

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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June 28, 2024

**In the Matter of an Investigation and Audit of Service
Quality Reporting – Fraudwise Report**

**Docket Nos. E,G-002/CI-02-2034;
E,G-002/M-12-383**

**In the Matter of the Petition of Northern States Power
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**

COMMENTS OF FRESH ENERGY

Fresh Energy provides these brief Comments in response to the Minnesota Public Utilities Commission Notice of Comment issued on May 10, 2024 related to Xcel Energy’s 2023 Annual Report in the Service Quality Plan docket filed on May 1, 2024 (“2023 Service Quality Plan Annual Report”).

In its 2023 Service Quality Plan Annual Report, Xcel Energy disclosed that it had exceeded its customer complaint threshold for 2023, and would therefore pay an underperformance penalty of \$1 million. Xcel Energy explained that the customer complaints “largely focused” on shutoffs¹ and reconnection payment plans.²

¹ The recent “Energy Equity Report” from the University of Michigan discusses the distinction between the terms “disconnection” and “shutoff.” According to the report, the term “shutoff” is a more appropriate term as it is “indicative of an active, avoidable, and punishing response to block households that cannot afford to pay their energy bills” and encourages the use of this term. According to the report, the word “disconnections” “connotes a passive action that is a natural, unpreventable, and unfortunate consequence of poverty.” The report states that many advocates for equity in energy policy perceive significant differences in these terms. As an advocate for equity in energy policy, Fresh Energy appreciates this distinction and thus uses the term “shutoffs” in these Comments.

² 2023 Service Quality Plan Annual Report at pg. 4, Docket No. 12-383.

In a related docket, on April 1, 2024, Xcel Energy filed its 2023 Electric Annual Service Quality Performance Report and Petition (“2023 Service Quality Performance Annual Report”).³ On June 24, 2024, Fresh Energy filed Reply Comments relating to the 2023 Service Quality Performance Annual Report; those Comments are relevant to this docket. To summarize, in the 2023 Service Quality Performance Annual Report, Xcel Energy provided its expert’s (“TRC Companies”) response to a study performed by University of Minnesota researchers, Drs. Bhavin Pradhan and Gabriel Chan (the “Pradhan and Chan Study”). The Pradhan and Chan Study found, among other things, that customers who live in communities with high percentages of people of color were more than three times as likely to experience a shutoff than customers in predominately white neighborhoods. Xcel’s experts considered additional, potentially relevant factors that may be impacting the disparities found in the Pradhan and Chan Study and concluded that “disconnections are still higher in higher [people of color] neighborhoods, but the impact is smaller than indicated by [the Pradhan and Chan Study].”⁴ Thus, while the studies differ regarding the degree of the disparity in shutoffs, Xcel Energy appears to agree that some level of disparity exists.

A proceeding is underway to more closely examine the Pradhan and Chan Study and Xcel Energy’s response. The next step in that proceeding is a meeting led by Minnesota Public Utilities Commission staff on July 9, 2024, to further discuss these issues. Fresh Energy plans to participate in that meeting and looks forward to productive discussions about the findings in both studies and ways to ensure equity for under resourced utility customers.

In its 2023 Service Quality Performance Annual Report, Xcel Energy further explained that, since receiving Commission approval to remotely shutoff customers, it has increased the number of customers it is shutting off.⁵ In light of the disparities in shutoff rates, an increase in shutoffs due to the use of remote shutoff capabilities may have the effect of exacerbating the existing disparities for communities of color.

Fresh Energy’s Reply Comments relating to Xcel Energy’s 2023 Service Quality Performance Annual Report provided some suggestions for how to address the disparities in shutoffs.

These Comments are limited to Xcel Energy’s proposal for how to distribute a portion of the underperformance penalty. Xcel Energy has proposed to use 50% of the underperformance penalty, or \$500,000, to waive reconnection fees for customers who experience shutoffs in the future. Xcel Energy explained that this proposal satisfies the requirements set forth in the applicable tariff regarding how to disburse the payment.⁶

Given the aforementioned disparities in shutoff rates, Fresh Energy believes an alternative disbursement of a portion of the penalty may be appropriate. Specifically, Fresh Energy suggests that, rather than waiving reconnection fees, the \$500,000 be used to assist customers in very low-income census block groups with high concentrations of people of color to enter into payment plans. Enabling customers to enter into payment plans before they are shutoff offers a more sustainable, long-term solution, as it helps to prevent customers from being shutoff; waiving reconnection fees is an after-the-fact solution that does not offer the customer the opportunity to potentially

³ 2023 Service Quality Performance Annual Report, Part 2, at pgs. 107-113, Docket No. 24-27

⁴ 2023 Service Quality Performance Annual Report, Part 2, at pg. 111, Docket No. 24-27.

⁵ 2023 Service Quality Performance Annual Report, Part 1, at pgs. 8-9, Docket No. 24-27

⁶ 2023 Service Quality Plan Annual Report at pg. 5, Docket No. 12-383.

avoid a shutoff. Fresh Energy believes that this proposal is similar to Xcel Energy's proposal, but more narrowly tailored to address the disparities in shutoffs, and therefore satisfies the requirements set forth in the applicable tariff regarding how to disburse the payment.

This suggestion is particularly important in light of the challenging economic circumstances many customers are facing due to the rising costs of basic necessities such as housing and food. These financial pressures make it even more difficult for low-income customers to pay their electric bills and payment plans offer a solution to help both customers and the Company ensure payment.

Fresh Energy looks forward to additional conversations with the Company and stakeholders about the most appropriate use of the underperformance penalty. We appreciate the opportunity to provide these brief Comments.

Respectfully submitted,

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