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August 24, 2007

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

SUBJECT: Xcel Energy Status report of its Billing of Vacant Rental Property tariff

Dear Ms. Jeffcoat-Sacco:

Enclosed is a six month status update of the Billing of Vacant Rental Property (“BVRP”) tariff of Northern States Power Company, d/b/a Xcel Energy, as required by the Commission in their January 2007 order approving the tariff.

Overall, the Company has been able to secure landlord agreements for about three fourths of the property owners/landlords we are able to identify on our system. We continue to work closely with owners who raise specific concerns about their accounts to ensure that we have accurate information in our system and a mutual understanding of how the BVRP process works.

Please call me if you have any questions. Thank you.

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

Encl.

North Dakota Residential *Billing of Vacant Rental Property* (“BVRP”) Tariff Six Month Status Report to the Commission

Summary

When the North Dakota Public Service Commission (NDPSC) approved the BVRP Tariff in January 2007, it ordered the Company to submit a status report on the implementation and effectiveness of the tariff after six months had elapsed.

The landlord/property owner response rate for the sign-up mailings has been high at over 74%. Overall, the reaction to the process outlined in the newly approved tariff has been positive, and the landlords/owners appear to appreciate the Company’s efforts to update its rental property customer database. To date, no landlords/owners have selected the Lock On Disconnect (“LOD”) option for their properties.

The effort has not been without its challenges, however. The Company has worked diligently to train its Call Center Agents on the tariff requirements and program information. In addition, the Company has made numerous contacts including sign-up mailings, reminder postcards, and phone calls with landlords/property owners to assist them in selecting their preferred billing option. However, 26% of landlords/property owners have not responded to the Company’s communications and will be assigned the LOD billing option.

Process

The Company initially conducted a search of its customer database to identify the “known” owners of rental property. The initial search identified 2,091 owners of rental property with existing Landlord Agreements. These owners affect over 39,000 metered premises (i.e., retail customers). It should be noted that the Company’s billing system is unable to identify with certainty whether an account represents a rental unit unless there is a Landlord Agreement denoted.

Using the list of identified owners, the Company mailed 30 letters per day (beginning on March 5, 2007), beginning first with the 61 existing LOD designated owners since the new lock and reconnect charges would affect them. After the LOD letters were sent, letters were mailed to the existing 2,030 Automatic Turn On (“ATO”) owners at the same rate of 30 letters per day. The last wave of letters was mailed on June 7, 2007.

All owners were given at least 15 business days to respond and overall response rates were very good (around 74%). Follow-up mailings were then sent to owners who didn't respond to the initial mailings.

Throughout the sign-up process, a spreadsheet was used to track contacts made and responses received to ensure compliance with the tariff. The tracking spreadsheet documented the dates in which the original mailings and postcard reminders, if needed, were mailed. In addition, the dates of follow-up phone calls were also logged. Finally, the tracking spreadsheet was used to schedule the date when the final "Default to LOD" notification letter was to be mailed.

Owner/Landlord Response

As of August 15, 2007, the Company mailed 2,174 original sign-up letters to owners (new owners had been discovered during the process and added to the original list of 2,091 owners), 634 reminder postcards had been mailed, and 2,112 phone calls had been placed (logging over 156 hours on the phone) to owners that had not responded to the mailings.

There was a strong 64% owner response rate to the initial mailings. Approximately 47% of the owners responded to the reminder postcards mailed in May and June. The Company made at least two and sometimes three attempts to phone each of the owners that still had not contacted the Company after the initial and reminder mailings.

Xcel Energy plans to continue its efforts to sign-up all known owners on its system until September 30, 2007. After that, the "Default to LOD" notification letter will be sent to any owner/landlord that has not indicated its billing preference to the Company. As of this update, all owners have selected the ATO option; no owner has selected the LOD option.

Interaction and Issues with Owners

To the best of the Company's knowledge, there have been no formal complaints involving the roll out of the new BVRP agreement process. The most prominent frustration for owners seems to be the need to designate their billing option again (even if they were already on our system as an ATO option) or face the ramifications of being defaulted to the LOD designation.

On the other hand, the Company has received a number of phone calls and letters of appreciation for its efforts to update its records with current owner information. Most owners have commended us for following up with them, taking the time to explain the new tariff, and correcting any outstanding billing issues.

Some encouraging remarks have been passed on to the Company from owners who have submitted their new agreement forms or spoken with agents on the phone. They include the following testimonials:

"Dear Jamie and Teresa and Team Staff - Thank you for your kind help and guidance on the phone and in filling out these forms. Best Regards, Donna."

"We are appreciative in the efforts to correlate and streamline billing. We are hoping to ensure that from this point forward, all vacant units are being billed properly to us, as they should be. This has been an ongoing clean-up process on both our ends and in checking to make sure these units are correct and the ones that are not, are fixed. It will help alleviate future headaches and surprises."

Due to the fact that this a relatively new process and currently available in only two (ND and TX) of the eight states we operate in, the Company continues to work on training its call agents so they provide accurate information to the owners who contact the Company. A Landlord Agreement Team continues to provide dedicated service to this process.

Conclusion

Our primary focus as we wind down the initial sign-up effort will be to make every effort to contact and work with the owners who have not yet made a billing option selection and who will ultimately be defaulted to the LOD option if no agreement is made. It is our hope the majority of these owners will respond and select the ATO billing option so there will be a minimal number of LOD charges assessed for tenant changes.