

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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PUBLIC SERVICE COMMISSION

In the matter of an Investigation into Northern States Power Company d/b/a Xcel Energy Inaccurate Gas Meters, Recalculation of Bills, and Related Issues

MPUC Docket No.: G-002/CI-08-871

REPLY COMMENTS OF THE SUBURBAN RATE AUTHORITY

INTRODUCTION

The Suburban Rate Authority is an interested party in the above proceeding. By zip code, Xcel has identified customers served by the faulty meters. These zip codes include several member SRA cities in the St. Paul area.

In this brief reply, the SRA comments on positions of the Office of the Attorney General ("OAG") and Office of Energy Security ("OES") in their Comments.

REPLY COMMENTS

The OAG cites an Xcel answer to the Commission question of whether CellNet is replacing the faulty modules "at no cost to Xcel" and appropriately asserts that the OAG will oppose any ratepayer contribution to the costs of replacement and retrofitting of the faulty modules. (OAG Comments at 5-6). The OAG cited Xcel's equivocal responses to the Commission's direct question about cost recovery. (Id., citing Xcel Response at 25, Att. 2).

Though Xcel has not yet raised the issue of rate recovery of costs associated with the module failures, it is important that Xcel be held to a standard of vendor/contractor relationships that requires full protection to Xcel in the event of a third party breach. Any failure of Xcel to do so must be at its own peril, not that of the ratepayers. The opportunity afforded regulated

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utilities to recover costs from captive ratepayers should not open the door to sloppy contracting and other imprudent lack of attention to rights in the event of third party non-performance. Unfortunately, Xcel's less than direct responses to the Commission's questions in that regard suggest the potential problem of incomplete recovery rights against CellNet. (See also Xcel Response at 26, Att. 2). Accordingly, the OAG makes an appropriate request that Xcel keep a separate account to ensure that no unrecovered expenses make their way into an Xcel ratepayer recovery request, in this proceeding or in a general rate case. (OAG Comments at 6).

The SRA also supports the OES's request for a plan to require earlier communication with the Commission and other state agencies when Xcel discovers significant system deficiencies, even if not safety-related. (OES Comments at 2-3). Establishing new notice procedures in similar situations should be applicable to all Commission-regulated utilities, not just to Xcel. Apparently a gap exists in the rules or tariffs triggering timely notice of major problems with the gas delivery and billing system. One can only wonder how long Xcel would have waited to notify the Commission of this issue, had a newspaper not been on the verge of publishing an article on the failures. New procedures and standards should be considered to fill the existing state agency notice gap.

Dated: September 19, 2008

Respectfully submitted,

KENNEDY & GRAVEN, CHARTERED

By: 

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RATE AUTHORITY

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