff Analysis

Xcel submitted its 2024 QSP report in full, and therefore, is required to be accepted by the Commission (**Decision Option 1**).

B. Disbursement of the Customer Complaint Under Performance Penalty Payments

1. Xcel's Proposal

In lieu of the tariff, Xcel proposes to use the bill credit portion of the Customer Complaints metric towards \$500 bill credits for 1,000 past due customers, instead of a "very small refund" for all (**Decision Option 2**). Xcel believes that this will directly address a leading cause of complaints – disconnections. The bill credits will be awarded as followed:

- 1) Have a past due balance greater than \$2,000;
- 2) Have not otherwise received energy assistance;
- 3) Are working to pay off their bill, as demonstrated by a payment on their account in the last 90 days; and
- 4) Have received a notice of possible disconnection as of the Commission's Order in this docket.²⁸

This builds on what was approved by the Commission in the 2023 QSP, with two small changes. First, they will not be a geographic criterion in which Xcel was required to distribute the bill

²⁸ 2024 Xcel QSP report, May 15, 2025, p. 8.

credits to specified low-income Census Block Groups (CBGs).²⁹ Second, the fourth criteria of only distributing bill credits to customers who have received a disconnection notice. Xcel says that this will "focus QSP tariff-funded bill credits squarely on the objective of helping customers will high arrears to avoid disconnection."³⁰

2. Department Comments

The Department supports the Company's proposal to provide \$500 bill credits to 1,000 customers (**Decision Option 2**).

3. OAG Comments

The OAG supports Xcel's proposal to use 50% of the Customer Complaints under performance payment for bill credits to past due customers. Alternatively, the OAG does not oppose spending the entire \$1 million UPP on bill credits (**Decision Option 3**).

4. CUB Comments

The Citizens Utility Board of Minnesota (CUB) supports Xcel's proposed arrearage forgiveness with a series of variations on that approach:

- Using the entire \$1 million Customer Complaint penalty towards arrearage forgiveness (Decision Option 3). This would replace both the \$500,000 worth of credits to all customers and the \$500,000 that would go towards maintenance and repair of Xcel's distribution system.
- Reducing the past due balance requirement from \$2,000 to \$1,000, if necessary (**Decision Option 4**).
- Applying the credits from oldest to newest outstanding balance (Decision Option 4a).

The Company has and continues to acknowledge that the remote disconnection capabilities have led to a greater number of disconnections, so the connection between AMI and customer complaints exist. CUB says that putting the entire UPP towards rate-relief for payment-troubled customers is consistent with tariff language, given that many complaints came from customers that were disconnected by AMI, which is part of the distribution system. Additionally, since the QSP tariff is not explicit that the \$500,000 of customer credits need go to all customers, the "Commission could tailor this portion of the penalty to provide credits to those households most in need of assistance (i.e. those with large arrearage balances that are potentially subject to disconnection)."³¹

To achieve using the entire \$1 million penalty for arrearage forgiveness, CUB sees that reducing

²⁹ CBG is 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.

³⁰ Xcel reply comments, August 14, 2025, pp. 3-4.

³¹ CUB reply comments, August 15, 2025, p. 3.

the past due balance requirement may be necessary.³² If the past due balance requirement is lowered, the entire arrearage forgiveness funds would be fully disbursed.³³

5. ECC Comments

Energy CENTS Coalition (ECC) supports using the Customer Complaint penalty funds towards bill credits to address arrearages but believes that the entirety of the penalty should go towards the credits (**Decision Option 3**).

6. Xcel Reply Comments

Xcel responds to CUB's proposal that it applies the bill credits from oldest outstanding balance first (**Decision Option 4a**). Xcel would prefer to apply the bill credits from largest outstanding balance first (**Decision Option 4b**).

Next, Xcel responds to CUB and ECC's recommendation that the entire Customer Complaint penalty be used towards arrearage forgiveness (**Decision Option 3**). Xcel points towards the QSP tariff in which 50% of the penalty is to be used for customer credits and 50% is to be used for repair and maintenance of the Company's electric and gas distribution system. At the September 19, 2024 agenda meeting, the Commission questioned how significant the bill credits to all Minnesota customers is,³⁴ but Xcel says that the Commission "did not question the value of using 50% for maintenance and repair of the distribution system." The Company maintains that it supports using 50% of the Customer Complaint penalty towards past due bill credits and 50% towards the distribution system. Xcel describes how it will practically distribute the credits in its reply comments.³⁶

7. Staff Analysis

Xcel used its Customer Complaint penalty in 2023 towards bill credits as well, which appeared to be successful based on reporting from the Company³⁷ and the lack of registered complaints with CAO.

During the 2023 proceedings, the Commission required Xcel to apply direct credits to past due customers.³⁸ Therefore, there is precedent for using the Customer Complaint UPP towards bill

³² CUB initial comments, July 22, 2025, p. 3.

³³ CUB reply comments, August 15, 2025, p. 3.

³⁴ September 19, 2024 Commission agenda meeting, 5:29:10.

³⁵ Xcel reply comments, August 14, 2025, p. 5.

³⁶ Xcel reply comments, August 14, 2025, pp. 5-6.

³⁷ See Xcel's compliance filings in 12-383.

³⁸ 12-383 Commission ORDER ON DISTRIBUTION OF UNDERPERFORMANCE PENALTY, October 9, 2024, Order Point 1, p. 5.

^{1.} Xcel must apply a direct credit, in order of oldest outstanding balance first, to accounts of customers who are unable to participate in Xcel's proposed pilot program in Docket No. E-002/M-24-27, have a

credits for low-income customers.

Staff, along with all parties, including the Department, supports using the Customer Complaints under performance payment towards bill credits but does not make a recommendation between the variations presented by parties (**Decision Options 2 – 4a-b**).

C. Disbursement of the Telephone Response Time Under Performance Penalty Payments

1. Xcel's Proposal

In lieu of the QSP tariff, the Company proposes to use the bill credit portion towards further development of its Live Chat pilot (**Decision Option 5**), where customers can chat with Customer Service Representatives (CSRs) on Xcel's website. Xcel believes that its Live Chat function will help restore call time performance. Xcel is currently piloting this program with a small number of live chat CSRs, which is showing high customer satisfaction at 90%. The Company trained 16 CSRs and have eight CSRs staffing live chat full-time. 400 requests have been handled so far. Xcel estimates the cost of full implementation at approximately \$950,000. Primarily, this cost will go toward labor.

2. Department Comments

The Department does not support the Company's proposal to devote \$500,000 towards the Live Chat function. The Department requested Xcel provide information on changes to recruiting and retaining staff. "Between April 2024 and April 2025, the number of CSRs increased by over 30%, rising from 343 to 447 at month-end." 39

In its report, Xcel acknowledged that customer questions over Live Chat take longer to complete. Therefore, the Department has questions about whether expanding the Live Chat function is an appropriate solution to address response time shortfalls. Also, the Department has concerns around ongoing costs to fund the Live Chat function. Xcel says that it will require \$950,000 for full deployment, which is almost double the \$500,000 UPP that will be allocated to Live Chat. In response to a Department IR, the Company says that current cost per chat interaction is \$6.27 or \$32,600 monthly. The Department extrapolates that the ongoing cost of the Live Chat will be \$391,200 annually. Therefore, the Department believes that while the UPP is a one-time funding source, expanding the Live Chat function would create recurring and potentially increasing cost.

Additionally, the Department does not find that Xcel has demonstrated that the Live Chat

past due balance greater than \$5,000, have not otherwise received energy assistance, and have made a payment within the last 90 days. Xcel will apply credits as follows:

Apply a \$500 payment to customers that meet the above criteria and live within specified low-income census block groups starting with the census blocks with the lowest income.

Department initial comments, July 22, 2025, p. 7.

⁴⁰ Department reply comments, August 15, 2025, p. 3.

function improves customer service efficiency. In April 2025, the average Live Chat lasted 683 seconds; in June 2025, the average dropped to 643 seconds – a 6% improvement. That being said, the Department is unsure of the connection to customer wait times, given the limited amount of data. Therefore, the Department recommends a substitute that Xcel follow the QSP tariff and return the \$500,000 to ratepayers.

3. OAG Comments

The OAG recommends that the Commission deny Xcel's request to use \$500,000 of the UPP towards its Live Chat pilot *unless* Xcel completes the pilot, reviews the pilot's results, and provides record evidence that the Live Chat program will be a reasonable use of ratepayer funds. While Xcel has said that the pilot has been successful thus far, the OAG is "skeptical that Xcel can reasonably draw these conclusions at such an early stage of the pilot." Additionally, using the \$500,000 penalty amount would only make up only slightly more than half of Xcel's projected \$900,000 total cost. Therefore, the OAG is concerned that the Live Chat function would have ongoing costs like continued training and staffing, which would create a funding gap that would need to be made up by ratepayers.

4. CUB Comments

CUB questions whether it's appropriate to use the Telephone Response Time penalty towards the Live Chat function. Xcel reported that it takes longer to resolve complaints over chat. CUB says that it's unclear on whether, or what to degree, Live Chat will improve call wait times and how Xcel intends to recover costs outside of the \$500,000 UPP and whether those costs will be double recovered if the Company intends to roll out the Live Chat function outside of Minnesota. Therefore, CUB does not support using the Telephone Response Time UPP towards the Live Chat function.⁴²

5. ECC Comments

ECC does not support applying the Telephone Response Time penalty towards the Live Chat function. ECC does not find this appropriate and believes that the entire \$1 million penalty could be better applied to customers facing significant arrears (**Decision Option 7**).

6. Xcel Reply Comments

In response to the Department's comments that interactions over Live Chat will take longer to complete, Xcel says that Live Chat allows CSRs to complete two chats at once, which offsets the greater time it takes per interaction.⁴³ In addition, Xcel addresses the Department's question as to how the Company would fund the ongoing Live Chat costs. Xcel responds that it had updated the proposed budget to stay between \$400,000 and \$500,000 by keeping the number of deployed full-time CSRs for at least 18 months. In light of this, Xcel will evaluate how its Live

⁴¹ OAG initial comments, July 22, 2025, p. 9.

⁴² CUB initial comments, July 22, 2025, p. 8.

⁴³ Xcel reply comments, August 14, 2025, p. 6.

Chat function impacts telephone response time and whether it will seek to increase staffing in the future (**Decision Option 6**).

The OAG says that using a portion of the under performance payment towards Live Chat after the Company has proven that it is a reasonable use of ratepayer funds. After the \$500,000 QSP payment, the remaining amount to reach full deployment will come from shareholder funds.⁴⁴

Xcel addresses CUB's concerns about double-recovery and whether the Company intends to roll out Live Chat beyond Minnesota. First, ongoing costs after deployment would be recovered from customers from the regular Customer Care organization budget included in the revenue requirements calculation for future rate cases. Second, Xcel says that its CSRs' time is tracked and allocated by jurisdiction "so that no time spent serving customers in other states would be recovered from Minnesota customers."⁴⁵

ECC argued against using the UPP payment for Live Chat, instead preferring relief for past due customers. Xcel says that it does not see a clear link between customer arrears and Telephone Response Time and prefers to use the UPPs to help restore performance on that metric.

7. Staff Analysis

There is only initial data around the effectiveness of the Live Chat function. Staff consulted with the CAO that has had direct experience with Xcel's Live Chat pilot. While working on complaints, CAO regularly asks for copies of call recordings to determine a best path forward towards a solution for the customer. Xcel does not keep a transcript record of Live Chat conversations. When CAO asks for records of Live Chat conversations, Xcel is not able to produce them. This makes complaint resolution challenging for CAO. Also, this does not allow Xcel's CSRs to reference past conversations with their customers.

The Commission may wish to forgo any of options presented by the Company and parties (note that the Department did not offer an alternative to Xcel's proposal) and instead follow the QSP tariff and distribute \$500,000 to all Xcel customers divided equally amongst all. Xcel serves approximately 3.7 million electric customers. By dividing amongst them all, Xcel says that each customer on its system would receive approximately \$0.38.

II. Additional Considerations

Xcel and the parties brought up other issues for Commission consideration that are not typically up for consideration as part of the annual report. These issues are disputed among the parties and are broader issues that would modify the QSP plan and tariff. These topics include: an expansion to the Customer Complaints metric by updating the years on which the metric is based; a refinement to the definition of 'Customer Complaint' to include a clarification that requires the customer to contact Xcel before filing a complaint with CAO; a removal of calls

⁴⁴ Xcel reply comments, August 14, 2025, p. 7.

⁴⁵ Xcel reply comments, August 14, 2025, p. 8.

answered IVR from the Telephone Response Time metric reporting standard; and ways in which the UPPs could be increased and/or further altered.

Staff notes that in last year's agenda meeting on the QSP, the Commission directed parties to discuss adjusting the QSP penalty amounts amongst themselves and report on mutually agreeable solutions. It does not appear there were any agreed upon modifications.

A. Expanding the Customer Complaints Metric Standard

1. Xcel's Proposal

Xcel is proposing to update the Customer Complaints Metric by retaining the same method (1.5 standard deviations) and the number of years (seven) but updating the calculation to reflect the most recent seven years (2018 – 2024) (Decision Option 9).⁴⁶ This results in a new standard – <0.649 complaints per every 1,000 customers – as compared to the current standard of ≤0.2059 complaints per 1,000 customers. If this metric standard were in place in 2024, it would have equated to 1,207 complaints, which is still 261 more complaints than Xcel's performance last year.

The Company justifies this proposal by saying that the standard has not updated since 2013 and is based on data from 2005 – 2011. Xcel says that this does not reflect the complexity of the Company's current business. Xcel provides four reasons:

- 1) Since 2005 2011, Xcel provides many more products and services, has a more complex electric system, and technologies have grown dramatically.
- 2) Ongoing economic challenges after COVID-19 has increased disconnections and then complaints.
- 3) The new requirements in 24-27 could increase complaints.
- 4) There is increased wildfire risk due to climate change. Xcel will be implementing two safety practices that are as-of-yet unknown to customers.⁴⁷

Additionally, "it [the Customer Complaint standard] has become essentially unachievable and as such, is no longer providing an effective incentive for the Company to improve its performance in this area."48

If the Commission approves Xcel's proposal to change the Customer Complaint metric, the Company proposes modifying the Minnesota Electric and Gas Rate Books, General Rules and

⁴⁶ 2024 Xcel QSP report, May 15, 2025, p. 13.

Wildfire Safety Operations (WSO) would temporarily deactivate the automated reclosing of breakers on the distribution system to reduce ignition risk. When a fault occurs, this requires manual inspection prior to reclosing, which will likely lead to longer outages. When there is extreme fire risk, Xcel may implement Public Safety Power Shutoffs (PSPS), which would de-energize parts of our system until the conditions have passed. The setting requires a patrol of the entire system prior to reorganization, which may also lead to longer restoration periods.

⁴⁸ 2024 Xcel QSP report, May 15, 2025, p. 12.

Regulations (Section 6), Service Quality (Sheet No. 7.7) to read (**Decision Option 10**):

E. Under Performance Measures

1. Customer Complaints

This metric measures the number of Customer Complaints submitted by the Commission's Consumer Affairs Office. An under performance payment will be assessed in any year in which the number of complaints exceeds 0.20590.649 complaints per 1,000 customers.

2. Department Comments

The Department does not support Xcel's proposal to update its customer complaint metric to ≤0.649 complaints per 1,000 customers. The Department says that Xcel's proposed new metric standard lies well above nearly all historical data points in the trend line and aligns closely with the two highest outliers (2023 and 2024, when Xcel exceeded the Customer Complaint metric standard). Since complaints did not increase rapidly until 2023 and 2024, the Company's proposed revision is not reasonable.

In its reply comments, the Department reviewed the historical trends of complaint rates from 2005 through 2024 as demonstrated in Figure 5:

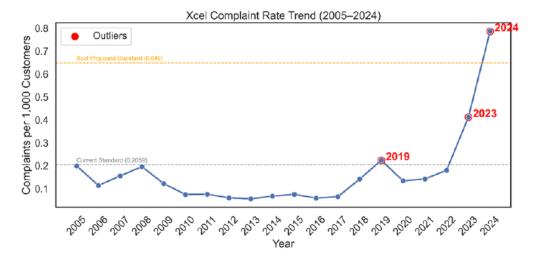


Figure 5: Xcel Complaint Rate Trend (2005-2024)

The trend represents a distinct break. The increase is not gradual or persistent over time but rather reflects a sudden deviation from nearly two decades of consistent performance.⁴⁹

In response to Xcel's concerns around wildfires, the Department recommends that the Commission may require Xcel to implement proactive customer education and communication to mitigate potential increases in customer complaints related to wildfires (**Decision Option 11**).

3. OAG Comments

The OAG recommends that the Commission deny Xcel's proposal to increase its Customer

⁴⁹ Department reply comments, August 15, 2025, p. 4.

Complaint threshold. The OAG says that Xcel is incorrect in saying that the metric is "set it and forget it," because the threshold is designed to update with changes to the customer counts year-to-year.

Xcel said the current Customer Complaint limit is no longer an effective incentive. The OAG is alarmed by this statement and says that "the solution to Xcel's stated lack of incentives is not, however, to dilute the standard." ⁵⁰

The OAG addresses Xcel's argument that its threshold is outdated, because there are more products and services and complexities. However, Billing & Credit are the most common complaints, but these are not new products or technologies. Therefore, "Xcel should provide satisfactory service quality regardless of the product it offers." The OAG said that by resetting the threshold using numbers that were substandard goes against the Commission's reasoning when it set the metric in 2013.

4. CUB Comments

CUB opposes Xcel's revised customer complaint methodology to 0.649 complaints per 1,000 customers, as proposed.

We believe Xcel's proposed methodology would permit the Company's customer service quality to decline over time.⁵²

The three years in which Xcel failed to meet the metric standard would be included in Xcel's proposed methodology. CUB says that this would erode service quality and lessen Xcel's incentive to correct performance issues. The proposed revisions are "both unwarranted and unreasonable." ⁵³

5. ECC Comments

ECC opposes Xcel's proposal to increase its customer complaint threshold. The change would increase the allowable complaints to more than triple the previous limit. ECC says that post-pandemic arrearages and AMI-driven changes should "prompt a utility response rooted in stronger support – not diminished accountability." ⁵⁴

ECC refers to Xcel's explanations of the increase in customer complaints – from the frequency of wildfires to the recent Commission requirements on downpayment plans and reconnections during air quality and extreme heat events, saying that "those are prospective concerns and do not offer significant retrospective explanatory value."⁵⁵

⁵⁰ OAG initial comments, July 22, 2025, p. 10.

⁵¹ OAG initial comments, July 22, 2025, p. 12.

⁵² CUB initial comments, July 22, 2025, p. 4.

⁵³ CUB reply comments, August 15, 2025, p. 4.

⁵⁴ ECC initial comments, July 22, 2025, p. 1.

⁵⁵ ECC reply comments, August 15, 2025, p. 2.

ECC connects the deployment of AMI and the connection to greater number of disconnections to the rising number of customer complaints since the majority of the 2024 complaints were in the Billing & Credit category. In its 2023 SRSQ report, Xcel describes that how deployment of AMI technology allows more eligible customers to be disconnected and reconnected, which allows Xcel to interact with customers and offer energy assistance options. ECC responds saying that this premise relies entirely on high quality customer engagement:

Our daily interactions with low-income customers in crisis have convinced us that if AMI is not implemented thoughtfully, it risks greatly elevated disconnection rates.⁵⁶

6. Xcel Reply Comments

Xcel addresses how the Department, OAG, and CUB do not support its proposal to change the customer complaints metric standard. Rather, Xcel believes that "performance metrics must be re-evaluated at intervals to ensure they remain effective to incentivize improved performance." ⁵⁷

In response to the Department's statement that many Billing & Credit complaints are related to the introduction of AMI, Xcel says that AMI is the mechanism, not the cause, of disconnections. Instead, Xcel says that root cause of increased disconnections is post-pandemic economic challenges. The Company concurs with the Department's expressed need for more customer communications (**Decision Option 11**) but does expect the customers will still be unaware of future wildfire safety disconnection procedures.

The OAG describes the Company's proposal as a "three-fold increase." Xcel says this is mathematically correct but represents a very small number of customers — "just over 1,200 complaints for over 1.8 million electric and gas customers as of 2024." Xcel believes that the increase would still incentivize their behavior to keep complaints low. The OAG also argues that metric being based on customer counts prevents it from being a "set it and forget it" metric. Xcel says that the OAG again is ignoring the changed conditions. In relation to the OAG's note that the majority of the complaints being chiefly coded as Billing & Credit, Xcel says that this reflects economic effects of COVID-19, the 18-month disconnection moratorium at that time that allowed for arrears to grow, and the ability of the Company to disconnect more customers with AMI.

CUB opposes revising the metric, saying that the customer complaint standard goes up or down

⁵⁶ ECC reply comments, August 15, 2025, p. 2.

⁵⁷ Xcel reply comments, August 14, 2025, p. 13.

⁵⁸ Xcel reply comments, August 14, 2025, p. 14.

⁵⁹ Xcel reply comments, August 14, 2025, p. 13.

⁶⁰ On March 25, 2020, the Commission and the Department of Commerce sent a joint letter to all utilities requesting a halt to all service disconnections as a response to the COVID-19 outbreak while the Governor Walzissued peacetime Emergency Order 20-01 was in place. In its May 26, 2021 Order in Docket No. 20-375, the Commission allowed a resumption of disconnections on August 2, 2021. As a result, for more than 17 months, utilities were under a disconnection moratorium.

based Xcel's number of customers. Xcel says that this is ignores the changes to the Company's business.

Xcel brings up Docket Nos. 25-198 and 24-383 – the Minnesota Power (MP)-ALLETE merger. In this docket, MP agreed to a settlement similar to Xcel's QSP. Solar interconnection complaints are not included in the Customer Complaint metric. Xcel says that "this seems inequitable to us." Since Xcel exceeded the Customer Complaint metric in 2019 due to interconnection complaints, the Company uses that as reasoning that it faces different circumstances from 2005-2011 – the current years the metric is based on.

7. Staff Analysis

Xcel says that modifying its Customer Complaints threshold gives them "an opportunity to resolve them before they are added to the annual tally." However, CAO already performs a monthly reconciliation with Xcel on its currently open complaints. CAO does not consider contact with an Xcel customer a complaint until CAO has talked to the Company first. Otherwise, they are counted as an inquiry. Therefore, Staff believes that this is an invalid reasoning.

Xcel brought up the MP-ALLETE settlement, which was heard in October 2025 by the Commission. Xcel said that solar interconnection complaints were not counted towards MP's total customer complaint metric standard.⁶³ This is true, but MP has less interconnected customers than Xcel, which would result in less complaints. Additionally, the complaints are limited to 50 annually and are not tied to the annual customer count, which will hold MP to a higher complaint standard as its customer count grows. Therefore, Staff finds that the comparison between Xcel's QSP and MP-ALLETE's settlement is not one to one.

In response to a Department Information Request (IR), Xcel stated that there were 457 wildfires within its Minnesota service territory in 2024, and there were zero outages as a result, despite being considered that wildfire outages may increase complaints. CAO does not count customers that experienced one storm outage (which would include wildfires) as a complaint. Depending on how large the outage is, the utility communicates with CAO the estimated time of restoration. Customers are informed that outage restorations may take time, especially if the outage affected a large number of customers in the service territory. Outages are only counted as complaints if restoration has not been completed within a reasonable amount of time, typically determined as multiple days without service.

Staff recommends **Decision Options 11** – a Department recommendation that Xcel implement customer communication about wildfires and **12** – a Staff suggestion that CAO be consulted on

⁶¹ Xcel reply comments, August 14, 2025, p. 15.

⁶² 2024 Xcel QSP report, May 15, 2025, p. 2.

^{63 24-198} Settlement Stipulation, July 11, 2025, p. 12.

c. If the number of non-MN DIP service complaints by Minnesota Power customers forwarded to the utility from the Commission's Consumer Affairs Office exceeds fifty (50) in a given reporting year, Minnesota Power shall be required to make a \$250,000 under performance payment.

any written customer communications, because more consumer education has historically been considered a best practice.

Staff notes that customer complaints are also examined in Xcel's annual SRSQ proceedings, the 2024 reporting year of which has not yet been heard by the Commission. Xcel's SRSQ docket – 25-27 – offers another opportunity consider customer complaints that have been received by CAO (as well as complaints received by the Better Business Bureau, the OAG, and by the Company's own CSRs) in 2024.

B. Refining the Definition of 'Customer Complaint'

1. Xcel's Proposal

In its report, Xcel proposed to modify the definition of 'Customer Complaint' in the QSP Tariff (**Decision Option 13**):

7. "Customer Complaint" is defined as any complaint submitted, in writing, by US Mail, e-mail, or by fax, registered by the Minnesota Public Utilities Commission's Consumer Affairs Office to the Company, regarding a complaint submitted by an Xcel Energy customer in which the customer states a grievance related to the Company's provision of service to that customer, provided that the complaint has first been submitted to the Company and the customer has been unsuccessful resolving the complaint with the Company. General inquiries to the Consumer Affairs Office, where the customer has not requested to register a complaint, shall not be counted as Customer Complaints.

The Company believes that it should have the opportunity to attempt to resolve complaints before it is brought to the CAO and added to the annual tally. Xcel's understanding that it is already the CAO's general practice to ask customers if they have first contacted the Company to work through their concerns, and if they have not, to ask them to do so. Xcel proposes that the Commission make this explicit in the Tariff.

2. Department Comments

The Department does not support Xcel's proposal to update the definition of 'Customer Complaint' in its Electric Rate Book. The Department is concerned that modifying both the definition of 'Customer Complaint' and the complaint threshold at the same time "may compromise the standard's ability to accurately measure customer complaints and ensure improved performance." ⁶⁴

3. OAG Comments

The OAG recommends that the Commission deny Xcel's proposal to modify the definition of 'Customer Complaint.' The OAG says that the modification will be burdensome for the Company and CAO to review, as well as being duplicative of other tariff provisions. The Commission limited the definition of 'Customer Complaint' in 2012, which specified that "unique" complaints with a "specific" grievance that had been "registered" with CAO could be

⁶⁴ Department initial comments, July 22, 2025, p. 13.

counted towards the total.

The OAG says it's not clear how Xcel would verify that the customers had contacted the Company before CAO and whether the customers had been unsuccessful in resolving the complaint.

Including such a qualification in a tariff, allows Xcel to second guess the customer's determination about the propriety of contacting a regulator to seek assistance and is inappropriate.⁶⁵

Xcel's definition should not require customers to hash out a complaint with the Company before filing a complaint, "particularly if the customer has had a bad experience attempting to resolve complaints in the past." ⁶⁶

4. CUB Comments

CUB opposes Xcel's proposed redefinition of 'Customer Complaint' in its QSP tariff. CUB shares the OAG's concerns that a customer must determine for themselves whether their complaint is adequately addressed. Additionally, CUB points out that "new complaints could arrive after contacting the CAO." Rather than redefining a "customer complaint," CUB says that Xcel should instead improve its service quality and reduce the number of customer grievances.

5. ECC Comments

ECC opposes Xcel's proposal to modify the definition of 'Customer Complaint.' Instead, ECC proposes a stakeholder process to evaluate complaint types and trends (**Decision Option 23**). Narrowing the definition of a complaint risks penalizing customers for not working with Xcel first, "despite many customers being unaware of those procedures or lacking capacity to navigate them, especially during crises." ECC says that it sees cases of customers that have had to reach out to CAO because of confusion, language barriers, or customer service from Xcel.

6. Xcel Reply Comments

After parties' reservations, Xcel modifies its proposal (**Decision Option 13**):⁶⁹

7. "Customer Complaint" is defined as any complaint submitted, in writing, by US Mail, email, or by fax, registered by the Minnesota Public Utilities Commission's Consumer Affairs Office to the Company, regarding a complaint submitted by an Xcel Energy customer in which the customer states a grievance related to the Company's provision of service to that customer, provided that the complaint has first been submitted to the Company and the customer has been unsuccessful resolving the complaint with the Company is

⁶⁵ OAG initial comments, July 22, 2025, p. 15.

⁶⁶ OAG initial comments, July 22, 2025, p. 16.

⁶⁷ CUB reply comments, August 15, 2025, p. 5.

⁶⁸ ECC initial comments, July 22, 2025, p. 2.

⁶⁹ Staff notes that the original 'Customer Complaint' redefinition proposal from Xcel's report is not included as a decision option in the briefing papers.

<u>dissatisfied with the resolution proposed by the Company.</u> General inquiries to the Consumer Affairs Office, where the customer has not requested to register a complaint, shall not be counted as Customer Complaints.⁷⁰

The Company clarifies that its intent in modifying the 'Customer Complaint' definition was not to limit customers' ability to register a complaint with CAO. Xcel points towards Minn. Stat. § 216B.172, which allows utility customers to file complaints with CAO. The Movever, Xcel says that in subd. 2, "the statute is also explicit that complainants must first attempt to resolve their complaint with the utility."

The OAG says that customer should not have to contact the Company before CAO registers a complaint, but Xcel responds that the Company must be given the opportunity to attempt to resolve complaints before they are counted against the annual QSP tally.

Xcel says the OAG raises one legitimate concern; the Company did not intend the language "has been unsuccessful resolving the complaint" to mean that the Company would make that determination, but that it's up to the customer.

7. Staff Analysis

In its report, Xcel proposed to adjust the definition of a 'Customer Complaint' in its QSP tariff. Xcel made a clarification to its original proposal in its reply comments (**Decision Option 13**), which allows for customers who have been dissatisfied with the resolution presented by the Company to be counted with the metric standard.

Staff has concerns about the proposed redefinition for a number of reasons:

- It limits complaints to customers. Some customers may have had a previous bad experience with the Company and so do not want to attempt to call again. Second, some customers are afraid of calling regarding their arrears due to shame around not being able to currently pay their bills, despite efforts to do so. Third, there are customers of record who are incapable of interacting with customer service, whether that is because of a language barrier, decreased mental capability due to aging, mental illness, or mental disabilities. CAO is happy to field calls from customers' family members or social workers. The family members or social workers may opt to speak directly with CAO from the beginning of the complaint.
- CAO has a longstanding practice of requiring customers to contact the utility before
 filing a complaint. If a customer has not yet reached out to Xcel, CAO can perform a
 transfer directly to Xcel's customer service phone line. CAO welcomes customers to call

Subd. 2. Complaint resolution procedure.

A complainant must first attempt to resolve a dispute with a public utility or a landlord. If a complainant is dissatisfied with the proposed resolution by the public utility or the landlord, the complainant may seek assistance of the commission to resolve the dispute by filing a complaint with the consumer affairs office.

⁷⁰ Xcel reply comments, August 14, 2025, p. 10.

⁷¹ Minn. Stat. § 216B.172 Consumer Disputes.

back and file a complaint but prefers that a customer works out their issue with the utility first, which promotes a healthy relationship between the utility and their customer.

Limiting the definition of 'Customer Complaint' may hamstring the CAO mediators.
 Every customer communication is different. Many calls with customers result in multiple questions and complaints. It is at a mediator's discretion what is considered an inquiry or a complaint due to the large amount of gray area that is uncovered during conversations with customer.

C. Removing IVR from the Telephone Response Time Metric

1. OAG's Proposal

The OAG recommends that Xcel be required to remove the response times of IVR from the Telephone Response Time metric, and instead, only count calls answered by CSRs (**Decision Option 14**). The OAG proposes that the language regarding the 80/20 standard in Xcel's QSP tariff should be restored to language consistent with Minnesota Rule 7826.1200, subpart 1. The below redlined language largely reverts the tariff language to the version before Xcel's requested change in 2013⁷², specifically on the definitions of 'answer time' and 'answer,' with a few additional modifications to make clear the tariff's applicability to the IVR system:

1.9 - Service Quality

A. Definitions

20. "Telephone Response Time" measures the time to answer all customer initiated calls directed to the Company's call center or to its business office., regardless of whether the call is answered by a Company representative or the Company's Interactive Voice Response (IVR) system. If a customer chooses to talk to a Company representative, Telephone Response Time is measured from the time the call is routed to a Customer Service Representative (CSR), after the customer first verifies their identity and selects the reason for the call, to the time the call is responded to by a CSR.

a. "Answer" in the context of measuring Telephone Response Time means that an operator or representative is ready to render assistance or accept the information to handle the call. Acknowledging that the customer is waiting on the line and will be served in turn is not an answer. If the Company uses an automated call-processing system, such as an Interactive Voice Response (IVR) System, the 20-second period begins when the customer has selected a menu option to speak to a live operator or representative. If the Company uses an automatic call processing system, such as an IVR system, it must provide the option to opt out of the automated call-processing system, and it must not delay connecting the caller to a live operator or representative for purposes of playing promotional announcements. "Answer" may mean connecting the caller to a recording providing, to the extent practicable, at least the following information:

A. the number of customers affected by the interruption;

B. the cause of the interruption;

C. the location of the interruption; and

⁷² Xcel QSP Tariff Modification Petition, March 27, 2013, p. 20.

D. the Company's best estimate of when service will be restored, by geographical area.

The OAG also recommends a reporting modification to ensure compliance with Minn. Rule 7826.1200, subpart 1 (**Decision Option 15**):⁷³

- E. Under Performance Measures
- 2. Telephone Response Time

Exclusions

Telephone Response Time will be recorded and reported with no exclusions. The Company must report both the percent of calls answered within the benchmark period, as well as the average length of telephone response times. The Company may request exclusion of certain calls that the Company can demonstrate are the result of an event beyond the Company's control, which the Company took reasonable steps to address.

In reply comments, the OAG says that for a decade, Xcel has only met the 80/20 standard due to the tariff revision that defined "Telephone Response Time" as all customer-initiated calls as answered by a CSR or IVR:

Automatic call processing systems are allowed, but definitionally should not be included when calculating customer wait times if the caller never gets past the automated system because these calls were never answered by a real person.⁷⁴

In 2024, non-IVR calls' response rate within 20 seconds fell below 50%; meanwhile, CenterPoint Energy answered 82.7% of calls excluding IVR within 20 seconds. The OAG says that this provides "real-time evidence that the 80/20 standard is achievable within 20 seconds." ⁷⁵

2. CUB's Proposal

CUB made a recommendation for more clear reporting of IVR vs. non-IVR calls (**Decision Option 16a-c**), which would have no impact on the Telephone Response Time metric. Xcel reports all of its IVR calls as answered within zero seconds. IVR calls "lower the average call response time and make the 80/20 standard significantly easier to meet." CUB states the Company has failed to meet the 20 second requirement when IVR was excluded since 2010. Figure 6 divides out call response time between IVR calls and calls answered by live CSRs.

⁷³ Staff ex parte communication with OAG, November 7, 2025.

OAG reply comments, August 15, 2025, p. 3.

⁷⁵ OAG reply comments, August 15, 2025, p. 4.

⁷⁶ CUB initial comments, July 22, 2025, p. 6

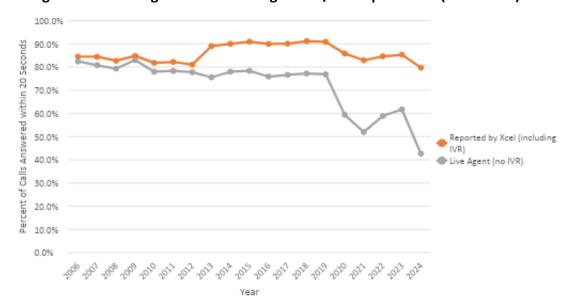


Figure 6: Percentage of Calls Meeting the 80/20 Requirement (2006-2024)⁷⁷

The number of residential calls answered by a live CSR has declined significantly over the last two decades.

Table 6: Live Residential CSR Calls Answered within 20 Seconds (2006 vs. 2024)⁷⁸

Year	Number of Live CSR Calls	Number Answered within 20 Seconds	Percent Answered within 20 Seconds
2006	2,061,603	1,708,378	82.9%
2024	831,994	351,301	42.2%

In certain situations, CUB says customers may need to speak to a live CSR, stating:

If customers struggling to pay their bill are unable to access assistance readily, it may hinder them from setting up a payment arrangement or getting in contact with someone who can provide the help and resources they need to get back on track.⁷⁹

While IVR may be useful in certain circumstances, CUB is concerned that it may make it more difficult for customers to receive personalized support. While the IVR is fairly robust, it doesn't offer an option to immediately speak to a CSR, requiring navigation of the menu options. CUB says that customers may be forced to use IVR even if their issues would be better served by a CSR.

CUB proposes Xcel changing its reporting of the Telephone Response time metric in both the QSP and SRSQ to mimic CenterPoint Energy's reporting (**Decision Option 16a-b**), noting that the reporting is informational-only:

⁷⁷ CUB initial comments, July 22, 2025, p. 6.

⁷⁸ CUB initial comments, July 22, 2025, p. 7.

⁷⁹ CUB initial comments, July 22, 2025, p. 7.

- 1) The percentage of calls excluding IVR answered in 20 seconds or less
- 2) The percentage of calls *including* IVR answered in 20 seconds or less

In addition, CUB recommends that Xcel be required to report the average wait time that a customer experiences in future QSP and SRSQ reports (**Decision Option 16c**):

Visibility into excessively long wait times could indicate cause for more concern as compared to wait times just a few seconds past the 20 second threshold.⁸⁰

While reporting wait time is not required by Minn. Rule 7826.1200, CUB believes that it would require greater clarity about customer experience but only on an informational basis.

Regarding CUB's concerns that including IVR calls in the Company's Telephone Response Time metric, Xcel says that many customers choose to use IVR, which means that including IVR response times in telephone metrics is relevant.

Removing IVR calls from the calculation, when the customer has chosen IVR, would skew the calculation by artificially inflating the percent of calls that take longer to reach a live agent.⁸¹

3. Department Comments

The Department believes that including IVR calls weakens the intent of the "80/20 standard due to the average zero second answer speed by the software." Therefore, the Department supports CUB's recommendation in **Decision Option 16a**, in which the "Commission require Xcel to report in its QSP Annual Report and its Annual SRSQ Report, the average telephone response time if a call to the Company's call center or its business office is not answered within 20 seconds."83

4. Xcel Reply Comments

Xcel says that it sees many customers choosing to use IVR. Therefore, the Company says that by

Subpart 1. Calls to business office.

On an annual basis, utilities shall answer 80 percent of calls made to the business office during regular business hours within 20 seconds. "Answer" means that an operator or representative is ready to render assistance or accept the information to handle the call. Acknowledging that the customer is waiting on the line and will be served in turn is not an answer. If the utility uses an automated call-processing system, the 20-second period begins when the customer has selected a menu option to speak to a live operator or representative. Utilities using automatic call-processing systems must provide that option, and they must not delay connecting the caller to a live operator or representative for purposes of playing promotional announcements.

⁸⁰ CUB reply comments, August 15, 2025, p. 8.

⁸¹ Xcel reply comments, August 14, 2025, p. 8.

Department reply comments, August 15, p. 3. The "80/20 standard" refers to the requirement in Minn. Rule 7826.1200 Call Center Response Time, subp. 1 and the QSP metric standard, both of which require that 80% of phone calls from customers must be answered within 20 seconds.

⁸³ Department reply comments, August 15, p. 4.

removing IVR calls from the Telephone Response Time metric reporting, it would "skew the calculation by artificially inflating the percent of calls that take longer to reach a live agent." Xcel does not comment on whether it supports CUB's proposal for additional reporting.

5. Staff Analysis

Due to the nature of IVR, all calls answered by the system are automatically answered within 20 seconds. That being said, customers must still navigate through the options offered, which can be challenging for some customers. If the customer believes that a live CSR will be best able to answer their question, they may still be required to wait on hold for an extended period of time. Xcel already provides data of its IVR answer times versus CSR answer times.⁸⁵

Staff notes that call center response times are also examined in Xcel's annual SRSQ proceedings, the 2024 reporting year of which has not yet been heard by the Commission. Xcel's SRSQ docket – 25-27 – offers another opportunity to examine call center response times.

Further, Staff notes that there has been an effort to create corresponding reporting requirements across utilities within the same docket types. In the 2024 Gas Affordability Program (GAP) docket proceedings in September 2025, the Commission ordered:

2. Required all natural gas utilities to annually publish definitions and explanations of methodology for tracker items, all items in the outcome spreadsheet, and all other attachments at the same time as the annual GAP reports. The definitions and methodological explanations shall be in a separate attachment. The methodological explanations shall be sufficient to recreate all statistics in all attachments. Sufficient explanations may include any necessary equations. ⁸⁶

The Department made this recommendation, because the "standardization would further facilitate the Department to make recommendations that more accurately apply to all utilities because it reduces the chance that the recommendation is based upon statistics that are only correctly interpreted for a subset of the utilities." Staff does not believe that changing the reporting within the QSP tariff to have impacts upon the other regulated utilities, because the QSP docket is Xcel's alone. The Commission should ensure it understands all impacts before taking action on SRSQ reporting.

D. Adjusting the Under Performance Penalties

In the 2023 QSP Order, the Commission required Xcel to discuss adjusting the UPPs.⁸⁸

3. Parties are directed to discuss redistribution of the underperformance

⁸⁴ Xcel reply comments, August 14, 2025, p. 8.

⁸⁵ See 25-27 Xcel SRSQ report, Attachment F – Call Center Response Time, April 1, 2025.

⁸⁶ Docket Nos. G-002/M-25-36 et al Order, September 23, 2025, Order Point 2, p. 1.

⁸⁷ 25-36 et al Department reply comments, July 9, 2025, p. 9.

⁸⁸ 12-383 Commission ORDER ON DISTRIBUTION OF UNDERPERFORMANCE PENALTY, October 9, 2024, Order Point 3, p. 6.

payments that are applied to customer bills and an inflation adjustment to the underperformance penalty. Agreed-upon modifications should be reported in the 2024 Quality of Service Plan Report.

1. Xcel's Position

Xcel says that it held three meetings with the Department and OAG:

While those discussions were productive in building mutual understanding, we did not reach agreement on any official changes.⁸⁹

Xcel offers its position on Order Point 3. First, the Company prefers tying the UPP to the QSP metric that was exceeded, instead of issuing all Minnesota customers a very small refund. Second, the Company does not believe that "an inflation adjustment is justified." Xcel says that the total potential penalties already total \$7 million. Finally, the payments are performance penalties, not designed to cover specific expenses that have increased due to inflation. When they were designed, the UPPs were deemed sufficient to motivate improved performance.

2. Department Comments

The Department supports adjusting the UPP for inflation (**Decision Option 17**). In its August 12, 2013 Order, the Commission approved Xcel's proposed reduction to its UPP, based on the fact that Xcel has met its benchmarks for the seven previous years.⁹¹ However, since it is no longer meeting its benchmarks, the Department finds it reasonable to require an inflation adjustment.

The Department recommends a tiered penalty structure for the Customer Complaints metric (**Decision Option 21**). It would replace the current flat penalty structure with a framework that reflects the service quality of the annual complaints. The structure contains three penalty tiers as follows:

Tiers	Annual Complaint Rate Relative to Current Standard (0.2059)	Penalty Trigger Complaint Rate	Total Penalty
1	Exceeds standard	<u><</u> 0.2059	Base penalty
2	Exceeds standard by 50%	<u><</u> 0.3089	150% of base penalty
3	Exceeds standard by 100%	<u><</u> 0.4118	200% of base penalty

Table 7: Department's Proposed Tier Penalty Structure⁹²

The base penalty is subject to change if the Commission approves an inflation adjustment.

⁸⁹ 2024 Xcel QSP report, May 15, 2025, p. 11.

⁹⁰ 2024 Xcel QSP report, May 15, 2025, p. 12.

Ommission ORDER APPROVING AMENDMENTS TO SERVICE-QUALITY TARIFF, August 12, 2013, Order Point 1, p.

⁹² Department reply comments, August 15, 2025, Table 1, p. 6.

3. OAG Comments

The OAG proposes to increase the QSP UPP to \$2 million (Decision Option 20).

The OAG says that the Commission has the authority to update Xcel's QSP UPPs and should do so:

The Commission has the authority to adjust Xcel's QSP tariff either by resetting it at a specific amount to account for inflation since 2013 or to include a tariff provision that would auto-update for inflation. The Commission may do so with or without Xcel's agreement.⁹³

Reacting to Xcel's argument that the penalties are not designed to cover expenses that have increased from inflation, the OAG says that the fact that penalties are incentives does not divorce them from inflation. Inflation adjustments would increase Xcel's motivation to improve performance. The OAG says that the best way to measure the strength of the penalty is to tie it to the Company's net income, because the penalty will be paid out of the net income and "preserving its net income is the most immediate motivation to avoid the penalty." ⁹⁴

In 2013, \$1 million was 0.191% of Xcel's net income; in 2024, \$1 million was 0.096% of Xcel's net income. Further, the difference between the \$1 million penalty and the estimated \$1.35 million penalty adjusted for inflation from the 2023 Staff briefing papers is not large. A less-than-\$400,000 increase over 12 years is "not a substantial enough change to incentivize Xcel to improve performance given Xcel's size," citing the Company's 2025 rate increase request of \$353.3 million.

Xcel argues that its inequitable that other utilities do not have UPPs, but the OAG says that Xcel's QSP tariff arose from a long history of service quality and management concerns, dating back to 1998.

The OAG proposes that any additional changes outside of the ones presented in the current proceedings be referred to the Court of Administrative Hearings (CAH) (**Decision Option 24**). The OAG says that the Company's annual filing "demonstrates its unequivocal opposition to updating the underperformance payments." In lieu of consulting parties or conducting a stakeholder process, it may be more effective for the Commission to request a mediator from the CAH to further improve and modernize the QSP.

4. CUB Comments

CUB supports an inflation adjustment to the UPPs be made. Regarding Xcel's argument that the penalty is not tied to inflationary pressures, CUB says this is incorrect, because it neglects to recognize that the reason for the QSP is to prompt investments to mitigate service quality

⁹³ OAG initial comments, July 22, 2025, p. 18.

⁹⁴ OAG reply comments, August 15, 2025, p. 6.

⁹⁵ OAG reply comments, August 15, 2025, p. 5.

issues and that these investments are impacted by inflation. CUB uses the examples that in some years, capital intensive projects are required; in others, more customer service staff need to be hired and trained. These infrastructure and labor costs are affected by economic forces, so the \$1 million penalty's worth is lessened.

At the same time, inflation pales in comparison to the Company's growth in net income and profit.⁹⁶

CUB says that "while a \$1,000,000 penalty may have been appropriate to incentivize performance in 2013, inflationary pressures have driven up the cost of measures necessary to rectify service quality deficiencies." The \$1 million penalty approved in 2013 is equivalent to \$1,383,397 in 2025, which is an increase over 38%. Inflation is estimated to increase by approximately 2.9% in 2025 and 3.2% in 2026. Xcel's net increase has far outpaced inflation. CUB compares Xcel's net income in 2013, when the \$1 million penalty was set, to its 2024 net income in Table 8:

Table 8. Acer's Net Income (2013 and 2024)		
Service	2013	2024
Electric	\$486,209,000	\$941,633,000
Gas	\$38,060,000	\$98,823,000
Total	\$524,269,000	\$1,040,456,000

Table 8: Xcel's Net Income (2013 and 2024)98

CUB provides three penalty adjustment proposals for the Commission to consider:

- Set the per-metric QSP penalty at \$1.38 million and require annual inflation adjustments on a forward-looking basis (**Decision Option 18**).
- Set the per-metric QSP penalty at \$1.5 million and require inflation adjustments every three years (**Decision Option 19**).
- Set the per-metric QSP penalty at \$2 million and require the Company to index the under performance payment to annual net income as reported in its gas and electric jurisdictional reports filed in Docket No. E, G-999/PR-YR-4 (**Decision Option 20**).

Finally, CUB recommends a QSP tariff language change about how under performance payments will be disbursed (**Decision Option 22**), revising it to allow for arrearage forgiveness and/or alternative disbursement options tailored to address the service quality of the metric that was exceeded:

<u>Under Performance Payment Disbursement</u>

Any under performance payments assessed will be used to provide customers with arrearage forgiveness and/or be put to uses designed to address the cause of metric exceedance. The Company must file with the Commission a proposal for the disbursement of under performance payments describing the relationship between the proposed use of funds and the metric exceeded, the amounts to be expended, and any additional ongoing

⁹⁶ CUB reply comments, August 15, 2025, p. 10.

⁹⁷ CUB initial comments, July 22, 2025, p. 9.

⁹⁸ CUB reply comments, August 15, 2025, Table 1, p. 10.

expenses that could be incurred as a result of the proposed disbursement approach. The Commission will consider each proposal on a case-by-case basis to determine the most appropriate uses for under performance payments. The Company shall not earn a return on the portion of any investment or project funded by an under performance payment. 99

5. ECC Comments

ECC proposes a stakeholder process to address inflation (**Decision Option 23**). Along with inflation, ECC would like the stakeholder group to address:

- 1) Tying penalties to the Consumer Price Index (CPI)¹⁰⁰
- 2) Disconnection rates and reconnection timeframes
- 3) Failure to adequately publicize and promote access to affordability programs
- 4) Complaint resolution speed and accuracy¹⁰¹

6. Xcel Reply Comments

The OAG, CUB, and ECC are recommending inflation adjustments.

Xcel argues that the OAG's position is inconsistent, because at the same time, it supports an inflation adjustment, it also opposes an adjustment to the Customer Complaint threshold that would reflect business changes since 2005.

CUB says that the purchasing power of the \$1 million penalty has decreased, but Xcel says that the purpose of the penalty is to motivate performance, not maintain purchasing power. CUB also argues that prior to 2013, the penalty ratcheted up and down. Xcel reacts, saying:

The fact that the QSP penalties were, or could be, higher in the past is not in itself a relevant argument for making them higher now. 102

Finally, Xcel says that CUB recommends an inflation adjustment to ensure that the Company remains motivated to make investments that will maintain or improve service quality and reliability but "then opposes one of the Company's proposals to do just that, investing in Live Chat to improve Telephone Response Time." 103

ECC is supportive of updating the QSP penalties to reflect inflation and utility scale and tying penalties to the CPI, but first, prefers a stakeholder process. Xcel appreciates ECC's suggestion to conduct a stakeholder group before ordering an inflation adjustment, but the Company maintains that "decisions related to the QSP Settlement Agreement can only be agreed to by

⁹⁹ CUB reply comments, August 15, 2025, p. 12. The redlined language would replace Section 6, Sheet 7.6, Subd. (C) of Xcel's Minnesota Electric and Gas Rate Books.

¹⁰⁰ CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. See the U.S. Bureau of Labor Statistics' CPI Inflation Calculator.

¹⁰¹ ECC initial comments, July 22, 2025, pp. 2-3.

¹⁰² Xcel reply comments, August 14, 2025, p. 19.

¹⁰³ Xcel reply comments, August 14, 2025, p. 20.

parties to that Agreement."104

7. Staff Analysis

In its October 2024 Order, the Commission required Xcel to consult with the Department and OAG about adjusting the amount of the QSP penalties. The parties met three times, and they did not come to an agreement. The Company did not provide any kind of notes or memos after the meetings, and the Department and OAG did not give any other details in the comments submitted to the record. It is unknown exactly what the Department and OAG proposed and how the Company responded to those proposals.

In its report, Xcel states that the payments are "performance penalties, set at a level deemed sufficient to motivate improved performance." However, since Xcel exceeded one penalty in 2023 and then two penalties in 2024, Staff is uncertain whether the current penalty amounts are still motivating Xcel's performance.

¹⁰⁴ Xcel reply comments, August 14, 2025, p. 20. *Note that the parties to the Settlement Agreement were Xcel, the Department, and the OAG.*

¹⁰⁵ 2024 Xcel QSP report, May 15, 2025, p. 12.

DECISION OPTIONS

- I. Threshold Issues for Commission Consideration
 - A. Acceptance of Quality of Service Plan Report
 - 1. Accept Xcel Energy's annual 2024 Quality of Service Plan report. (Xcel, DOC)
 - B. Disbursement of the Customer Complaint Under Performance Payment
 - 2. Approve Xcel Energy's proposal to use \$500,000 of the Customer Complaints under performance payment for \$500 bill credits to 1,000 customers who have a past-due balance greater than \$2,000, have not otherwise received energy assistance, have received a disconnection notice, and made a payment on their account in the last 90 days. (Xcel, DOC)

Other Options for Disbursing the Customer Complaint Under Performance Payment

3. Require Xcel Energy to use the entire \$1,000,000 Customer Complaints under performance payment for \$500 bill credits to 1,000 customers who have a past-due balance greater than \$2,000, have not otherwise received energy assistance, have received a disconnection notice, and made a payment on their account in the last 90 days. (OAG, ECC)

[OR]

- **4.** Require Xcel Energy to use the entire \$1,000,000 Customer Complaints under performance payment for \$500 bill credits to 1,000 customers who have a past-due balance greater than \$1,000, have not otherwise received energy assistance, have received a disconnection notice, and made a payment on their account in the last 90 days, in order of: (CUB)
 - a. Largest to smallest outstanding balance.

[OR]

- b. Oldest to newest outstanding balance. (Xcel preference)
- C. Disbursement of the Telephone Response Time Under Performance Payment
- 5. Approve Xcel Energy's proposal to use \$500,000 of the Telephone Response Time under performance payment for deployment of its Live Chat function as modeled on a small pilot. (Xcel)

[If Decision Option 5 is chosen, Decision Option 6 may also be chosen.]

- Staff Briefing Papers for Docket No. E, G-002/CI-02-2034 & E, G-002/M-12-383 (Item **1 on December 4, 2024 Agenda Meeting)
- **6.** Require Xcel Energy to report on how its Live Chat function impacts telephone response time and whether it will seek to increase staffing in the future in its annual 2025 Quality of Service Plan report. (Xcel, Staff suggestion on reporting location)

Other Options for Disbursing the Telephone Response Time Under Performance Payment

7. Require Xcel Energy to use the entire \$1,000,000 Telephone Response Time under performance payment for \$500 bill credits to 1,000 customers who have a past-due balance greater than \$2,000, have not otherwise received energy assistance, have received a disconnection notice, and made a payment on their account in the last 90 days. (CUB, ECC)

[OR]

8. Require Xcel Energy to consult with stakeholders on how to disburse \$500,000 of the Telephone Response Time under performance payment. (DOC alternative, OAG)

II. Additional Considerations

- A. Expanding the Customer Complaints Metric Standard
- **9.** Approve Xcel Energy's proposal to adjust the Customer Complaints standard to retain the same method (1.5 standard deviations) and the number of years (seven) but update the calculation to reflect the most recent seven years (2018 2024), thereby allowing <0.649 complaints per 1,000 customers. (*Xcel*)

[If Decision Option 9 is chosen, Decision 10 must be chosen as well.]

- **10.** Approve Xcel Energy's proposal to modify its Minnesota Electric and Gas Rate Books, General Rules and Regulations (Section 6), Service Quality (Sheet No. 7.7) to read: (Xcel)
 - E. Under Performance Measures
 - 1. Customer Complaints

This metric measures the number of Customer Complaints submitted by the Commission's Consumer Affairs Office. An under performance payment will be assessed in any year in which the number of complaints exceeds 0.20590.649 complaints per 1,000 customers.

11. Require Xcel Energy to implement proactive educations and communication to mitigate potential increases in customer complaints related to wildfires. (Xcel, DOC)

[AND]

12. Require Xcel Energy to work with the Commission's Consumer Affairs Office on all written customer outreach materials related to wildfires. (Staff recommendation)

B. Refining the Definition of 'Customer Complaint'

- **13.** Approve Xcel Energy's proposal to modify the definition of "Customer Complaint" in the Minnesota Electric and Gas Rate Books, General Rules and Regulations (Section 6), Service Quality (Sheet No. 7.2) as follows: (Xcel in reply comments)
 - 7. "Customer Complaint" is defined as any complaint submitted, in writing, by US Mail, e-mail, or by fax, registered by the Minnesota Public Utilities Commission's Consumer Affairs Office to the Company, regarding a complaint submitted by an Xcel Energy customer in which the customer states a grievance related to the Company's provision of service to that customer, provided that the complaint has first been submitted to the Company and the is dissatisfied with the resolution proposed by the Company. General inquiries to the Consumer Affairs Office, where the customer has not requested to register a complaint, shall not be counted as Customer Complaints.

C. Removing IVR from the Telephone Response Time Metric

14. Require Xcel Energy to revise its Minnesota Electric and Gas Rate Books, General Rules and Regulations (Section 6), Service Quality (Sheet No. 7.4) as follows: *(OAG)*

A. Definitions

- 20. "Telephone Response Time" measures the time to answer all customer initiated calls directed to the Company's call center or to its business office., regardless of whether the call is answered by a Company representative or the Company's Interactive Voice Response (IVR) system. If a customer chooses to talk to a Company representative, Telephone Response Time is measured from the time the call is routed to a Customer Service Representative (CSR), after the customer first verifies their identity and selects the reason for the call, to the time the call is responded to by a CSR.
 - a. "Answer" in the context of measuring Telephone Response Time means that an operator or representative is ready to render assistance or accept the information to handle the call. Acknowledging that the customer is waiting on the line and will be served in turn is not an answer. If the Company uses an automated call-processing system, such as an Interactive Voice Response (IVR) System, the 20-second period begins when the customer has selected a menu option to speak to a live operator or representative. If the Company uses an automatic call processing system, such as an IVR system, it must provide the option to opt out of the automated call-processing system, and it must not delay connecting the caller to a live operator or representative for purposes of playing promotional announcements. "Answer" may mean connecting the caller to a recording providing, to the extent practicable, at least the following information:

A. the number of customers affected by the interruption;

B. the cause of the interruption;

C. the location of the interruption; and

D. the Company's best estimate of when service will be restored, by geographical area.

15. Require Xcel Energy to revise its Minnesota Electric and Gas Rate Books, General Rules and Regulations (Section 6), Service Quality (Sheet No. 7.7) as follows: *(OAG)*

E. <u>Under Performance Measures</u>

2. Telephone Response Time

Exclusions

Telephone Response Time will be recorded and reported with no exclusions. The Company must report both the percent of calls answered within the benchmark period, as well as the average length of telephone response times. The Company may request exclusion of certain calls that the Company can demonstrate are the result of an event beyond the Company's control, which the Company took reasonable steps to address.

- **16.** Require Xcel Energy to report Telephone Response Time in future annual Quality of Service Plan reports and future annual Electric SRSQ reports as follows:
 - a. Percentage of calls to the Company's call center or business office answered in 20 seconds or less *excluding* calls responded to by IVR. (DOC, CUB)
 - b. Percentage of calls to the Company's call center or business office answered in 20 seconds or less *including* calls responded to by IVR. (CUB)
 - c. Average customer wait time for calls not answered in 20 seconds or less. (CUB)
 - D. Adjusting the Under Performance Penalty Adjustments

Options for Adjusting the Under Performance Penalties

17. Require Xcel Energy to increase the per-metric under performance penalties to adjust for inflation per the Commission's October 9, 2024 Order. (DOC, OAG, ECC)

[OR]

18. Set Xcel Energy's per-metric under performance penalties at \$1.38 million and require annual inflation adjustments on a forward-looking basis. (CUB alternative)

[OR]

19. Set Xcel Energy's per-metric under performance penalties at \$1.5 million and require inflation adjustments every three years. (CUB alternative)

[OR]

20. Set Xcel Energy's per-metric under performance penalties at \$2 million. Require Xcel Energy to index the under performance penalties to annual net income as reported in its gas and electric jurisdictional reports filed in Docket No. E, G-999/PR-YR-4. (OAG, CUB alternative)

[OR]

21. Require Xcel Energy to adopt the proposed 3-tier under performance penalty structure in the Department's August 15, 2025 reply comments, subject to any base penalty adjustments. (DOC, OAG, CUB)

- Staff Briefing Papers for Docket No. E, G-002/CI-02-2034 & E, G-002/M-12-383 (Item **1 on December 4, 2024 Agenda Meeting)
- **22.** Require Xcel Energy to modify the disbursement of under performance payments in its Minnesota Electric and Gas Rate Books, General Rules and Regulations (Section 6), Service Quality (Sheet No. 7.6) to read as proposed in CUB's August 15, 2025 reply comments: (CUB)

C. Under Performance Payment Disbursement

50% of any under performance payments assessed will be applied to customer bills during the following July billing cycle of a given performance year. Any bill credit amounts not remitted by the end of the July billing cycle shall accrue interest beginning after the September billing cycle of the applicable year at a rate equal to that applied to the Company's customer deposits.

50% of any under performance payments assessed will be added to the amount budgeted for the maintenance and repair of the Company's natural gas and electric distribution system. The Company shall maintain records sufficient to enable tracking, by Work Center, the amounts budgeted, amounts added due to under performance payments incurred, and amounts expended in a given year.

Any under performance payments assessed will be used to provide customers with arrearage forgiveness and/or be put to uses designed to address the cause of metric exceedance. The Company must file with the Commission a proposal for the disbursement of under performance payments describing the relationship between the proposed use of funds and the metric exceeded, the amounts to be expended, and any additional ongoing expenses that could be incurred as a result of the proposed disbursement approach. The Commission will consider each proposal on a case-by-case basis to determine the most appropriate uses for under performance payments. The Company shall not earn a return on the portion of any investment or project funded by an under performance payment.

Other Methods to Adjust Under Performance Penalties

23. Require Xcel Energy to hold a stakeholder process to modernize Quality of Service Plan under performance penalties and expand Quality of Service Plan metrics. *(ECC)*

[OR]

24. Refer the matter of adjustments to Xcel Energy's Quality of Service Plan to the Court of Administrative Hearings. *(OAG)*

APPENDIX A: ACRONYMS

Acronym	Phrase
AMI	Advanced Metering Infrastructure
CAO	Consumer Affairs Office
CBG	Census Block Group
СРІ	Consumer Price Index
CSR	Customer Service Representative
CWR	Cold Weather Rule
IVR	Interactive Voice Response
PSPS	Public Safety Power Shutoffs
QSP	Quality of Service Plan
SRSQ	Safety, Reliability, and Service Quality
UPP	Under Performance Penalty
wso	Wildfire Safety Operations

APPENDIX B: HISTORY OF XCEL'S QSP

I. 02-2034 – Investigation & Audit of Service Quality Reporting-Fraudwise Report

In October 2002, Commission Order requested that the Department of Commerce (Department) open a docket to investigate whether Xcel had accurately reported service outages in its service quality reports. In the new docket, 02-2034, the Commission requested that the Department and the Office of the Attorney General (OAG) direct a third-party audit of Xcel's service quality reports by Eide Bailly's Fraudwise Division. The resulting March 10, 2004 Commission Order required Xcel to submit QSP tariffs and required a settlement wherein Xcel paid customers that had experienced outages. The QSP tariff, which strengthened standards and increased penalties, was accepted in the September 17, 2004 Order. Since then, Docket 02-2034 has become a repository for Xcel Energy's QSP reports, filed annually on May 1st.

II. 12-383 – In the Matter of the Petition of Xcel Energy for Approval of Amendments to its Natural Gas and Electric Service Quality Tariffs Originally Established in Docket 02-2034

On April 16, 2012, Xcel filed a petition for Commission approval of new amendments to their QSP tariff.¹⁰⁹ The Commission's August 12, 2013 Order approved Xcel Energy's current QSP tariff, including Customer Complaint definitions and the performance standard of ≤0.2059 complaints per 1,000 customers or 1.5 standard deviations from Xcel's seven-year average.¹¹⁰

The QSP tariff compels a \$1.0 million penalty for under performance for each of the seven benchmarks:

- Customer complaint to PUC
- Telephone response time (% of calls answered in ≤ 20 secs.)
- Electric reliability SAIFI
- Electric reliability SAIDI
- Gas emergency average response time
- Accurate invoices
- Invoice adjustment timelines

The UPP is disbursed with 50% applied to customer bills, and 50% added to the amount

^{106 02-1346} Commission ORDER REQUIRING ADDITIONAL INFORMATION AND AUDIT, October 22, 2002.

¹⁰⁷ 02-2034 Commission ORDER ACCEPTING SETTLEMENT AGREEMENT, AS MODIFIED, March 10, 2004.

^{108 02-2034} Commission ORDER APPROVING SERVICE QUALITY REPORTING TARIFF AS MODIFIED, September 17, 2004

^{109 02-2034} Xcel QSP Tariff Petition, April 16, 2012.

^{110 12-383} ORDER APPROVING AMENDMENTS TO SERVICE-QUALITY TARIFF, August 12, 2013.

budgeted for maintenance and repair of the Company's distribution system. It is to be dispersed as follows:

50% of any under performance payments assessed will be applied to customer bills during the following July billing cycle of a given performance year. Any bill credit amounts not remitted by the end of the July billing cycle shall accrue interest beginning after the September billing cycle of the applicable year at a rate equal to that applied to the Company's customer deposits.

50% of any under performance payments assessed will be added to the amount budgeted for the maintenance and repair of the Company's natural gas and electric distribution system. The Company shall maintain records sufficient to enable tracking, by Work Center, the amounts budgeted, amounts added due to under performance payments incurred, and amounts expended in a given year.¹¹¹

UPPs incurred by Xcel pursuant to this portion of the QSP tariff are not eligible for cost recovery in any future rate proceeding. The QSP tariff allows Xcel to request exclusion of Customer Complaints that it can demonstrate are the result of an event beyond the Company's control, which it took reasonable steps to address.

III. Proceedings around the 2019 QSP Report

In December 2019, 129 complaints from solar installers about interconnection applications were filed with CAO. In the 2019 QSP Report, Xcel asked that the 129 complaints not be counted towards the Customer Complaint performance metric.

The Commission denied Xcel's request to exclude the 129 complaints. Therefore, Xcel was subject to the \$1 million UPP. The Commission also required Xcel to work with stakeholders on a process to resolve solar installation issues before they became QSP complaints. Xcel was also required to report quarterly on interconnection requests it received and the details therein. 113

IV. Proceedings around the 2023 QSP Report

The Commission's August 12, 2013 Order in Docket No. E, G-002/M-12-383 approved Xcel Energy (Xcel)'s present customer complaint performance standard of ≤ 0.2059 complaints per 1,000 customers. Xcel's revised UPP disbursement tariff requires \$500,000 to be applied to customer bills and \$500,000 to be added to the maintenance and repair budget of Xcel's natural gas and electric distribution system. Xcel paid UPPs for surpassing the customer complaint metrics in 2019 and 2023 as memorialized in the Commission's February 18, 2021¹¹⁵

¹¹¹ Xcel Energy Minnesota Electric Rate Book, Section No. 6, 3rd Revised Sheet No. 7.6.

¹¹² Xcel Energy Minnesota Electric Rate Book, Section No. 6, 3rd Revised Sheet No. 7.5 – 7.11.

¹¹³ 02-2034 and 12-383 ORDER ACCEPTING FILING AND DENYING REQUEST TO EXCLUDE COMPLAINTS, February 18, 2021.

^{114 12-383} Commission ORDER APPROVING AMENDMENTS TO SERVICE-QUALITY TARIFFS, August 12, 2013.

^{115 12-383} Commission ORDER ACCEPTING FILING AND DENYING REQUEST TO EXCLUDE COMPLAINTS, February 18, 2021.

and October 9, 2024 Orders¹¹⁶ respectively in the instant dockets. The Commission Order also required the Company to perform additional reporting and directed the Company to discuss with parties to the redistribution of the UPP payments that are applied to customer bills and an inflation adjustment to the UPP. Agreed-upon modifications were required to be reported in the 2024 QSP report.

^{116 12-383} Commission ORDER ON DISTRIBUTION OF UNDERPERFORMANCE PENALTY, October 9, 2024, Order Point 3, p. 6.

APPENDIX C: CONSUMER PROTECTIONS AS ORDERED IN RECENT PROCEEDINGS

Order Point	Order Point Language	
24-27 January 13, 2025 Order		
19	The Commission increases the existing threshold of final contact for	
	disconnection by requiring Xcel to use two methods of electronic	
	communication, including either text message or email in addition to voicemail	
	where the Company has received customer consent to do so.	
20	The Commission approves Xcel's proposal to identify customers throughout its	
	service territory that have not received LIHEAP assistance and are carrying past	
	due balances and approve the Company's proposal to perform targeted	
	outreach to the identified customers.	
21	Xcel must perform additional outreach throughout its service territory with the	
	goal of increasing participation in affordability programs that reduce bad debt.	
22	Xcel must publish its disconnection and payment agreement policies and	
	practices on its website. Subject to technical feasibility, Xcel shall make the edits	
	discussed in ECC/CUB's September 12, 2024 comments to its payment	
	agreement webpage.	
25	Xcel must conduct additional outreach and provide customers with information	
	about how to request medical protections if they are particularly vulnerable to	
	poor air quality.	
26	Xcel must reduce its down payment requirements and modify its disconnection	
	and payment agreement practices to include consideration of individual	
	household financial circumstances. Xcel must offer the down payment	
	percentage amounts as shown in the table above but may offer lower down	
	payment plans as warranted by consideration of individual household	
	circumstances.	
28	Xcel must not send disconnection notices until a customer's balance reaches	
	\$180 past due.	
29	Xcel must not disconnect customers with a past due balance below \$300.	
30	Xcel must wait at least 10 days after sending a disconnection notice before	
	disconnecting a customer.	
25-27 July 25, 2025 Order		
1	Approved Xcel Energy's proposal to remotely reconnect disconnected customers	
	with Advanced Metering Infrastructure (AMI) during extreme heat events.	
2	Required Xcel Energy to suspend remote disconnections for customers with AMI	
	when Air Quality Index (AQI) reaches 151 or higher.	
3	Required Xcel Energy to remotely reconnect disconnected customers when AQI	
	reaches 151 or higher.	
6	Required Xcel Energy to suspend remote disconnections during extreme heat	
	events and when the AQI reaches 151 or higher, beginning on May 1, 2026.	
7	Required Xcel Energy to begin remote reconnections during extreme heat	
	events and when the AQI reaches 151 or higher, starting on May 1, 2026.	

10	Required Xcel Energy to notify customers of a reconnection event via	
	notification to the customer's preferred contact method (e.g. text, email).	
	Required Xcel to notify customers of disconnection at the conclusion of the	
	event including information about entering into payment agreements and	
	energy assistance.	
11	Required Xcel Energy to post on its website an overview of extreme heat and air	
	quality protections and the steps customers must take to secure reconnection of	
	service.	
25-2 August 28, 2025 Order		
5	Rate-regulated public utilities must display on their respective websites and in	
	printed disconnection communication materials CAO-approved language	
	describing their disconnection, service deposit, and payment agreement policies	
	and practices. Printed disconnection communication materials must describe	
	disconnection, service deposit, and payment agreement policies and practices.	