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Xcel Energy

Case No.: PU-06-525

Response To: North Dakota Information Request No. 4-1  
Public Service Commission

Analyst: Michael R. Diller

Received: April 17, 2007

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Question:

Please refer to the January 26, 2007 email from Elizabeth A. Horner to Dave Sederquist, et al.

- a. Provide a complete discussion of the backbilling problem involving 1,898 Unknown Users, and any others.
- b. Identify the revenues anticipated to be collected from this program.
- c. Identify where and how these revenues were treated in the filing.

Response:

**a.**

Xcel Energy's general policy is to not physically turn off meters during periods a premise is vacant (to avoid potentially being responsible for damage to the building due to frozen pipes, etc.). An "Unknown User" ("UU") account occurs when a new occupant moves into a vacant premise, but does not notify the company that they are responsible for the billing.

"Back-billing is a general term which applies to the retroactive billing of energy usage and services not yet billed. Unknown Users constitute only one category of customer account that may require back-billing for services previously rendered. Beginning in July 2006, Xcel Energy increased its focus on managing UU accounts. Efforts were made to identify Unknown Users and bill them for the timeframe that they occupied the premise. The Company prioritized the identification and pursuit of UU recovery based on premises with the highest consumption. Customers being back-billed are eligible for a payment arrangement not to exceed the number of months back-billed.

To better manage UU accounts in the future, Xcel Energy has improved its internal monitoring of these accounts, and now distributes a letter to the "current resident" of premises showing usage following a customer move-out (newly vacant). The letter notifies the occupant that the Company has no record of a responsible party to bill for energy service, and that if a reply to this notification is not received within 10 days, service may be discontinued.

As of January 12<sup>th</sup>, 2007, there were 1,898 vacant premises in North Dakota showing electric and/or natural gas usage. These consist of premises eligible for back-billing with historical usage anywhere from one month to 25 months (January, 2005). As of March 23<sup>rd</sup>, 2007, there were 1,596 remaining vacant premises (UU) identified in North Dakota.

Xcel Energy recognizes that there will always be some level of Unknown Users as the timing between the previous customer moving out and the new customer moving in may not be on the same day and the revert-to-owner process is not processed on the same day.

**b.**

The premise and consumption breakdown for the 1,596 vacant premises as of March 23<sup>rd</sup>, 2007 is below:

Electric: 1,125 premises

Estimated recovery potential:

$(2,768,334 \text{ kWh}) \times \text{average rate/kWh } (\$0.06) = \$166,100$

Gas: 471 premises

Estimated recovery potential:

$(212,065 \text{ therms}) \times \text{average rate/therm } (\$0.70) = \$148,445$

**c.**

From a sales forecast perspective, no revenues anticipated to be collected from the aforementioned UU back-billing efforts have been included in the rate case test year. In addition, natural gas sales history (1999 through 2005 sales) used to develop the test year sales forecast would not have been materially impacted by unrecognized volumes being addressed in the UU back-billing effort.

While increased efforts to collect a backlog of UU accounts were not considered in the sales forecast, given that these unknown users were only missing from the last ten months of data used in the model (out of a total of 84 months), the impact would be very small and no adjustment needs to be made.

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Sponsor:

Response By: Jason Perreira (a., b.); Jannell Marks (c.)

Title: Sr. Analyst; Director, Energy & Demand Forecasting

Department: Business Analytics; Energy & Demand Forecasting

Telephone: 651.639.4306; 303.294.2454

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