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July 19, 2006

Illona A. Jeffcoat-Sacco, Executive Secretary
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

RE: BILLING OF VACANT RENTAL PROPERTY TARIFF
CASE NO. PU-06-216

Dear Ms. Jeffcoat-Sacco:

Enclosed is a summary of Xcel Energy's present and proposed processes for residential billing of vacant rental properties ("BVRP"). After the Company submitted its May 26 BVRP application to establish a more formal approach to billing between tenant changes, staff asked the Company to provide a more descriptive document on the present process, and how the new process would differ. The enclosed document provides that information.

Let me know if you have any other questions or comments.

Sincerely,

A handwritten signature in blue ink that reads 'David H. Sederquist'.

DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION & FINANCE
NORTHERN STATES POWER CO. D/B/A XCEL ENERGY

Enclosure

Northern States Power Company d/b/a Xcel Energy Billing of Vacant Rental Property Tariff Application Summary of Present and Proposed Processes

Background

Over the last several years, the Company has recognized the challenge of working in a consistent manner with property owners for the billing of electric and gas service when one of their tenants has moved and there is no one occupying the vacated residential rental property.

To help manage the situation, the Company established a Revert to Owner (“RTO”) agreement form (Attachment 1) that was used to enter into billing understandings with certain property owners who expressed an interest in doing so. The agreements allowed service to revert to the property owners whenever a tenant terminated utility service in one of their rental units. In exchange for agreeing to assume billing responsibility for the account, the property owner was not assessed a service processing (connection) charge by Xcel Energy.

However, there have been on-going concerns that have caused the Company to rethink its strategy of utilizing RTO agreements. The RTO program is voluntary and not all property owners participate. The company has not actively promoted the program; it has been used more or less as a stopgap solution for on-going problems with certain property owners. Furthermore, not all RTO agreements have been adequately documented or maintained by either property owners or the Company and that has caused some confusion among property owners, their tenants, and Company customer reps.

In the event that a property owner requested service to be disconnected between tenant changes, the Company’s policy has been to not physically lock the account (which would involve sending a service technician to the premise) because there are presently no published tariffs to recover the costs of performing this service. As a result, during a vacancy period the property owner would often have full use of the energy in the rental unit at no cost, and the Company would not have a solid basis to be able to collect charges for the service provided.

Proposed Solution

As a result of property owner and tenant complaints surrounding the ambiguity of energy bill responsibility during tenant transitions, the Company formed a cross-functional team to review the issues and to develop a more formal process. The team also met with external property owner organizations and tenant advocacy groups to solicit their input. From those meetings, the decision was made to

develop a tariff and related agreement forms that would clearly establish the rules, responsibilities, and processes for billing of electric and gas service when there is no tenant occupying residential rental property.

A primary focus in this effort was to develop a basic tariff that could be implemented uniformly across jurisdictional boundaries and still allow for the unique requirements of each state jurisdiction. The goal was to eliminate confusion and minimize property owner and tenant complaints by implementing a consistent, Company-wide residential rental property billing process. The proposed tariff currently before the North Dakota commission provides a vehicle for the Company and its customers (both property owners and tenants) to reach a common understanding of billing accountabilities, better manage their business transactions, and minimize potential billing problems.

Billing of Vacant Rental Property Tariff

With approval of the filed tariff, the existing RTO program will be cancelled and replaced with the residential Billing of Vacant Rental Property (“BVRP”) tariff.

The new tariff would require all property owners to complete a Billing of Vacant Rental Property Agreement (see BVRP filing attachment B) and pre-select one of two billing options – the Automatic Turn On option or the Lock On Disconnect option – to be used whenever any of their rental units become vacant. The BVRP Agreement would be returned to Xcel Energy and the Company would set up their residential rental properties accordingly in its billing system and send a confirmation letter to the affected parties.

Under the Automatic Turn On (“ATO”) billing option, service would be automatically transferred to the property owner on the date the tenant stops service. Similar to the old RTO agreement, under the ATO option the property owner would have full use of the rental unit’s electric and/or natural gas service to prepare it for the next tenant. The Company would waive the service processing charge for putting the service in the property owner’s name. The property owner would be financially responsible for all energy used during the time of tenant vacancy until the new tenant starts service.

If the property owner chooses to have service disconnected when a tenant vacates a premise, the Lock On Disconnect (“LOD”) billing option must be selected. Under the LOD option, service is physically locked on the date service to the tenant is stopped, and the property owner would be charged a fee for both the disconnection and the eventual reconnection of service. Service to the rental unit would not be available during the period between tenants. The disconnection processing charge would be waived, however, if the LOD property owner requests

the service to be started in their name. The Company does not anticipate many property owners will select the LOD option since energy will not be available for them to prepare or show the rental unit during the vacancy period. It should be noted, however, that the LOD option is the default option if a property owner fails to make a selection under this new tariff.

Start and Stop Service Authorization

The proposed tariff also helps to ensure the correct user of service is billed. This is accomplished through the optional Residential Tenant Authorization Form for Tenant or Property owner to START Service (“Start Service Form”) and the Residential Tenant Authorization Form for Tenant or Property owner to STOP Service (“Stop Service Form”) (see BVRP filing attachments D and E). The use of these forms is NOT required of either the property owner or tenant. The forms are intended to make it more convenient for the tenant to start/stop their service with the Company.

Using the Start Service and Stop Service forms, the tenant is able to authorize the property owner to contact the Company on their behalf for purposes of notifying Xcel Energy when service is to be started or stopped. For example, the tenant would date and sign the START form and the property owner would send it to the Company. Service would be started in the tenant’s name based on the START date indicated on the form. Later, when the tenant notifies the property owner that they plan to vacate the rental unit, the tenant would complete the STOP form and the property owner would send the form to the Company. Service would be stopped in the tenant’s name based on the STOP date shown on the form. This process provides for a clear understanding and documentation of the intended start and stop service dates for all parties – the tenant, property owner, and Company.

Summary

The current process of billing for vacant rental property is not as consistent or documented as it could be. This results in unsatisfied customers and Xcel Energy is unable to recover its costs of providing electric and natural gas service. The proposed tariff filing outlines a clear and formalized process for determining when service will be started and stopped at a rental property unit, and who has financial responsibility for the energy consumed, particularly during tenant changes. In addition, tenants will be more aware of their energy bill responsibilities during moves into and out of rental units, property owners will be more protected, and the Company will be better able to collect its costs of providing service.



**REVERT TO OWNER AGREEMENT
SERVICE CONNECTION CHARGE WAIVER**

Owner/Manager/Agent _____ Telephone # _____

Service Address _____

(If two or more properties, please attach a list of premise numbers.)

As owner/manager/agent of the listed properties, I hereby request that Xcel Energy bill me for electric/gas service provided to any unit at said addresses between tenants. In consideration for your agreement to pay for electric/gas services between tenants, Xcel Energy will not levy a service processing (connection) charge. This agreement needs to be completed, signed and dated to set your request to waive the processing charge.

Name to be billed: _____

Mailing Address: _____

City/State/Zip Code: _____

Signature: _____

Title: _____

Today's Date: _____

Telephone Number: _____

OWNER OF PROPERTY _____

OWNER ADDRESS _____

Please FAX ATTN LANDLORD AGREEMENT TEAM 1-800-892-0343 OR MAIL TO PO BOX 8 EAU CLAIRE, WI 54702