



85 7TH PLACE EAST, SUITE 280
SAINT PAUL, MINNESOTA 55101-2198
MN.GOV/COMMERCE
651.539.1600 FAX: 651.539.1574
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February 10, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-17-46

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Northern States Power Company, d/b/a Xcel Energy (Xcel or the Company) Request
for a Variance to the Billing Error Rules.

The filing was submitted on January 13, 2017 by:

Bria E. Shea
Regulatory Manager
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401

The Department recommends approval and is available to respond to any questions the Minnesota Public Utilities Commission may have on this matter.

Sincerely,

/s/ BEN KAMARA
Financial Analyst

BK/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. E002/M-17-46

I. BACKGROUND AND SUMMARY OF FILING

On January 13, 2017, Northern States Power Company, d/b/a Xcel Energy (Xcel or the Company) filed a petition with the Minnesota Public Utilities Commission (Commission) for a variance to Minnesota Rules, part 7820.3800, the Billing Errors Rule, to allow the Company to provide a billing credit to a residential customer for overcharges that have occurred since February 21, 2005¹ and a one-time modification to the Company's Billing Error Tariff requirements contained in the Company's Electric Rate Book.

Xcel requested this rule variance and one-time tariff modification in order to gain approval to issue credit to a residential customer for overcharges that the customer paid during a period outside of the three-year limit set in Minnesota Rules and Xcel's Electric Billing Error Tariff. Xcel stated that the overcharges were "due to a secondary meter being incorrectly wired at the premise" by the customer's electrician.² The incorrectly wired secondary meter resulted in the customer being double-billed for electricity usage.

The error was confirmed by Xcel and was corrected on July 27, 2016. Xcel credited the customer for the 3-year period required under the Company's Electric Rate Book and the Commission's Rules.

Xcel calculated a total credit of approximately \$21,229.03³ for the total timeframe both within and exceeding the Commission Rule and Tariff periods. The Company stated that on July 27, 2016 it credited the customer a total of \$9,494.54⁴ for the amount over-paid during the 3-year period provided for in Rule and Tariff. Xcel calculated and provided billing

¹ Xcel indicated on page 3 of its petition that February 21, 2005 is as far back as the Company has sufficient billing records to calculate the credit.

² Petition Page 3

³ Consisting of \$20,680.13 of principal and \$548.90 of interest.

⁴ Consisting of \$9,490.20 of principal and \$4.34 of interest. However, on August 11, 2016, an additional payment of \$32.71 was made to correct the interest amount. Final amount = \$9,527.25.

credits in accordance with Minnesota Rules, part 7820.3800 and calculated interest consistent with Minn. Statutes § 325E.02(b) as summarized in the table below.

Table 1: Credit Amounts Provided and Credit Amounts Requiring Variance

Time Period	Principal	Interest	Total
Credit Provided (6/19/2013 – 6/19/2016)	\$9,490.20	\$37.05	\$9,527.25
Credit Requiring Variance (2/21/2005 – 6/18/2013)	\$11,189.93	\$511.85	\$11,701.78
Total	\$20,680.13	\$548.90	\$21,229.03

II. DEPARTMENT ANALYSIS

Minnesota Rules, parts 7820.3800 states in relevant part:

Subpart 1. Errors warranting remedy.

When a customer has been overcharged or undercharged as a result of incorrect reading of the meter, **incorrect application of rate schedule, incorrect connection of the meter**, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be refunded to the customer or the amount of the undercharge may be billed to the customer as detailed in subparts 2 through 4.

Subpart 2. Remedy for overcharge.

When a utility has overcharged a customer, the utility shall calculate the difference between the amount collected for service rendered and the amount the utility should have collected for service rendered, plus interest, for the period beginning three years before the date of discovery. Interest must be calculated as prescribed by Minnesota Statutes, section 325E.02, paragraph (b).

Subpart 4. Exception if error date known.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than three years before the discovery of an overcharge or one year before the discovery of an undercharge.

Xcel's Electric Rate Book, Section No. 6, 6th Revised Sheet No. 16 states, in relevant part:

3.9 BILLING ADJUSTMENTS Overbilled

In the event the customer was over-billed, the Company shall recalculate bills for service during the period of the error, up to a maximum of three years from the date of discovery. Adjustments of bills will be made in accordance with the rules prescribed by the Commission. Interest will be calculated as prescribed by Minn. Stat. §325E.02(b).

Xcel stated that it has provided the affected customer the credits in accordance with Minnesota Rules and its Billing Error Tariff. The Company requested approval to issue further credits for the amount overcharged to the customer for the periods that lie outside the 3-year limit.

Minnesota Rules, part 7829.3200, subp. 1 establishes the following criteria for evaluating a variance request:

The commission shall grant a variance to its rules when it determines that the following requirements are met:

- A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- B. granting the variance would not adversely affect the public interest; and
- C. granting the variance would not conflict with standards imposed by law.

The Department believes that the rule variance criteria can also be used to assess the reasonableness of the one-time tariff modification that Xcel has requested.

In support of Xcel's variance request, the Company stated that, given the amount of time at issue, enforcement of the rule would impose an excessive burden on its customer by substantially limiting the credit from the total over-billed amount. Further, Xcel stated that granting the variance would not adversely affect the public interest because the credit serves only to make the customer whole against actual overcharges resulting from the application of double billing and an incorrect connection of meter. Finally, Xcel stated that it is unaware of any conflict with any standards imposed by law. Xcel noted that the

Commission has in the past approved a utility's voluntary credit beyond the time period required by Minnesota Rules when special circumstances exist.

The Department concludes that the criteria for granting a variance as set forth by Minnesota Rules, part 7829.3200, subp. 1 are met for Xcel's variance request and for a one-time modification to the Company's tariff.

III. RECOMMENDATION

The Department recommends that the Commission approve Xcel's request for a variance to Minnesota Rules, part 7820.3800 and a one-time modification to its Electric Billing Error Tariff requirements.

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