

MEMORANDUM

TO: Commissioners Clark, Wefald and Cramer

FROM: Patrick Fahn and Annette Bendish

RE: Northern States Power Company (NSP) Rental Property Billing Tariffs;
Case Nos. PU-06-216 and PU-06-217

DATE: October 5, 2006

Recommendation: Staff agrees in concept with NSP's proposal but doesn't have enough information to determine whether the amount of additional revenue to NSP warrants a proceeding to rebalance rates for other types of customers in the customer class. NSP has not indicated whether the proposal will reduce or increase operating expenses. If it increases operating expenses, perhaps the proposal should not be implemented. If it reduces operating expenses, will the reduction in expense warrant a proceeding to rebalance rates in an amount greater than the rebalance due to additional revenue. Staff recommends the BVRP plan be implemented excluding the proposed rate impact to landlords.

Procedural history: On May 26, 2006 NSP filed an application for a new set of tariffs and forms to "facilitate improved understanding of the rules, responsibilities, and process related to billing for electric and/or natural gas service for billing periods when there is no tenant occupying residential rental property."

The tariffs were suspended on June 7, 2006.

NSP has sent several letters further explaining the tariffs to the Commission. The tariffs offer two options to landlords in the *Residential Billing of Vacant Rental Property (BVRP)* proposal. Landlords must choose between paying bills for gas and electric service while an apartment is vacant or paying new disconnect and reconnect fees of up to \$20 each for electric service and a new disconnect fee of up to \$40 and a new reconnect fee of up to \$65 for natural gas service.

Written comments opposing the tariffs were received from James Kraemer, a resident of West Fargo on September 6, 2006. Mr. Kraemer's opinion is that NSP is trying to force the landlord to take care of their record keeping. Mr. Kraemer says that the tariff is not for the landlord and objects to the fees to connect and disconnect electrical service for each apartment.

Ads were published in Minot, Grand Forks, and Fargo newspapers. Property owners were also informed of the tariffs by letter from NSP.

Discussion:

(1) New charges to landlords equates to additional revenue for NSP. Staff plans to ask NSP about the revenue impact and operating expense impact at the meeting in Fargo.

(2) The BVRP tariff could be clearer concerning the disconnect and reconnect fees ("up to" \$40, "up to" \$65, "up to" \$20).

(3) The current Gas Rate Book includes a provision that states: "If a customer requests reestablishment of service at a location where the same customer discontinued the same service within the preceding 12 month period, an additional reconnection fee will be assessed equal to the sum of the monthly minimum charges applicable during the period service was not taken. Staff believes this tariff provision should be clarified so that it does not apply to rental property situations where tenants come and go and return, which is different from the situation where a customer discontinues service on a seasonal basis to avoid

paying the monthly minimum charges. It is staff understanding that NSP did not intend that the "seasonal" provision apply in this case.