

September 7, 2023

Mr. William Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota, 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-20-760

Dear Mr. Seuffert:

On July 24, 2023, the Minnesota Public Utilities Commission (Commission) issued a Notice of Comment Period in the above-referenced docket seeking comment on Xcel's Payment Plan Credit Proposal. Attached please find the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department).

The Department recommends the Commission **approve Xcel's proposal to close its Payment Plan Credit program and refund the remaining balance to the Program's participants.** The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ LOUISE MILTICH
Assistant Commissioner of Regulatory Analysis

/s/ MARK A. JOHNSON
Financial Analyst Coordinator

LM/MAJ/ad

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002/M-20-760

I. BACKGROUND

On September 30, 2020, Northern States Power Company, dba Xcel Energy (Xcel), submitted its response to the Commission's Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic. Xcel's response included a Payment Plan Credit Program (Program). The Program proposal amount was for \$17.5 million and would only apply to residential electric customers with past-due balances of between \$1,000 and \$4,000 who would receive 75% of their balance in bill credits for 11 months if they entered into payment plan arrangement and remain on the plan by making monthly payments.

On April 7, 2021, the Commission's issued its ORDER APPROVING PAYMENT PLAN CREDIT PROGRAM (Order) in this docket. Order Point 3 required Xcel to provide program status reports on intervals of 4 months, 9 months, 15 months and 26 months (which covers activity through June 30, 2023). In addition, Commission Order Point 1(d) stated that "Any remaining amount of this \$17.5 million program fund not used to pay for the costs of this program shall be used to fund similar programs at the Commission's direction."

On July 14, 2023, Xcel filed its 26-Month Status Report (Report) which covers activity through June 30, 2023. Xcel indicated that, through June 30, 2023, \$16,271,065 has been applied to customer accounts as part of this Program with an additional \$373,530 allocated for future payments.¹ Currently, the Program has a remaining balance of \$855,405.² Xcel proposes to distribute the remaining funds and close the Program because the costs to administer the Program are high with specialized touch points and the balance on account is less than five percent of the original Program budget.

On July 24, 2023, the Commission issued a NOTICE OF COMMENTS PERIOD asking whether the Commission should approve Xcel's proposal for the remaining funds from its Program. According to the Commission's Notice the following topics are open for comment:

- Has Xcel proposed a reasonable and equitable approach to distributing the remaining amount of \$855,405 from the Commission approved Xcel Payment Plan Credit Program amount of \$17.5 million, as currently filed?
- Should the Program period for disbursement of all funds be extended until the funds are fully exhausted?
- Should the remaining funds be deployed for use to other ratepayer-assistance programs, such as the Power-On program, etc.?
- Are there other issues or concerns related to this matter?

¹ Report at 2.

² *Id.*

The Department responds to the Commission's Notice below.

II. DEPARATMENT ANALYSIS

A. *HAS XCEL PROPOSED A REASONABLE AND EQUITABLE APPROACH TO DISTRIBUTING THE REMAINING AMOUNT OF \$855,405 FROM THE COMMISSION APPROVED XCEL PAYMENT PLAN CREDIT PROGRAM AMOUNT OF \$17.5 MILLION, AS CURRENTLY FILED?*

Beginning on page 3 of its Report, Xcel stated that the Program was initially proposed as a method to quickly address the financial impacts of the pandemic being experienced by residential customers in Minnesota. In addition, Xcel stated:³

In the 26-month run time of the program the Company has had the opportunity to provide substantial relief to participating customers. We continue to distribute funds however we have found that at this point in the Programs life cycle, the Program's default rate is creating a situation where the funds are not fully expended and continue to be recycled, creating an ongoing waitlist cycle. We believe the appropriate step is to distribute the remaining funds and close the Program because the costs to administer the program are high with specialized touch points and the balance is now less than five percent of the original Program budget.

As a result, Xcel proposed to close its Program as of October 1, 2023 by taking the following steps:⁴

1. No longer accept new participants to the Program Effective the date of this status report (July 14).
2. Identify all customers in a current payment status on the program as of August 30, 2023, and within one week, apply to their account the remaining monthly installments scheduled for their account as a lump sum dollar amount.
3. Following the lump sum payment to current customers, distribute all remaining Program funds, in equal shares to each customer who participated in the Program, and remains a customer of the Company, as a one-time final credit to all program participants, regardless of the disposition of the customers plan in the program. This one-time payment will be paid to customers who have just received their remaining allocation, those who successfully paid their past due amount in full, and those who defaulted on the Program by missing two payments.
4. Communicate these credits to impacted customers via customized bill messaging on their bill containing the credit(s), as well as an email communicating the closure of the program and thanking them for their participation. In situations where a customer email address is not available the Company will provide this communication via an automated voice message phone call.

³ Report at 3.

⁴ Report at 4.

5. Submit a final report regarding the Program completion on November 1, 2023 (30 days following full program closure).

The Department reviewed Xcel's proposal. The Department notes the remaining Program balance of \$855,405 constitutes approximately 5% of the original \$17.5 million Program budget. In other words, Xcel will have successfully distributed 95% of its original Program budget to residential customers.

Given the Program's high administrative costs and the problems caused by the default rate described above in Step 3, the Department recommends the Commission approve Xcel's proposal to close the Program and refund the remaining \$855,405 to Program participants. Moreover, the Department considers Xcel's proposal reasonable since the remaining refund amount will be shared by the Program's originally intended participants.

B. SHOULD THE PROGRAM PERIOD FOR DISBURSEMENT OF ALL FUNDS BE EXTENDED UNTIL THE FUNDS ARE FULLY EXHAUSTED?

The Department notes that simply extending the Program period until all funds are fully exhausted may not be feasible given Xcel's statement that Program's default rate is creating a situation where the funds are not fully expended and continue to be recycled, creating an ongoing waitlist cycle. In addition, the Department notes that extending the Program period also extends the high administrative costs necessary to run the Program to distribute a relatively small, declining balance over an undetermined period. As a result, the Department does not support extending the Program period until all funds are fully exhausted.

C. SHOULD THE REMAINING FUNDS BE DEPLOYED FOR USE TO OTHER RATEPAYER-ASSISTANCE PROGRAMS, SUCH AS THE POWER-ON PROGRAM, ETC.?

Commission Order Point 1(d) states that any remaining amount associated with \$17.5 million Program shall be used to fund similar programs at the Commission's direction. However, the Department notes that the current Program is also a ratepayers-assisted program that was specifically designed to help struggling residential ratepayers. As a result, the Department continues to support Xcel's plan to refund the remaining Program funds to the Program's originally intended beneficiaries. However, the Commission may choose to use the remaining Program balance to fund other similar programs, such as Power-On.

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

The Department supports Xcel's proposal to submit a final report regarding the Program completion on November 1, 2023, 30 days following the full program closure.

III. SUMMARY AND RECOMMENDATIONS

The Department recommends the Commission approve Xcel's proposal to close its Payment Plan Credit Program as of October 1, 2023, and to refund the remaining balance to the Program's beneficiaries as outlined above.

The Department supports Xcel's proposal to submit a final report regarding the Program completion on November 1, 2023, 30 days following the full program closure.

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. E002/M-20-760

Dated this 8th day of September 2023

/s/Sharon Ferguson

[illegible]

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