

June 28, 2024

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

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

In the Matter of a 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

Docket Nos. E,G002/CI-02-2034 and E,G-002/M-12-383

Dear Mr. Seuffert:

Attached are the Comments of the Minnesota Department of Commerce (Department) in the matters listed above.

In a Notice of Comment Period (NOC) dated May 10, 2024, the Minnesota Public Utilities Commission (Commission) requested comments on the issue of whether Xcel Energy exceeded the customer complaint threshold for 2023 set in its Quality of Service (QSP) Tariff?

In the attached comments, the Department responds to the questions in the NOC and provides its recommendation.

The Department is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/Dr. Sydnie Lieb
Assistant Commissioner of Regulatory Analysis

JK/ad
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket Nos. E,G002/CI-02-2034 and E,G002/M-12-383

I. INTRODUCTION

The Minnesota Department of Commerce (Department) appreciates the opportunity to provide comments in response to the Minnesota Public Utilities Commission's (Commission) Notice of Comment Period (NOC) dated May 10, 2024.

The NOC included one issue and the following three topics:

- Issue – Should the Commission find that Xcel Energy exceeded the customer complaint threshold as set by its Quality of Service (QSP) Tariff?¹
- Topics –
 1. Should the Commission approve Xcel Energy's proposal to provide reconnection fee waivers for residential and commercial customers with \$500,000 of the Distribution Under Performance Payment?
 2. Should the Commission approve Xcel Energy's proposal to report status updates on the remaining funds and tracking of the reconnection fee waiver every six months?
 3. Are there any other issues or concerns related to this matter?

On May 31, 2024, Northern States Power Company d/b/a Xcel Energy ("Xcel", "the Company") filed comments responding to four questions the Commission included in the NOC.

II. ANALYSIS

The Department reviewed Xcel's May 31, 2024, comments as well as the May 1, 2024, QSP annual compliance report.

Regarding the organization of these comments, the Commission's Notice and the issue and the topics listed created an outline for the Department's comments.

¹ Xcel Energy Minnesota Electric Rate Book, Section No. 6, 3rd Revised Sheet No. 7.5, Under Performance Payments, p. 16 of 65 in PDF.

A. *SHOULD THE COMMISSION FIND THAT XCEL ENERGY EXCEEDED THE CUSTOMER COMPLAINT THRESHOLD SET BY ITS QUALITY-OF-SERVICE PLAN TARIFF?*

Yes, the Department recommends that the Commission should find that Xcel Energy exceeded the customer complaint threshold set by Xcel's Quality-of-Service Plan Tariff. The number of customer complaints filed with the MPUC in 2023 of 759 was 99.7 percent above the 2023 standard of 380 complaints. The Company did not dispute the fact that it failed to meet this performance standard in its May 1, 2024, Annual Compliance filing.² The Department cannot identify a reason as to why the Commission wouldn't find Xcel had exceeded that performance standard in 2023.

- a. *Should the Commission approve Xcel Energy's proposal to provide reconnection fee waivers for residential and commercial customers with \$500,000 of the distribution under performance payment?*

Yes, the Commission should approve the Company's proposal.

1. Company Proposal

Xcel is proposing to re-direct \$500,000 of the \$1,000,000 under performance penalty payment (UPPP). The Company's current QSP Tariff delineates the disbursement of the UPPP. Under the QSP Tariff, half of the UPPP is credited to customers, and the remaining half is added to the amount budgeted for the maintenance and repair of the Company's natural gas and electric distribution system.

Xcel is requesting that the \$500,000 of the UPPP that would normally be added to the Company's maintenance and repair budget for distribution be redirected and used to waive the reconnection fee a customer is required to pay when the customer asks Xcel to be reconnected to electric or natural gas service or both. The reconnection fee for an AMI customer in 2024 is \$13.50 per request. It is \$50 for customers opting for Manual Meter Reading Service.³

The Company attributes many of the complaints filed in 2023 to the introduction of Advanced Metering Infrastructure (AMI) technology to many of its electric ratepayers. AMI technology allows for remote disconnection. This change represents a significant efficiency gain in the disconnection process as Xcel staff no longer need to be physically present at a location to disconnect service.

The historical requirement that Xcel staff had to be present and have access to the property to disconnect service created an opportunity for some number of customers to game the disconnection process. The introduction of AMI removed that barrier to disconnection thereby eliminating that opportunity. Xcel's contention is that once customers who had been using this realized the Company's

² Xcel did dispute the total number of complaints in its 2019 QSP annual report. The Commission, in its ORDER ACCEPTING FILING AND DENYING REQUEST TO EXCLUDE COMPLAINTS dated February 18, 2021 denied the Company's request.

³ [Xcel Energy Minnesota Electric Rate Book, Section No. 6, 4th Revised Sheet No. 3, General Service Rules, p. 3 of 65 in PDF.](#)

disconnection technology and policy had changed, those customers began to complain to the Company and the Commission's Consumer Affairs Office (CAO). That surge in complaints resulted in Xcel exceeding the QSP's customer complaint threshold according to Xcel. The Company's proposal to re-direct the \$500,000 to waiving the reconnection fee for some period is an attempt to mitigate the effects of the improved efficiency of the disconnection policy.

Xcel states it would begin to provide reconnection fee waivers within 30 days of receiving the Commission's Order and estimates the reconnection fee waiver effort would be funded for nine to twelve months.

2. Department Analysis

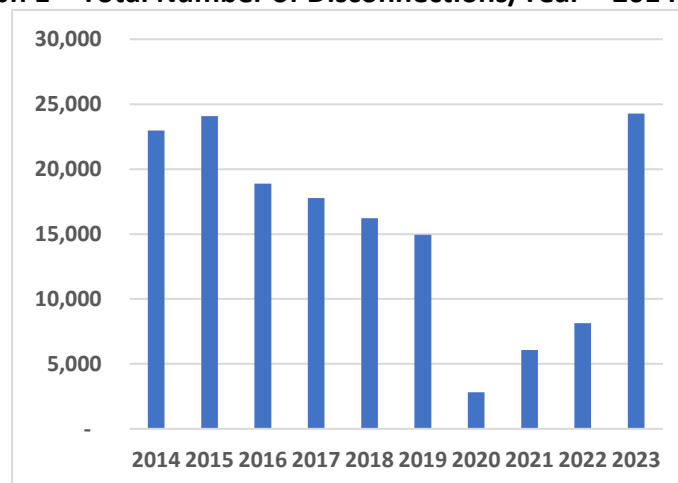
The Department believes the development of some additional context regarding Xcel's disconnection efforts over the past five years or so would be a useful addition to this discussion.

a. Number of Disconnections

In its response to a question in the Notice, Xcel provided the total annual number of disconnections by year for the past 10 years. Graph 1 summarizes that information.

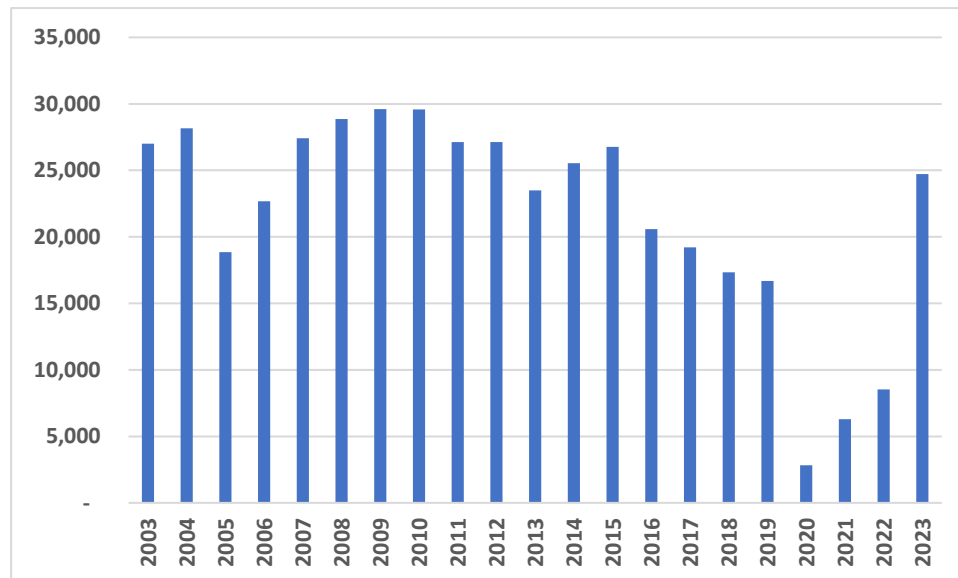
The effects of the disconnection suspension, which was in effect from March 15, 2020, to July 31, 2021, during the Peacetime Emergency on the Total Annual Number of Disconnections is striking. The spike in disconnections in 2023 is also very noticeable.

Graph 1 – Total Number of Disconnections/Year – 2014 -2023



The Department also has historical information on this metric from the Company's May 1, 2024 Annual Service Quality and Service Reliability Report (SRSQ). Graph 2 summarizes that information.

Graph 2 – Total Number of Disconnections/Year – 2003 -2023



Graph 2 suggests Xcel’s annual number of disconnections was regularly higher, prior to 2015, than the 24,280 disconnections it identified in 2023. Nine of the thirteen years between 2003 and 2015, the Company’s number of disconnections was higher than the 2023 figure.⁴

The Department also notes that Xcel’s customer numbers were lower than during the 2003 – 2015 period when compared to 2023. Hence, the percentage of customers involuntarily disconnected during that period was likely higher as a percentage of total customers than it was in 2023.

The upshot of this comparison is that Xcel’s 2023 total number of involuntary disconnections is not unprecedented, although the increase in the total number of disconnections from 2022 to 2023 is the largest one-year increase in at least the past 21 years according to the Department’s information.

b. Customer Arrearages

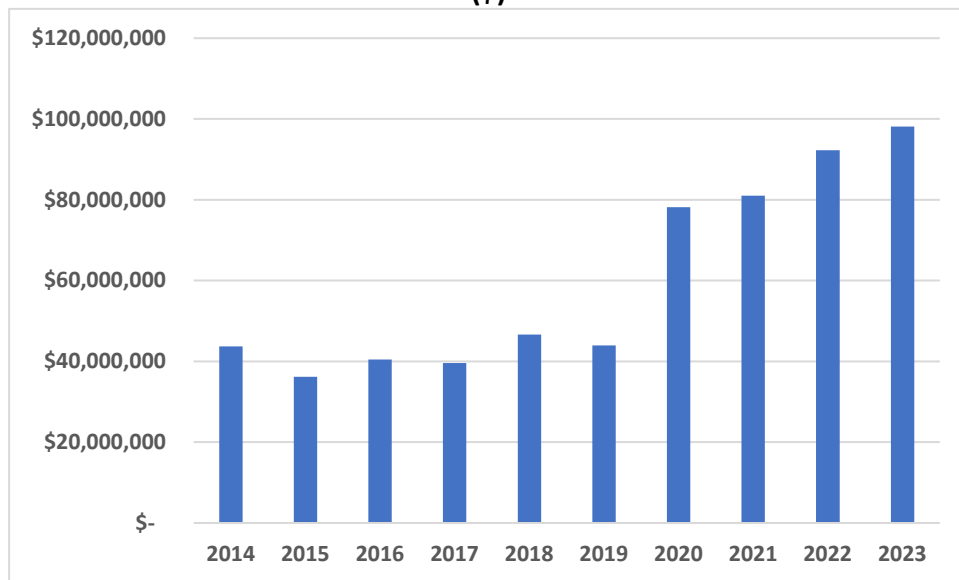
Suspending disconnections as part of the Peacetime Emergency didn’t only affect the total annual number of disconnections. It also delayed the financial penalty for not paying one’s utility bill.

The result of that suspension was that the outstanding balance of residential arrearages increased from December 2019 to December 2020 from roughly \$44 million to \$78 million or 78 percent increase. While it was understood that the level of residential customer arrearages would increase due to the disconnection suspension, the Department is not aware that anyone understood the amount of residential customer arrearages would continue to increase after the disconnection suspension was

⁴ It appears that the Department’s figures are higher than the information Xcel provided in its comments. For example, the difference for the 2013 – 2019 period varies between 7 and 11 percent. The Department adjusted its historical downward by 9 percent to recognize that difference.

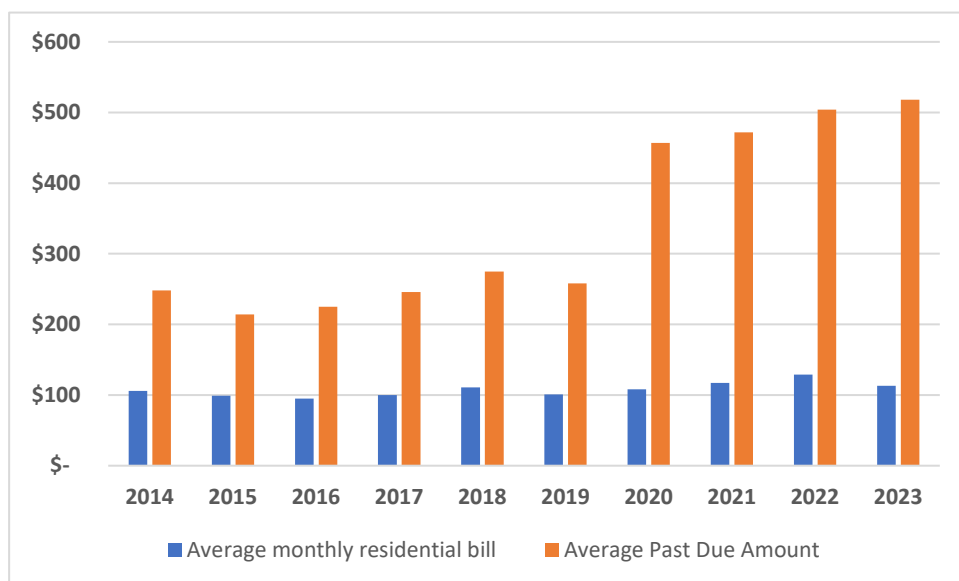
terminated. The level of residential customer arrearages increased by slightly over \$20 million dollars between December 2020 and December 2023 or around \$6.7 million annually on average. Graph 3 summarizes that information.

Graph 3 - Residential Customer Arrearages by Year as of mid-December – 2014 -2023 (\$)



Graph 4 compares the average monthly December residential bill to the average outstanding arrearage by residential customer for 2014 through 2023.

Graph 4 – Comparison of Average December Residential Bill and Average December Outstanding Residential Customer Arrearage – 2014 -2023 (\$)



This comparison is interesting in that the averaged December bill for this period remained relatively flat varying from a low of \$95 in 2015 to a high of \$129 in 2022 with an average of \$108 over the period. The average December arrearage per residential customers more than doubled from 2014 of \$248 to 2023 of \$518.

The Department's conclusion after reviewing this information is that Xcel needs to reduce this very high level of residential arrearages. Both the Company's shareholders and ratepayers are negatively affected by this ongoing issue.

Considering this analysis, Xcel's proposal in this proceeding to re-allocate \$500,000 of the UPPP to waiving a customer's \$13.50 or \$50.00 reconnection fee appears to be an attempt to try to address this issue, given the average residential customer is over 4 months behind on his/her/their utility bill.

The Department's review would not be complete if we did not discuss the costs and benefits of allocating that portion of the UPPP that is directed to the Company's electric and gas distribution systems to that end.

The Department identified two reasons that support not maintaining the approved allocation, and instead use \$500,000 to waive reconnection fees for residential and commercial customers. As has already been discussed, the Company's attempts to stabilize, much less shrink its customer arrearage balances over the past three years have not been successful to date. While a \$500,000 credit to an outstanding balance of over \$98 million is *de minimis*, it might serve to improve the Company's outstanding residential arrearage balance at the margin. The Department also notes that the large residential arrearage balance and the likely higher bad debt expense Xcel will incur in future years due to the delays associated with the recovery of those funds will be included in rates in subsequent electric and natural gas general rate cases. Hence, the general body of ratepayers will see the rates they are required to pay increase if the Company cannot mitigate a significant portion of the outstanding residential customer arrearage balance.

The second reason is more a reflection of the passage of time and the reporting requirements included in the QSP Tariff regarding the use of a UPPP for a distribution project. The QSP Tariff was approved in 2013. Labor and materials costs have risen significantly in the past decade, so a \$500,000 budget for a maintenance project in 2024 or 2025 is not going to produce the same results or have the same scope as an operating and maintenance (O&M) project undertaken in 2013 with that same budget.

Thus, the Department supports Xcel's proposal to use the \$500,000 under performance payment to waive reconnection fees for customer who have been disconnected.

B. *SHOULD THE COMMISSION APPROVE XCEL ENERGY'S PROPOSAL TO REPORT STATUS UPDATES ON THE REMAINING FUNDS AND TRACKING OF THE RECONNECTION FEE WAIVER EVERY SIX MONTHS?*

Yes. The Department considers Xcel's proposal reasonable and supports approval.

C. *ARE THERE OTHER ISSUES OR CONCERNS RELATED TO THIS MATTER?*

The Department didn't identify any additional issues or concerns.

III. RECOMMENDATION

The Department recommends the Commission approve Xcel's request to re-allocate the \$500,000 under performance payment from an electric or gas operations and maintenance project to using the Distribution UPPP to waive reconnection fees for reconnection of residential and commercial customers.

CERTIFICATE OF SERVICE

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

Minnesota Department of Commerce
Comments

Docket No. E, G002/CI-02-2034 and E, G002/12-383

Dated this **28th** day of **June 2024**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Olivia	Carroll	oliviac@cubminnesota.org	Citizens Utility Board of Minnesota	332 Minnesota St W1360 St. Paul, MN 55101	Electronic Service	No	OFF_SL_2-2034_1
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_2-2034_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_2-2034_1
Kim	Havey	kim.havey@minneapolismn.gov	City of Minneapolis	350 South 5th Street, Suite 315M Minneapolis, MN 55415	Electronic Service	No	OFF_SL_2-2034_1
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_2-2034_1
Joseph L	Sathe	jsathe@kennedy-graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_2-2034_1
Christine	Schwartz	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_2-2034_1
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_2-2034_1
Russ	Stark	Russ.Stark@ci.stpaul.mn.us	City of St. Paul	Mayor's Office 15 W. Kellogg Blvd., Suite 390 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_2-2034_1
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_2-2034_1

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Rebecca S.	Winegarden	beckwine@msn.com	Unknown	10555 Union Terrace Ln N Maple Grove, MN 553692622	Electronic Service	No	OFF_SL_2-2034_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Allen	michael.allen@allenergysolar.com	All Energy Solar	721 W 26th st Suite 211 Minneapolis, MN 55405	Electronic Service	No	OFF_SL_12-383_Official
Laura	Beaton	beaton@smwlaw.com	Shute, Mihaly & Weinberger LLP	396 Hayes Street San Francisco, CA 94102	Electronic Service	No	OFF_SL_12-383_Official
Olivia	Carroll	oliviac@cubminnesota.org	Citizens Utility Board of Minnesota	332 Minnesota St W1360 St. Paul, MN 55101	Electronic Service	No	OFF_SL_12-383_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_12-383_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_12-383_Official
Kim	Havey	kim.havey@minneapolismn.gov	City of Minneapolis	350 South 5th Street, Suite 315M Minneapolis, MN 55415	Electronic Service	No	OFF_SL_12-383_Official
Craig	Johnson	cjohnson@lmc.org	League of Minnesota Cities	145 University Ave. W. Saint Paul, MN 55103-2044	Electronic Service	No	OFF_SL_12-383_Official
Cliff	Kaehler	cliff.kaehler@novelenergy.biz	Novel Energy Solutions LLC	4710 Blaylock Way Inver Grove Heights, MN 55076	Electronic Service	No	OFF_SL_12-383_Official
William D	Kenworthy	will@votesolar.org	Vote Solar	332 S Michigan Ave FL 9 Chicago, IL 60604	Electronic Service	No	OFF_SL_12-383_Official
Brad	Klein	bklein@elpc.org	Environmental Law & Policy Center	35 E. Wacker Drive, Suite 1600 Suite 1600 Chicago, IL 60601	Electronic Service	No	OFF_SL_12-383_Official

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Andrew	Moratzka	andrew.moratzka@stoel.com	Steel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_12-383_Official
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_12-383_Official
Isabel	Ricker	ricker@fresh-energy.org	Fresh Energy	408 Saint Peter Street Suite 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_12-383_Official
Joseph L	Sathe	jsathe@kennedy-graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_12-383_Official
Christine	Schwartz	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_12-383_Official
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_12-383_Official
Bria	Shea	bria.e.shea@xcelenergy.com	Xcel Energy	414 Nicollet Mall Minneapolis, MN 55401	Electronic Service	No	OFF_SL_12-383_Official
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_12-383_Official