



RECEIVED

MAR 09 2009

414 Nicollet Mall
Minneapolis, Minnesota 55401

PUBLIC SERVICE COMMISSION

**PUBLIC DOCUMENT
TRADE SECRET DATA HAS BEEN EXCISED**

March 6, 2009

—VIA ELECTRONIC FILING—

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: INACCURATE GAS METERS, RECALCULATION OF BILLS, AND RELATED ISSUES
DOCKET NO. G-002/CI-08-871

Dear Dr. Haar:

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) hereby submits to the Minnesota Public Utilities Commission (the “Commission”) the public version of our Amended Petition and Proposed Resolution.

Portions of our filing contain trade secret information as defined by Minn. Stat. § 13.37, subd. 1(b). This information derives an independent economic value from not being generally known or ascertainable by third parties who could obtain a benefit from its use. Based on its value, Xcel Energy maintains the information as non-public.

We have served a copy on the Office of the Attorney General – Residential Utilities Division and all parties on the attached service list.

Please call me at (612) 330-6064 if you have any questions regarding this filing.

Sincerely,

/s/

BRIA SHEA
CASE SPECIALIST

Enclosures
c: Service List

27 **PU-08-627** Filed: 3/9/2009 Pages: 68
**Amended Petition & Proposed Resolution to the MN
PUC**

Public Service Commission

PSC Staff

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

| | |
|-------------------|--------------|
| David Boyd | Chair |
| J. Dennis O'Brien | Commissioner |
| Thomas Pugh | Commissioner |
| Phyllis Reha | Commissioner |
| Betsy Wergin | Commissioner |

In the Matter of and Investigation into
Northern States Power Company, a
Minnesota corporation, Inaccurate Gas
Meters, Recalculation of Bills, and
Related Issues

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

**AMENDED PETITION AND
PROPOSED RESOLUTION**

INTRODUCTION

Northern States Power Company, a Minnesota corporation, ("Xcel Energy" or the "Company") submits to the Minnesota Public Utilities Commission (the "Commission") this Amended Petition and Proposed Resolution (the "Petition") in this proceeding. The purpose of our amended filing is twofold:

- To provide additional information on our actions to improve processes, monitoring, and oversight of metering and billing operations; and
- To offer a proposed resolution of the Cellnet 1074 v.2 natural gas automated meter reading module ("1074 module") failure issue and other recent billing issues for the Commission's consideration.

In our January 12, 2009 filing we indicated that we believed that our evaluation of our service levels called for a remedy. With this Petition, we respectfully offer a proposal for resolving these issues. Some of these commitments have been made previously either at the November 6, 2008 hearing, or as part of our January 12, 2009 update. As outlined below, the entire proposal includes:

- Financial remedies through service quality credits to affected Minnesota customers amounting to approximately \$520,000 (eliminating our entire distribution margin from the 1074 v.2 module failure).

- Adjustments to natural gas supply costs amounting to at least \$424,000 to ensure other customers are not harmed by these issues.
- Forgoing any future cost recovery of 1074 module remediation costs.
- A commitment to return to customers their share of any future damages received from Cellnet.
- Improved customer communications and billing.
- Ongoing monitoring and reporting to improve the quality of service to our customers.

Combined, this proposal offers financial remedies amounting to approximately \$944,000. We believe this remedy is appropriate, when viewed in light of the other improvements and conditions discussed in this Petition. We believe it strikes a reasonable balance between holding us accountable for the quality of service we provide, and recovering from customers the costs of the service they use. We respectfully ask the Commission to consider and approve this proposal to recommence the rebilling effort subject to commitments in this Petition.

In the remainder of this Petition we provide: (1) a brief background; (2) a summary of our improved monitoring and oversight actions and results; (3) an update of identified issues; (4) and our proposal for resolution.

BACKGROUND

This proceeding arose from situations that caused our customer service to fall below our expectations, as well as those of the Commission and our customers. The key issue was the failure of the 1074 v.2 model AMR module, affecting approximately 7,600 customers who received inaccurate bills for several months. Our failure to timely notify the Commission, and the customer complaints associated with our subsequent rebilling process led to the Commission opening this Docket.

Subsequent problems arose as we had challenges executing commitments we made in this proceeding, primarily to maintain effective hold on late payment charges and other credit actions for these customers.¹

Our first priority has been to address these issues and implement comprehensive approaches to improve the quality of our metering and billing services. For example, under the direction of an *Executive Committee* formed by the CEO of NSP-Minnesota,

¹ Since that time, all customers' bills have been credited and we have implemented daily monitoring of our credit holds.

we have recently implemented enhanced oversight measures, such as: (1) enhanced processes for detecting non-registering natural gas and electric AMR modules; (2) improved processes for analyzing AMR modules that have been removed from the field; (3) more rigorous First Article Testing protocols; and (4) engaging a third-party consultant to perform an external review of all of our revenue cycle operations, inclusive of rate implementation issues.

Nonetheless, we recognize that our failure to timely notify the Commission, and our subsequent request to rebill prior to fully addressing questions about the circumstances of the 1074 module failures raised a number of regulatory concerns. Since we were last before the Commission, we have implemented a number of changes that we believe will reinstate confidence in our internal processes. We have evaluated alternative options for resolution of this issue and believe that there are sound public policy reasons, even under these circumstances, that warrant rebilling. To mitigate the concerns that arose from our prior rebilling effort, however, we are also proposing specific conditions to address the impacts of our past actions on all of our customers.

UPDATE

A. Actions and Results

1. *Improved Processes and Controls*

In December 2008, the CEO of NSP-Minnesota organized an *Executive Committee* to improve the coordination and oversight of our metering and billing areas (see Attachment A). The *Executive Committee* is comprised of senior management representing the relevant business, operation, technology, regulatory and legal functions, and is responsible to:

- Ensure we have the right business analytics and processes in place to detect potential problems;
- Set priorities and direct the appropriate resources to resolving identified problems;
- Ensure appropriate oversight and administration of the Cellnet contract; and
- Develop the Company's long-term metering and billing strategy.

Since its formation, the *Executive Committee* has met weekly. We outline key areas of focus and action resulting from the *Executive Committee* below:

a. Cellnet Contract and Oversight

Our AMR services and technology are provided by an external vendor, Cellnet, requiring its involvement in the development of solutions to these recent problems. In addition to retrofitting malfunctioning modules, under the direction of the *Executive Committee*, the Company has implemented the following, either independently or in conjunction with Change Orders under the Cellnet contract:²

- An enhanced daily work management process to identify and repair AMR module failures;
- Shortened response time to address both natural gas and electric meter concerns in shorter time frames than were required under the existing contract;
- A Return Material Analysis process so that we are able to better evaluate the performance of malfunctioning modules; and
- A provision for and full execution of First Article Testing (the contractual term for acceptance testing prior to deployment of new AMR modules).³

We believe that these improvements have had an immediate impact:

Enhanced Daily Work Management process and improved response times: Our enhanced work management process uses daily read information from Cellnet to detect potential dead meter or module issues after each billing cycle. Although more involved, the basic process screens for five consecutive days of zero reads as well as changes in average daily use over time to identify customer accounts that require a deeper analysis or fieldwork. This enhanced process now covers all electric and gas meters, and is conducted on a more frequent basis than our prior work management processes implemented in February of 2008. The process now also includes a validation Combined with the improved AMR module maintenance terms we have negotiated with Cellnet, we are able to more quickly assess and address potential meter and module problems.

Our improvements to this Enhanced Daily Work Management process have significantly reduced the amount of time it takes us to detect a potential metering equipment problem in the field, and have increased the accuracy of our targeted field investigations. These improvements have resulted in quicker resolution of

² Change Order 6 was executed on November 21, 2008; Change Order 7 was executed on March 4, 2009.

³ The 1074.v4 model module is the version that replaced the 1074 v.2 model that experienced the widespread failure. As noted in our January 12, 2009 filing in this Docket, this replacement module did not pass our acceptance testing, but did not pose the same failure risk as the 1074 v.2 module.

malfunctioning metering equipment for our customers, and are a more efficient use of our resources to both investigate and repair the equipment.

Return Materials Analysis (“RMA”) process: This process requires Cellnet to provide to us the modules removed from the field, as well as to report findings of their analyses performed on samples of returned equipment. By conducting our own assessment of problem AMR modules, we can further identify potential systemic problems and take appropriate field action. For example, while analyzing returned modules, we identified that a number of our five-dial natural gas meters, generally used for our C&I customers, incurred damage as a result of the attached Cellnet module.⁴ We are continuing to work to ensure that the RMA reporting meets the Company’s needs in determining equipment problem trends.

First Article Testing. We have increased our rigor in performing First Article Testing on new AMR module components, and now also compare the read information from both the module and meter as part of this testing. We also use an outside lab, as appropriate, to test items such as the chemical composition of the AMR module components, and to conduct more involved bend & torque testing. With these improved processes we can better identify potential issues with new versions of the AMR module prior to deployment on our system. Further, Cellnet is now explicitly required to inform us when they make changes to their modules, so that we can perform these tests.

The results of our enhanced First Article Testing process delayed the start of further deployment of the next version of natural gas AMR modules in Minnesota while Cellnet addresses certain design issues identified through this process. We are confident that our enhanced First Article Testing process coupled with our increased monitoring activity of all meters will improve our ability to prevent metering equipment failures, and will provide us with additional tools for early detection and remediation of potential systemic problems.

b. External Review of Metering and Billing Processes

The Company has engaged an outside consulting firm, Global Enterprise Managers, Inc. (“GEM”) to review our customer information system to help us determine whether we have the adequate controls and processes in place that to provide timely and accurate customer bills. We provide a draft of the GEM Review Scope as

⁴ We discuss the scope and our efforts to address the C&I issue in Item B.3. of this Petition.

Attachment B to this Petition. While the scope of this review is still being refined, we are asking GEM to evaluate and make recommendations on:

- The Company's work processes and information flows within and between metering, meter reading, and billing functions;
- The Company's oversight and administration of the Cellnet contract;
- The Company's processes for evaluating, implementing, and testing new technologies such as AMR modules and new billing information systems;
- Training, knowledge, and data retention practices; and,
- The current revenue cycle-related service quality measures to ensure they appropriately address key performance areas.

We have included feedback from Commission Staff in the Scope (see Attachment B).

GEM has proposed to perform the external review in two phases. Phase 1 is the development of a detailed schedule, work plan, cost estimates, identification of external review tools, and definition of deliverables for completing the full audit. GEM will perform the actual review in Phase 2.

GEM began the Phase 1 work in early February. GEM's objective is to complete Phase 1 and develop a work plan that will allow Phase 2 to be completed between March and June of 2009.

c. Ongoing Oversight

Under the direction of the *Executive Committee*, we have implemented many oversight improvement measures designed to bring any metering or billing issues to light so that they can be quickly and effectively resolved and process changes made to address concerns. The high-level of attention being shed on these issues has allowed us to systematically improve on a timelier basis an already very complex process. We believe we have made significant improvements in our metering and billing processes as a result of this oversight, but also believe that a third party review will provide additional guidance and insight to further improve our efforts. We will undertake all appropriate steps to improve the accuracy of our bills. Our on-going priority is to proactively identify and resolve any other metering and billing issues that may exist in a timely manner so as to minimize the potential for inconvenience to our customers.

Our improved processes and controls are designed to bring any issues to light so that they can be effectively resolved. As we continue to use and refine these processes, we have identified and expect we may continue to uncover non-routine issues that affect our customers, as our priority right now is to identify and resolve any other metering and billing issues that may exist. We anticipate that any such issues may also require resolution in a manner similar to this proposal. In these instances, we will communicate with Commission Staff to keep them apprised of these developments and our progress.

B. Update on Identified Issues

In our January 12, 2009 filing we indicated that we were concerned about certain information that led us to believe we may not have captured the full scope of the 1074 v.2 issue. In this section of our Petition we present an update on this issue, our current assessment of 1074 v.2 affected customers, and the impact of the newly discovered C&I five-dial meter issue.

1. Resulting from a Customer Complaint

In our January 12, 2009 filing in this Docket, we noted a November 2008 customer complaint that caused us to further analyze our processes to ensure that we had fully identified the scope of the AMR module failure issue. Our analysis of this complaint lead us to discover a gap in our reporting that identifies potential meter equipment malfunction problems.

As a result of the complaint we identified a population of 2,500 potentially affected natural gas customers using the Enhanced Work Management Report. Our billing analysis process identified approximately 500 of these 2,500 additional meters that required a field visit to ascertain whether they are actually malfunctioning, or if their no- or low-consumption was due to some other reason. Through our field analysis, we have determined that approximately 240 of these natural gas meters were malfunctioning, and had not been previously repaired due to a gap in the timely identification of such malfunctions and the proper application of the Cellnet-Xcel Energy field procedures. We additionally expect the expanded scope of our enhanced work management process to better ensure timely intervention.

We have since repaired all malfunctioning meters and/or AMR modules, and confirmed they are now working. We have not, however, initiated rebilling of any affected customers at this time. These customers have been added to the rebilling queue awaiting approval from the Commission to proceed with rebilling.

2. *The Rebilling Queue*

In an effort to ensure all customers potentially affected by the 1074 module issue are treated consistently, in our September 19, 2008 Reply Comments in this Docket, we outlined several criteria we would apply to determine which customer accounts go into the rebilling hold queue, and which accounts would proceed with regular rebilling.⁵

Because we would normally determine the specific module type at the time we analyze the account information and field order for rebilling, we have not initiated rebilling for *any* natural gas customer with a Cellnet AMR meter resulting from module- or meter-related issues during the rebilling hold period.⁶ We continue to hold all rebilling resulting from module- or meter-related issues for all natural gas customers with Cellnet-automated AMR modules until we receive a Commission decision in this Docket.

With our completion of the 1074 v.2 model module remediation at the end December 2008, we initiated a review of the rebilling hold queue and determined that approximately 2,800 of the 10,400 in the hold queue are not 1074-type AMR modules. Because of the delays in the related rebilling resulting from our identification of other non-systemic equipment failures, and in acknowledgement of the inconvenience to our customers that has resulted, we propose that the remedies contained in this proposal for resolution would apply to all customers currently in the rebilling hold queue. However, going forward we plan to work with stakeholders to reinitiate our standard rebilling related to more routine non-systemic instances of equipment failure under the Minnesota Rules and our tariffs.⁷

As noted earlier in this Petition, as we use our improved processes, we expect to find non-routine equipment issues that may impact our customers. In these instances, we will communicate with Commission Staff and keep them apprised of these developments.

⁵ See Item 3.b, *Consistent application of the Plan* in our September 19, 2008 Reply Comments. The criteria includes: The rebilling is for a natural gas account; the natural gas meter on the account is Cellnet-automated; and, the automated meter reading module is a 1074 v.2 model.

⁶ The company suspended its rebilling of customers affected by the 1074 module issue at Commission Staff's request on July 28, 2008.

⁷ This would not include the C&I customers affected by the issue described in Item B.3. of this Petition.

3. *Newly Identified Natural Gas C&I Issue*

As we have discussed with Commission Staff, we are also currently investigating a problem with broken C&I natural gas meters equipped with a Cellnet module. Generally, it appears that over time, some of these AMR modules have broken a connection with the meter dial, thus causing the module reading to show no, or less than actual, consumption. In most cases, the meter continues to record the actual usage.

We initially identified the problem by conducting our own analysis of broken modules received from Cellnet. Having identified a potential population of approximately 8,100 customers that have the same type of AMR module, we conducted detailed billing analyses, planned and executed targeted field visits, and collected manual meter readings to determine the scope of problem. Our analysis of the scope and root cause of this issue is ongoing.

To ensure accurate go-forward billing of customers affected by this issue, we are in the process of converting all approximately 8,100 meters to be manually read on a monthly basis until this issue is resolved. We will compare the manual reads to the automated reads to determine whether the accuracy of a customer's bill is affected. For those affected customers, the first manual read will establish the baseline for their go-forward billing. We plan to send affected customers a letter in advance of their first go-forward bill so that they understand and expect there to be differences in the amount of usage reflected in their next bill.⁸

We are keeping Commission Staff apprised of this issue as it develops and we will not undertake rebilling of any of these customers without first obtaining Commission consent. As noted above, we anticipate that this issue may also require a resolution similar to this proposal.

⁸ The letter will explain that we identified a problem with their metering equipment that caused it to report less than actual consumption for a period of time, and that customers should expect to receive a larger bill than they have received in the recent past – but one based on actual usage. The increase in the customer's bill is not due to rebilling, but rather due to a higher level of consumption and thus a higher bill for the first full month of service between two accurate reads.

PROPOSAL FOR RESOLUTION

To resolve the 1074 module failure issue, the Company is renewing its request to rebill the Minnesota customers currently in the rebilling hold queue subject to the commitments outlined in this Petition. Our amended rebilling proposal consists of: (1) Remedial Measures, (2) Rebilling Commitments, and (3) Ongoing Commitments.

- *Remedial Measures:* In acknowledgement of the inconvenience we have caused affected customers, we propose: (1) service quality credits aimed at effectively removing the Company's margin associated with the 1074 module failure in providing this service to our customer; and (2) making other non-affected customers whole for the unbillable natural gas costs resulting from the fact that our rebilling process will rebill fewer natural gas volumes than were actually consumed by customers due to significantly colder weather in the winter of 2007-2008 than preceding winters. In total, financial remedies to our customers would amount to approximately \$944,000.
- *Rebiling Commitments:* Our detailed rebilling plan outlines: (1) a revised rebilling process; (2) customer outreach; and (3) flexible payment arrangements for affected customers.
- *Ongoing Commitments:* We propose: (1) modifications to our electric and natural gas tariffs that provide a remedy for customers when our field performance does not meet a timeliness standard; (2) ongoing performance reporting; and (3) interim reporting.

We also discuss alternatives that we explored in advance of filing this Petition.

A. Remedial Measures

Our proposed resolution in this Petition provides the following financial remedies for the customers affected by the 1074 module failures, or currently in the rebilling hold queue:

1. *Service Quality Credits*

In recognition of the inconvenience they experienced, we propose to provide a \$50 service quality credit to each of the estimated 10,400 Minnesota customers in the rebilling hold queue. The amount of this service quality credit effectively eliminates the margins on natural gas sales to the 1074 module affected customers for the period

of module failure.⁹ We estimate the total value of this measure to Minnesota customers to be approximately \$520,000. We provide our detailed Rebilling Plan as Attachment C to this filing, but note that generally, these credits would be distributed as follows:

- For affected customers not yet rebilled, we propose to apply the service quality credit with the rebilling. This approach will allow these customers to receive the service quality credit on the same statement that presents their rebilled amount, reducing the total amount owed.
- For customers already rebilled, we will apply the credits to bills within 60 days of receiving a Commission order approving this proposal. We will inform these customers of this service quality credit through a bill message on the billing statement in which the credit is applied.

2. *Natural Gas Cost True-up Adjustment*

As we have previously committed, our amended rebilling proposal also seeks to ensure that other unaffected customers will not experience any costs associated with the 1074 module failures. As such, we propose to forego recovery of approximately \$424,000 in under-collected natural gas margins related to all 10,400 customers in the rebilling hold queue that would have otherwise been collected from other natural gas customers via the natural gas true-up mechanism.

This adjustment will ensure non-affected customers do not make up the difference because we used warmer-than-normal weather when estimating the usage for the AMR-affected customers. We provide a schedule that outlines the basis for our weather adjustment as Attachment D.

In addition, to the extent we are unable to rebill natural gas costs due to customer moves, we will add these natural gas costs to the weather adjustment used in the annual natural gas true-up; this adjustment does not include any estimate of unbillable gas due to new construction (customers who were not able to be rebilled because their billing history was not available). We are open to working with Commission Staff and the State Agencies on this issue.

⁹ We estimate the value of these natural gas margins at approximately \$484,800.

To ensure we do not recover these unbilled natural gas commodity costs, we propose to make an adjustment amounting to at least \$424,000 to our September 1, 2009 true-up calculation.

3. *Remediation Cost*

To date, the Company and Cellnet have incurred various costs associated with the AMR module failures and remediation. As previously committed, the Company will not seek recovery of these costs in any future natural gas rate case.

4. *Cellnet Remedies*

To the extent the Company is allowed to rebill customers affected by the 1074 module failure and then later obtains damages or settlement related to these failures, we will provide customers with their share of these proceeds. In this event, we would return to the Commission to address this issue and propose a plan.

To provide continued Commission oversight over these remedies, the Company proposes to provide reports to the Commission as outlined in our Proposed Rebilling Plan (see Attachment C), as well as a final report 60 days after the rebilling of customers affected by the module failures is complete, and the service quality credits are applied to the customer's accounts.

B. Rebilling Commitments and Plan

In this section, we outline our proposals to improve our billing communications and reduce associated customer confusion. For additional detail, please see Attachment C to this Petition for our Proposed Rebilling Plan. We first provided our draft Proposed Rebilling Plan to Commission Staff and the State Agencies on November 14, 2008, and have addressed their initial feedback with this updated Plan. As part of the amended Rebilling Plan, we also provide a list of Frequently Asked Questions that are based on those asked by Commission Staff. Finally, we address how to apply the rebill period for these affected customers.

1. *Streamlined Billing Statement*

We have developed a new streamlined billing statement that details both the current charges and the rebilled amounts on a single invoice. We have also developed an improved letter of explanation, and it will be enclosed *with* the correcting bill instead of as a separate mailing.

While these improvements are part of our proposed rebilling plan as outlined in this filing, we are additionally working on improvements to our overall process for all rebillings that will improve customer understanding.

2. *Customer Payment Options and Support*

We recognize that it may be difficult for customers to pay the rebilled amounts, and the importance of accuracy and flexibility as we go through the rebilling process. To address these concerns we will use:

- A dedicated team of billing specialists,
- A thorough quality assurance process,
- Flexible payment options,
- Proactive communication to customers enrolled in payment programs, and
- A dedicated toll-free number for customers affected by the AMR module failure.

3. *Customer-Reported Issues Offset*

As outlined in our August 21, 2008 Rebilling Plan, we committed that we would not rebill affected Minnesota customers for the time period between when they called us to report an issue with their natural gas meter and when we performed a field investigation if it took us more than 10 days to investigate the customer's issue. This commitment is consistent with provisions in our electric tariff based on Minn. R. 7826.1000.¹⁰

The Company has reviewed its records and identified approximately 7 already-rebilled Minnesota customers who had contacted us regarding their meter or bill accuracy that were subsequently determined to have experienced an AMR module failure. If we did not investigate within 10 days of the customer contact, we propose to refund these customers any amount attributable to the period between the date of their inquiry and our eventual investigation of their meter.

We have provided as Attachment C, our proposed Rebilling Plan that describes each of these items in more detail, and our mechanics of calculating the rebill. It

¹⁰ Currently, there is no similar provision in our Natural Gas Tariff Book. We are proposing to change this, and will be submitting a separate miscellaneous tariff filing with new language. We will also submit a proposed change to the electric tariff that provides the same customer remedy as we are proposing in our natural gas tariff.

additionally provides answers to Frequently Asked Questions, and details about the status of the already-billed customers and expected additional rebilling.

As detailed in our proposed Rebilling Plan, we commit to providing the Commission a report summarizing our rebilling effort after we have completed rebilling the Minnesota customers affected by the 1074 and non-1074 module failures in the rebilling hold queue.

4. *Rebilling Period*

The Company is requesting authority to implement the Proposed Rebilling Plan pursuant to Minn. R. 7820.4000. This rule allows the Company to rebill for one year of a customer's undercharges from the date of discovery.¹¹ For purposes of applying this rule, the Company proposes to use the date of the field order completion date when the 1074 or other AMR module was replaced as the date from which we will count back one-year to rebill affected Minnesota customers.¹²

We believe this is a reasonable approach. The 1074 module failure was a systematic issue that affected thousands of Minnesota customers. One of our first priorities was replacing all of the 1074 v.2 modules as quickly as possible. We tracked the remediation effort and documented the replacement dates for each of the 1074 modules. The field order completion date provides a transparent starting date for our rebilling effort and will ensure that our customers and the Commission are able to oversee the effort. Setting a date certain for each affected customer is also consistent with our typical rebill process.

C. **Ongoing Commitments**

We outline below our ongoing commitments to improve our internal processes and our performance.

¹¹ On June 13, 2008, the Commission amended Minn. R. 7820.4000. *See In the Matter of Possible Amendments to Commission Rules Governing Energy Utility Billing Errors*, Docket No. E,G-999/R-05-444, Order Amending Rules (June 13, 2008) ("June 13 Order Amending Rules"). The prior version of the rule allowed utilities to recover undercharges for no more than one year, "unless the date the error occurred can be fixed with reasonable certainty, in which case the...charge shall be computed from that date, but in no event for a period longer than one year." *Id.* at Appendix.

¹² We believe this approach is consistent with the prior version of Minn. R. 7820.4000. We note, however, that the Commission decided it would address on a case-by-case basis which version of Rule 7820.4000 applied to petitions filed after June 13, 2008 when the facts giving rise to the petition occurred before June 13, 2008. *Id.* at 6.

1. *Ten-Day Meter Investigation Tariff Proposal*

As noted above, we previously committed that we would not rebill affected Minnesota customers for the time period between when they called in an issue with their natural gas meter and when we performed a field investigation if it took us more than 10 days to respond to the customer's call. Our Natural Gas tariff does not, however, set forth this obligation or remedy.

Our Minnesota Electric tariff recognizes the importance of responding quickly to customer inquiries about the accuracy or operation of their meter by including an obligation for the Company to "replace a malfunctioning [electric] meter within ten calendar days of receiving a report from a customer questioning its accuracy or within ten calendar days of learning in some other way that it may be inaccurate." There is, however, no remedy in our Electric Tariff if we do not respond to a customer call by investigating their meter within 10 days.

To make both of our tariffs consistent with the customer service standards proposed in this Petition, we propose to hold ourselves accountable for investigating within 10 days customer inquiries regarding the operation or accuracy of their meter – that is if the Company does not investigate a customer inquiry within 10 days of the customer's call, the Company will not bill the customer for the period of time between when the customer called and when we eventually responded with a meter investigation ("10-Day Investigation provision").

To implement the 10-Day Investigation provision the Company has submitted a miscellaneous tariff filing to the Commission simultaneous with this filing requesting to add the 10-Day Investigation provision to our Minnesota Electric and Natural Gas tariff books.

2. *Performance Reporting*

To demonstrate our compliance with the commitments contained in this Petition, the Company will provide both long-term and interim reporting metrics related to our performance.

a. *Metering and Billing QSP Measures*

The Company is willing to consider ongoing reporting metrics as part of its monthly and annual service quality reporting under its tariffs filed in Docket No. E,G002/CI-02-2034. We have not proposed specific Quality Service Plan ("QSP") metrics in this Petition, as we believe that it may be premature to determine the exact type of

reporting that would best provide the Commission with oversight we are offering. We look forward to working with the State Agencies after the GEM external review to review our current QSP tariff measures to determine if additional and/or alternative metrics to measure our performance may be appropriate on a go-forward basis.

We think it is important that through this process with Commission Staff and the State Agencies to identify go-forward circumstances that warrant a specific request to rebill, as well as circumstances when service quality measures such as we propose in this Petition may be appropriate.

b. Interim Reporting

Until appropriate Metering and Billing QSP metrics are determined, we are willing to provide to Commission Staff and the State Agencies with regular updates on matters related to this Docket, such as the actions taken by the *Executive Committee*, our improved processes and controls, and any actions stemming from our oversight of the Cellnet contract. We additionally would welcome suggestions on interim reporting metrics as we continue to work with Commission Staff and the State Agencies on actions we are taking to improve our metering and billing performance.

We discuss below our proposed resolution, and the alternatives we considered prior to submitting this Petition to resolve and recommence rebilling.

D. Assessment of the Public Interest

We ask the Commission to accept our amended rebilling proposal in this Petition and allow us to commence rebilling of the affected customers in the rebilling hold queue, subject to the conditions we have outlined above. We believe our proposed remedies, improvements, and controls are consistent with the public interest and strike an appropriate balance between various considerations, including achieving service quality improvements for our customers, providing for reasonable cost recovery for the natural gas they used, and improving oversight by the Commission of our performance.

Our proposed resolution recognizes that our service fell below acceptable standards, but also recognizes that paying for the cost of natural gas they consumed is a reasonable responsibility of our customers. The appropriate policy objective should be to create an appropriate and commensurate remedy consistent with the harm, rather than to have customers be fully relieved from paying for service received. We believe our proposed plan also provides an appropriate incentive to the Company to consider

how to address resolution of these issues with the other party involved in this situation – Cellnet. To that end, we have conducted a thorough review of our rights under the Agreement, and are initiating steps as outlined by the Agreement to address our concerns.

As we developed the components of our proposed resolution, we considered two alternatives previously raised at the Commission’s November 6, 2008 agenda hearing.

Withdrawal alternative: First, we elected to present this proposal as opposed to forego rebilling, as we have done in another circumstance.¹³ The 1074 v.2 module failure was a result of Cellnet design and not Company error. As noted above, we believe that the remedies offered in this Petition address the very real service concerns that occurred and yet still hold the customer responsible for their energy usage. It is appropriate to fashion a remedy based on the particular facts of each case. Additionally, one of the concerns previously raised was our ability to effectively rebill customers, withdrawal of our request to rebill would not eliminate the rebilling process for affected customers. Thus, we did not view this process as simplifying rebilling as approximately 1,360 Minnesota customers have already been rebilled and would have to be processed a second time to receive a refund.

Delay rebilling alternative: Second, we elected to make this proposal as opposed to wait for the outcome of any possible legal action against Cellnet for the malfunction of the 1074 modules. Pursuing rebilling of affected customers after the conclusion of any action would likely create a significantly longer time period (perhaps up to 3 or 4 years) between payment for the service and the time period in which it was used. We believe that this would dramatically reduce the number of customers from whom rebilling could be achieved, and would create significant confusion to our customers given the long time between the events. Thus, we concluded that this option would eventually result in our foregoing rebilling. We believe our commitment to provide back to customers any appropriate remedies obtained from Cellnet from any possible litigation helps achieve a reasonable and balanced approach.

As noted, our proposed resolution reflects a reasonable balance between the various competing concerns in a manner that attempts to constructively resolve this matter, and may be an appropriate framework for other similar matters recently identified and that may arise as we continue to work our improved processes.

¹³ Docket G002/M-04-1072.

CONCLUSION

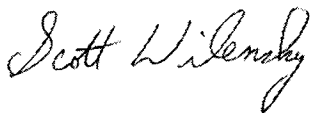
Xcel Energy respectfully requests that the Commission accept this Proposal for resolving the AMR module failure issue. Subject to the conditions of this Proposal, the Company requests that we be allowed to commence rebilling of the approximately 10,400 customers in the rebilling hold queue, affected by the 1074 and non-1074 AMR module failures. We believe our Proposal is reasonable because it holds the Company responsible for the quality of service we provided, while holding customers responsible for the natural gas that they used. Overall, we believe the remedies and commitments offered in this Proposal balance these two interests.

Through approval of our proposed remedial measures and our companion tariff filing, we also offer to the Commission an ongoing standard of reasonableness for our response to customer inquiries regarding their meter/module performance.

Dated: March 6, 2009

Northern States Power Company,
a Minnesota corporation

RESPECTFULLY SUBMITTED,



By: _____

SCOTT WILENSKY
VICE PRESIDENT
GOVERNMENT AND REGULATORY AFFAIRS

Executive Council Metering, Billing, and Reporting

Role: Coordinate the effective implementation and oversight of all aspects of the Company's revenue cycle.

Membership:

- *Dave Sparby, President and CEO, NSP(M)* - responsible for all NSP(M) operating company performance.
- *Ken Floyd, Vice President, Customer Care and Revenue Cycle* - responsible for meter reading and billing functions.
- *Michael Carlson, CIO and Vice President, Business Systems* - responsible for information system maintenance, updates, programming of controls, quality assurance, and data analysis.
- *Scott Wilensky, Vice President, Regulatory and Government Affairs*, - responsible for input and verification of rate changes, and regulatory communications.
- *Gary O'Hara, General Manager, Supply Chain* - responsible for managing the meter specifications, inventories, and the performance of Cellnet under the terms of the contract.
- *Larry Crosby, Vice President, Construction Operations and Maintenance* - responsible for field orders dealing with meter issues not assigned to Cellnet under the contract terms.
- *Judy Pofert, Regional Vice President*, - responsible for North Dakota governmental, regulatory, and community relations.

The Executive Council's stated overall mission is to meet or exceed customer and regulatory requirements for metering, billing, and related regulatory reporting. In pursuit of that, the Council has taken the following initial actions to date:

- Hire an external firm to review our processes and controls in the revenue cycle. We will share the results of this study with regulators and interested parties, seek input, and implement recommendations as appropriate.
- Receive regular reports of customer service issues both to assure an integrated response, and to improve communications with our regulators.
- Jointly monitor the performance of Cellnet under the terms of the contract, and determine appropriate steps to make our joint provision of service more responsive to our customers.

**External Review – Scope
Customer Resource System**

Firm will construct a reasonable test of the customer information system to determine whether Xcel Energy:

- Is reasonably providing timely and accurate customer bills to Minnesota customers.

[TRADE SECRET BEGINS

TRADE SECRET ENDS]

To the extent that procedures or processes differ by jurisdiction, the Firm will focus on those affecting the Minnesota jurisdiction.

Work Phases

In order to ensure that the audit will meet Xcel Energy's objectives and the needs of the Minnesota Public Utilities Commission, GEM proposes that the work be performed in the following two phases.

Phase 1 (Detailed Scoping)

This phase will develop a detailed schedule, work plan, cost estimates, identification of audit tools, and definition of deliverables for completing the full audit. This phase includes time for working with Xcel Energy and the Minnesota Public Utilities Commission to reach agreement on the objectives of the audit and measures of success.

Phase 2 (Full Audit)

This phase will include development of the customer information system test and the detailed process and technology assessments listed in the previous section, performed in a manner that meets the objectives and measures of success defined during the Detailed Scoping.

GEM is available to begin the Phase 1 (Detailed Scoping) work in early February 2009. GEM's objective will be to complete the Detailed Scoping and develop a work plan that will allow Phase 2 (Full Audit) to be completed between March and May 2009.

Xcel Energy Proposed Rebilling Plan

Our proposed rebilling process to respond to the 1074 v.2 model AMR module failure will correct for the unrecorded natural gas usage during the months that the modules recorded no customer consumption, or intermittent usage. We will employ the process provided by our natural gas tariff and the Commission's Rules to estimate usage, based largely on the individual customer's consumption history.

We have identified a dedicated team of Billing Specialists that will be specially-trained on any Commission-approved Rebilling Plan, and will solely focus on providing service to customers affected by this module failure. We are additionally preparing specific internal communications and procedures for all customer-assisting employees to assure the best possible customer service, and that the approved Rebilling Plan will be consistently applied to all affected customers.

The Rebilling Implementation section is the core of our proposed Rebilling Plan. Here we provide the details of how we will proceed with rebilling all of the customers impacted by the 1074 v.2 model module failure. We outline how we will assess customer accounts, calculate the estimated usage, and reach out to customers on various Company Programs or that have already been rebilled. We additionally outline our plans to ensure the rebills are accurate, payment plan options that we will offer to affected customers, and examples of how we will work flexibly to meet the needs of our low-income customers.

The last component of our proposed Rebilling Plan is the Rebilling Reporting. We have committed to providing the Commission with monthly reports on our efforts to complete the rebilling plan for the first three months, and quarterly thereafter. In this section, we outline the information that we will provide in those reports, as well as a final report upon completion of the rebilling.

REBILLING PREPARATION

We have developed an improved rebilling process that we are prepared to implement immediately – with the first customer receiving a rebilling statement within 30 days of receiving the Commission’s Order approving any Rebilling Plan. We outline below what we are doing to prepare for the rebilling effort. Specifically, we describe the training and preparation of a dedicated team of Billing Specialists to work the rebilling plan, and specific internal communications procedures which will direct customer inquiries regarding their rebill to our dedicated team of billing specialists.

A. Dedicated Team of Billing Specialists

We have identified 21 experienced Billing Specialists who will make up our Dedicated Billing Specialist Team (“Dedicated Team”). During the rebilling effort, the Dedicated Billing Specialist Team will be physically-officed together and will work to implement our approved Rebilling Plan.

The Dedicated Team is responsible to implement the details of the rebilling process from start to finish, as outlined in the REBILLING IMPLEMENTATION PLAN section.

To prepare our Dedicated Team and assure any Commission-approved Rebilling Plan will be implemented accurately and consistently, we have developed a comprehensive training plan.¹ The training will provide specific details about: the Rebilling Plan as approved by the Commission; rebilling mechanics; payment programs such as LIHEAP, AMP, and APP; establishing payment plans; and several soft skills modules.

Please see Attachment 1 for the *Dedicated Billing Specialist Team Course Outline* and Attachment 2 for the *Soft Skills Training Course Outline*.

B. Internal Communications

Since we will be providing affected customers with a dedicated toll-free phone number, we expect calls to our general customer service numbers or other customer service employees will be minimal. But to ensure those calls are properly handled and directed to the Dedicated Team, we are developing specific internal communications

¹ We are requiring our Customer Advocate Team to also participate in this training. Our call center Customer Service Representatives will receive a subset of the training to ensure they properly handle and direct related customer inquiries to the Dedicated Team.

for all customer service employees that will instruct them to direct impacted customers to our Dedicated Team.²

We will provide directions for how to identify a customer as affected by the 1074 v.2 model module failure, available repayment options, samples of the customer letters, high-level FAQs, and directions for guiding customer inquiries to the Dedicated Team of Billing Specialists.

In advance of implementing our rebilling effort, we will provide a copy of the internal communications that will be provided to all of our customer service employees.

C. Dedicated Customer Advocate

We will implement a dedicated Customer Advocate to be the point-person for the Agencies and to handle all escalated and/or State Agency customer complaints.

REBILLING IMPLEMENTATION PLAN

We recognize that it is important for us to execute this rebilling effort so as to minimize any inconvenience and confusion to our customers. We outline below the details of how we will execute any Rebilling Plan as approved by the Commission. Since we had already rebilled approximately 1,360 Minnesota customers prior to suspending our initial rebilling effort, this section outlines steps we will take to minimize inconvenience to all customers, as well as the actions we will take in regard to the already-rebilled customers and the yet-to-be-billed customers.

A. Available to all Customers

We will take the following steps to minimize inconvenience to all customers affected by this 1074 v.2 model module failure:

- Offer all customers the opportunity for payment arrangements up to 12 months in duration for the rebilled amount.³
- No credit or collection activities will be undertaken for any amount associated with the rebilling prior to expiration of the payment plan.

² If the customer calls outside the Dedicated Team hours of 7:00 a.m. to 7:00 p.m., Customer Service employees will be able to assist them with setting-up a payment arrangement. Customer calls regarding the estimated usage or rebilling amount will be directed to the Dedicated Team for response.

³ As with all payment arrangements, we will send a follow up payment arrangement confirmation letter. Please see Attachment 3 for the proposed *Payment Arrangement Confirmation* letter.

Additionally, if our Proposed Resolution is approved, we will work with the Agencies to properly reflect the service quality credit that would go to each customer.

B. Already-Rebilled Customers

1. Account Analysis

If the Commission approves our Rebilling Plan, we will perform an analysis of all customer accounts previously rebilled to ensure the terms of any Commission-approved Rebilling Plan were applied to their accounts. If we identify any necessary adjustments, we will apply them to the affected customer's account. We will report the number of adjustments as part of our Rebilling Reporting (See REBILLING REPORTING, page 10). As of March 3, 2009, approximately 275 of the 1,360 rebilled customers had an outstanding balance due on their account:

2. Customers with an Unpaid Balance

For **customers with an outstanding balance**, we will send them a letter that explains that they were previously rebilled as a result of the 1074 v.2 model module failure; the Commission has approved our rebilling plan which makes available payment plan options for their entire outstanding balance; and, they are eligible for the 12-month payment plan options.

See Attachment 4 for the proposed *Already Billed-Outstanding Balance* letter.

In cases where a **customer had established a payment arrangement** for the rebilled amount, we will send them a letter that offers a 12-month extension of their current arrangement.

See Attachment 5 for the proposed *Already Billed-Established Payment Arrangement* letter.

For any **low income customers** that have already been rebilled and have an outstanding balance, our Personal Account Representative team *will call* each customer to ensure they are aware of assistance options, provide them information about enrolling in assistance programs, and work flexibly with them on repayment options. See WORKING WITH OUR LOW INCOME CUSTOMERS section, page 9 for additional details.

C. Yet-To-Be-Rebilled Customers

After suspending our initial rebilling effort at the end of July 2008, we began placing the potential accounts in a queue for further analysis. As of March 3, 2009, the Cellnet Rebilling Queue has approximately 12,500 Minnesota premises awaiting further account analysis. As noted in our March 6, 2009 Petition, we expect to rebill a total of 10,400 customers.

In an effort to assure that we meet the service level expectations of our customers, we will start the rebilling process of these yet-to-be rebilled customers in small batches. To determine if we are meeting our customer service goals, we will monitor our response to call volumes to the Dedicated Team, as well as the feedback we are hearing from customers, and ramp-up as appropriate.

1. *Analysis of Accounts in the Queue*

Before we begin the specific customer rebilling, we will analyze the accounts that are in the Cellnet Rebilling Queue to determine whether rebilling is necessary. The Dedicated Team will be analyzing accounts to determine if the zero consumption was caused by the 1074 v.2 model module failure, or occurrences not requiring rebilling such as vacancy of the premise, or a seasonal change in usage. We will record the reasons for our rebilling determination.

If the Dedicated Team determines a premise was impacted by the 1074 v.2 model module failure, it will use the date from the field order indicating that the 1074 v.2 module was replaced as the date from which to count back one-year and then go through the steps in the following Rebilling Mechanics section.

2. *Rebilling Mechanics*

Once we have determined an account requires rebilling, in this section, we outline the general process we follow to calculate and apply the estimated rebilling amounts to customer accounts:

Step One: Estimate each customer's natural gas usage.

We propose to generally use customer-specific consumption information from the prior two years. This process is consistent with the process we use whenever we experience a meter or module failure at a customer premise. We will:

- Define the period for rebilling by identifying the dates of the module failure and replacement.
- Review actual customer consumption information for the same period in the prior two years, and then use the actual consumption from the lower of those two years as the estimated usage for the period of time that the meter module was malfunctioning.

Step Two: Consider individual circumstances.

We will take other information into consideration when determining the customer's estimated usage for the period the meter or module was malfunctioning, as follows:

- Where **we do not have historical usage for the customer**, we use the usage data we have available from the current customer along with consumption data from prior customers at the same premise. We then adjust it for known or verifiable usage differences, as follows:
 - If the current customer has a significantly different consumption pattern than a past customer (for example, a part time residence v. full time), we compare the consumption of the current customer to the previous customer for corresponding time periods, and calculate the percent difference between the two, by month, to determine the estimated consumption for the current customer. We then apply that percentage difference to adjust the amount of the rebill.
- If **less than one year of data exists for the premise** (i.e., new construction) we will not rebill the customer because we do not have sufficient data to accurately create an estimated rebill.
- If **our response to a customer inquiry related to the module failure did not occur within 10 calendar days**, we will limit our rebilling of the customer from the date the 1074 v.2 model module failed to the date the customer contacted us to report the problem
- If the **customer who occupied the premise** at the time of the 1074 v.2 model module failure **has since moved**, we will not rebill that customer or the customer who currently resides in the premise.
- If **the rebill amount is less than \$10**, we will not rebill the customer consistent with our natural gas tariff.

This process for estimating usage and considering individual circumstances is consistent with how we handle all cancel/rebills that require us to estimate customer usage for a period of time.

Step Three: Prepare the rebill and customer letter for each affected customer.

The Dedicated Team calculates and records the usage information, and the Customer Resource System (“CRS”) applies the actual rates in effect during the period, and generates a billing statement for the rebill period.

Customers affected by this 1074 v.2 model module failure will receive our new streamlined rebilling statement.⁴ This statement summarizes the rebilling period information and presents it in its own section on the customer’s normal billing statement. We will special-handle the statement to include an individualized, explanatory letter in the same envelope as the statement to further aid customer understanding of the rebilling information.

See Attachment 6 for the sample *Streamlined Rebilling Statement* and Attachment 7 for the corresponding customer letter.

Approximately 1,200 customers in the Cellnet Rebilling Queue participate in the Company’s **E-Bill** program. These customers visit a special website to view online, and/or retrieve their billing statement. To facilitate better understanding of the rebill process, our Dedicated Team will call each of these customers to explain the rebilling.

We will print and mail a copy of the customer’s E-Statement along with the same *Streamlined Rebilling Statement* customer letter as other affected customers will receive (see above).

Step Four: Contact customers on Programs.

At the time the rebilling statements are mailed, we will proactively contact customers enrolled in the following Programs to discuss available participation options, in light of the rebilling:

- Averaged Monthly Payment (“AMP” or “budget billing”)
- Automatic Pay Plan (“APP”)

⁴ We estimate there are less than 10 affected customers for whom we replaced the old meter with a new one, which currently requires that we use the 2-statement rebilling process. We will special handle both statements and mail them in the same envelope along with the individualized, explanatory letter.

- E-Bill (online statement)
- Payment Arrangements
- Low Income Customers

We outline our actions regarding each Program below, and also provide draft *Program Participant Outbound Calling Scripts* as Attachments 8 through 12, for the programs as listed above, respectively.

For our customers enrolled in **AMP**, our Dedicated Team of Billing Specialists will call each customer to tell him/her about available Program options, as well as to discuss the available repayment options as outlined in item A. of the REBILLING IMPLEMENTATION PLAN section.

Because **APP** customers are on an automatic debit payment program, we will make every effort to reach them with their available payment options prior to their payment due date; we need their authorization to either deduct the entire rebilling amount from their account, or set-up a payment arrangement. Our Dedicated Team of Billing Specialists will call each customer a minimum of one time per day, for 10 days.⁵ We will inform each customer about the choices available for repaying the rebilling amount, as well as available go-forward payment program options for their current billing.

For **E-Bill** customers, we will call them at the time the rebilling statement is created to inform them that a print image of the statement is available for on-line viewing, and that we are sending them a printed E-statement and letter that explains the rebilling information.

For **low-income** customers, our Personal Account Representative team will call them to explain the rebilling, and inform them about available assistance, and available repayment and Payment Program options, in light of the rebilling. Please see item B. under the MEASURES TO MINIMIZE IMPACT TO OUR CUSTOMERS section for more information.

⁵ If we are not able to reach the customer within 10 days, or prior to their due date in the case that they have selected an earlier than normal due date, we will terminate their APP Program so that the entire rebilling amount is not deducted from their account. We will immediately send them a letter informing that we have taken this action, and request that they contact us to discuss available payment options. Please see Attachment 13 for the APP termination letter.

3. *Ensure Accurate Rebillings*

In addition to our standard Billing quality assurance and controls⁶, and focusing the rebilling with the specially-trained Dedicated Team, we will add the following steps to check and review the accuracy of the rebillings:

- The first checkpoint is a peer review. Each of the dedicated 21 Billing Specialists will sample 1 out of 10 accounts worked by his/her peer to verify that the rebilling is accurate.
- The second checkpoint is a random audit that will be performed by a Billing Supervisor. The audit will be performed prior to running the rebills through the Customer Resource System (“CRS”). Each Billing Supervisor will sample 1 out of 25 accounts to ensure the customer has not been previously rebilled for the 1074 v.2 model module failure and that the rebilling amount was calculated consistent with the terms of any Commission-approved Rebilling Plan.
- The Billing Supervisor will perform another 1 out of 25 audit after the rebilling statement has gone through the CRS. The audit will make sure that the rebilling statement is consistent with any communication sent to our customers.

We believe these processes will ensure that the rebilling statements are accurate and appropriate to be issued to customers. Having billing specialists verify the accuracy of a sizable sample of the statements is a good approach to catching any oversights or errors before the rebillings reach our customers.

WORKING WITH OUR LOW INCOME CUSTOMERS

Some of the customers affected by this 1074 v.2 model module failure are or may be eligible for LIHEAP grants, low-income CIP programs, our Gas Affordability Program (“GAP”) and potentially other energy assistance – or may be experiencing a hardship we need to consider. We recognize that the circumstances surrounding these customers and the design of some of the heating assistance programs may present unique issues as we work through our rebilling efforts. The Company notes that not all eligible customers apply for or receive energy assistance. As part of the

⁶ Please see our August 21, 2008 Filing in this Docket for details regarding the standard Billing quality assurance and controls.

training process, the billing specialists will learn to discuss payment options with customers and identify additional customers who need special assistance.

As of March 2009, we estimate that this issue may affect approximately 850 low-income customers who received energy assistance in 2007 or 2008. As noted on page 5, in the YET-TO-BE-BILLED section, our Personal Account Representative team will proactively contact all affected current and prior year LIHEAP customers to explain the rebilling, and to explain and aid them in applying to our Gas Affordability Program. They will additionally work flexibly on repayment terms with our low income and other customers who express a hardship in paying their rebilled amount, and refer them to other/additional assistance, as appropriate.

- Although each circumstance is different, we will work flexibly with low income or other customers who have a hardship in paying their rebilling amount. For example, we will offer these customers payment arrangements of 18 to 24 months in duration.
- By limiting the number of employees that will handle these rebilled accounts, we will maximize consistency and ensure customers are treated equally. Further, if the billing specialists have any questions or concerns, the direct supervisor and manager of this team are located in the same office.

REBILLING REPORTING

We propose to provide the Commission with monthly reports on the Company's efforts to resolve this situation, as well as our efforts to complete rebilling of our customers for the first three months, then quarterly, as follows:

- Number of customers rebilled.
- Average rebilled volume and amount per customer.
- Numbers and reasons for excluding customers from rebilling.
- Number of low-income customers rebilled.
- Low-income customer mitigation measures.
- Deviations from any Commission-approved Rebilling Plan and how they were remedied.
- Cumulative plan-to-date information as well as the current month's information, with explanation of any significant revisions of the data.
- Type of payment arrangement entered into.

- The number of contacts made with and received from already rebilled low income customers, including the nature of the contacts, number placed on GAP, and any resulting change in rebilling payment arrangements or estimated consumption.
- The number of contacts with and from already rebilled customers, including the general nature of the contact and any resulting change in payment arrangements or estimated consumption.

Please see Attachment 14 for a list of Frequently Asked Questions that are based on those asked by Commission Staff.

Training Course Outline Dedicated Billing Specialist Team

The Commission-Approved Rebilling Plan

- ❖ Key Dates
- ❖ Dedicated Team Responsibilities
- ❖ Available Repayment Terms and other Key Provisions
- ❖ Already-Rebilled Customers
- ❖ Yet-to-Be Rebilled Customers
- ❖ Low Income / other customers expressing a hardship
- ❖ Resolve doubt in customer's favor
- ❖ Questions

Soft Skills

- ❖ For Specifics, please see Soft Skills Training Course Outline, which is also provided.

Negotiations

- ❖ Negotiation Tips
- ❖ Plan the negotiation
- ❖ Barriers of a Successful Negotiation
- ❖ Seven Steps of a Credit Negotiation Strategy

Payments

- ❖ Provide 10-digit account number
- ❖ First Time Payment
- ❖ Subsequent Payment
- ❖ Updating a Payment
- ❖ Deleting a Payment
- ❖ Changing Banking Information
- ❖ Credit Card Payment

Pay Arrangements

- ❖ Account Review
- ❖ Auto Pay Handling
- ❖ Review of Commission-Approved Terms
- ❖ Fixed + Current Arrangement

- Add
- Delete
- ❖ Fixed + Budget Arrangement
 - Add
 - Delete

Billing Mechanics

- ❖ Objectives
- ❖ Specialized Billing Team – 21 Billers
- ❖ Questions
- ❖ Wrap Up

Work Management Report

- ❖ How and when the report is created
- ❖ What is displayed on the report
- ❖ Credit Holds

Rebill – Billing Part I

- ❖ Analyze the account
 - Verify
 - Programs
 - Customer Contacts
 - Tenant Changes
 - Rebill necessary or not
- ❖ DR Rebill spreadsheet
 - Populating the spreadsheet
- ❖ Cellnet DR spreadsheet
 - Record every account that is rebilled and not rebilled
 - Populating the spreadsheet
 - Programs
 - Customer contact dates

Auditing

- ❖ Auditing – Auditing will be done before the XB is created and after the invoice is created.
 - Two forms of auditing
 - Peer Review
 - Supervisor Auditing
- ❖ Cellnet DR spreadsheet
 - Recording audit details
 - Rebills
 - Programs

I/T & XB

- ❖ Forwarding the necessary information from the DR Rebill spreadsheet to I/T to create the XB.
- ❖ Macro
 - How to use the macro
- ❖ Special Handle
 - I/T is applying the special handle to all accounts systematically
- ❖ Macro will create the input file for the XB
- ❖ XB
 - What an XB invoice looks like & displays

Rebill - Billing Part II

- ❖ Special Handle
 - Invoices are special handled back to Billing
 - Update the DR Rebill spreadsheet letter with the dollar amount.
- ❖ Outbound calls
 - Explain DR rebill
 - Programs
 - AMP/Budget
 - APP
 - Pay arrangements
 - E-Bill
 - Low Income /LIHEAP
- ❖ Inbound calls
 - Dedicated 800# directly to Billing
 - Explain DR rebill

- Set up pay arrangement
- ❖ Disputes
 - Acceptable proof and documentation
 - Rebill or concession write off
- ❖ Billing>Info>Contact PTJ – note on the CRS account
 - Required data
- ❖ Cellnet DR spreadsheet
 - Record every account that is rebilled and not rebilled
 - Populating the spreadsheet
 - Programs
 - Customer contact dates
 - Rebills
 - Disputes

Soft Skills- Training Course Outline

Introduction

- ❖ Introduction
 - Objectives
- ❖ Define Soft Skills
 - What does Great Customer Service look/sound like to you?
 - Have group share personal examples of great customer service experiences
 - Write responses on a flipchart/whiteboard.
 - What does Poor Customer Service look/sound like to you?
 - Have group share personal examples of poor customer service experiences.
 - Write responses on a flipchart/whiteboard.
- ❖ Discuss --- as a customer, which experience would you prefer?

Customer Expectations

- ❖ Customers have five basic expectations of Xcel Energy:
 - **Reliability** -- Dependability, trustworthiness and consistency.
 - **Responsiveness** -- Receptiveness, openness, awareness and reaction.
 - **Assurance** -- Reassertion, promise and declaration of help.
 - **Empathy** -- Understanding, sympathy and compassion.
 - **Tangibles** -- What a customer can see, hear and feel, such as our ability to explain an issue, complete an order, send a brochure or make referrals.
- ❖ Xcel Energy representatives must strive to:
 - Listen
 - Help
 - Inform/Teach

Customer Satisfiers

- ❖ Customer Satisfiers
 - Your treatment of customers is directly related to our overall customer satisfaction.
- ❖ Customers expect Xcel Energy agents to:
 - Be Courteous, Friendly and Professional

- Give the customer your complete attention and convey your willingness to help.
- Be gracious, polite and considerate.
- Avoid interrupting and apologize when appropriate.
- Handle objections respectfully and maintain a positive attitude.
- Avoid non-business discussions.
- Use appropriate vocal quality (i.e. grammar, tone, pace, no company jargon etc.)
- Demonstrate Care and Concern
 - Relay the intent to be of service – you are there to help the customer.
 - Acknowledge the customer with words that convey you are interested in their concerns and are willing to help find a solution.
 - Take time to recognize and respond to their comments or problems and empathize as appropriate.
 - When closing the call, thank them to show respect and aid in relationship building.
- Be Knowledgeable
 - Demonstrate your ability to solve problems and find solutions through account analysis and directed questioning.
 - Use all available resources to convey confidence and build customer trust.
 - Ask for help if you need it.
 - Take ownership: be confident in your decision-making ability and judgment.
- Be Efficient
 - Respect the customer's time by efficiently answering questions and solving problems.
 - If there is a delay in retrieving or processing information; express appreciation for the customer's patience. Use fillers to update the customer. (i.e. *It takes a moment to access that information, Thanks for your patience, Sorry for the delay.*)
- Hold Time/Technique
 - When it is necessary to place the customer on hold, set time expectations. Avoid using vague statements such as "hold a second".
 - Get permission before placing them on hold.
 - Relay thanks when returning.

- If the research takes longer than you anticipated, come back and provide updates that may be a few more moments. Caller should not feel they have been forgotten or abandoned.
- Use the hold button, the mute button is not a proper hold technique.
- ❖ To provide “great” customer service; Xcel Energy representatives must strive to:
 - Listen
 - Help
 - Inform/Teach

Listening

- ❖ Active listening entails reacting to points the customer makes, reinforcing the customer’s assertions and reaffirming their thoughts and feelings
- ❖ Devote your full attention to the customer.
 - Allow the customer to vent and feel as though they were heard, but also maintain call control.
 - Listen for the main ideas and use the main points of the conversation to move the customer to a solution.

Helping

- ❖ Customer satisfaction increases with each piece of information offered.
 - Analyze/review the account to ensure complete understanding of the issue and how it affects the customer.
 - Perform the correct procedure
 - Take all needed steps to help resolve the issue in one call.
 - Provide complete and accurate information in a way the customer can understand.
 - Check for understanding.
 - Verify you have answered their questions.
 - Offer appropriate products or services such as:
 - Pay Arrangements
 - Fully document the account
 - Recap what steps were taken and what customer expectations were created.
 - Detailed notes assist the next agent if the customer calls back.
 - Detailed notes also enable us to provide a consistent message to our customers.

| |
|---------------------------|
| Informing/Teaching |
|---------------------------|

- ❖ Inform the customer of any additional circumstances⁷
- ❖ Summarize the call
 - Recap the actions taken
 - Provide timeframe for resolution
 - Thank the customer for their understanding

DATE

Customer Name

Address

Address

Account Number

Address

This letter is to confirm the Installment Payment Plan arrangement you have made on your account, and to advise you of your rights and responsibilities in regard to this arrangement.

Your Installment Payment Plan arrangement consists of (X) equal monthly installments beginning with your next billing statement. You must pay each installment in addition to the amount of your new monthly billings by the due date of each new bill. For your convenience, this sum will be noted on the bill as the Please Pay amount.

Per Xcel Energy credit guidelines, interest and late fees are waived during the payment term, provided payments are received during the prescribed timeframe. If we do not receive full payment by the end of the prescribed timeframe of the payment plan, interest and late fees may be charged.

If your circumstances change, you have the right to renegotiate your installment payment plan arrangement provided you are not behind in your payments and your new bill is not past due.

SUMMARY OF YOUR ARRANGEMENT TERMS

| | | | |
|---------------------------|----------|---------------------|--------|
| ARRANGEMENT START DATE: | XX/XX/XX | ACCOUNT BALANCE: | XXX.XX |
| FIRST INSTALLMENT AMOUNT: | XX.XX | ARRANGEMENT AMOUNT: | XXX.XX |

If you have any questions regarding this installment payment plan, please contact one of our customer service representatives at 1-800-895-4999.

Sincerely,

Xcel Energy Billing Services

Date

Name

Address 1

Address 2

Account:

Premise:

Service Address:

Dear xxxxxxx:

Some months ago we identified that your natural gas meter module did not register energy usage accurately during the 2007-2008 heating season. You received a letter and a billing statement from us previously indicating the amount of natural gas we estimated you used during the period in which your meter equipment malfunctioned.

The Minnesota Public Utilities Commission has recently approved the customer rebilling for this meter equipment malfunction. The amount we previously billed you related to this issue is \$XXX. Your total outstanding account balance as of the date of this letter is \$XXX, which includes charges for your current energy usage.

We understand that the total amount owed for the rebilling may be difficult to pay by your next due date. To help ease the situation, you have the option to set-up a payment arrangement that will extend your payments for up to twelve months without interest or late fees.*

Our estimate is based on your energy usage in the 2005-2006 and 2006-2007 heating seasons. If you made natural gas conservation improvements after the 2006-2007 heating season that could impact our estimate of your energy bill, or if there are other circumstances that you think could impact the accuracy of our estimate, please contact us to discuss an adjustment.

We have applied a \$50 credit to your account in recognition of any inconvenience this may have caused you. Please accept our apology and contact us toll free at 1-800-895-4999 if you have any questions or would like to change your payment arrangement.

Sincerely,

Xcel Energy Billing Services

** If full payment is not received by the end of the prescribed timeframe of the payment plan, interest and late fees may be charged.*

Date

Name

Address 1

Address 2

Account:

Premise:

Service Address:

Dear xxxxxxx:

Some months ago we identified that your natural gas meter module did not register energy usage accurately during the 2007-2008 heating season. You received a letter and a billing statement from us previously indicating the amount of natural gas we estimated you used during the period in which your meter equipment malfunctioned. You subsequently established a payment arrangement on your account.

The Minnesota Public Utilities Commission has recently approved the customer rebilling for this meter equipment malfunction. In light of this decision and recognizing it may be difficult to pay additional amounts, you have the option to extend your current payment arrangement for up to twelve additional months without interest or late fees.*

If you made natural gas conservation improvements after the 2006-2007 heating season that could impact our estimate of your energy bill, or if there are other circumstances that you think could impact the accuracy of our estimate, please contact us to discuss an adjustment.

We have applied a \$50 credit to your account in recognition of any inconvenience this may have caused you. Please accept our apology and contact us toll free at 1-800-895-4999 if you have any questions or would like to change your payment arrangement.

Sincerely,

Xcel Energy Billing Services

** If full payment is not received by the end of the prescribed timeframe of the payment plan, interest and late fees may be charged.*



Northern States Power Company

Please Return This Portion
With Your Payment.

| Your Account Number | Date Due | Please Pay | Amount Enclosed |
|---------------------|----------|------------------------|-----------------|
| 51-51000692-3 | 06/01/09 | \$386.96 Thank You! | |

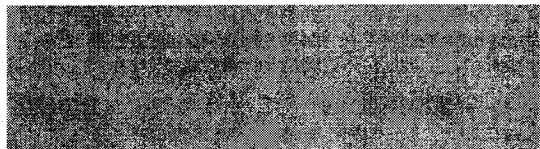
P. O. BOX 9477
MPLS MN 55484-9477

----- manifest line -----
 |||||
 NAME
 ADDRESS 1
 ADDRESS 2

51112808 51006923 0000007675400000365053

Detach and Retain This Portion For Your Records

Questions: Call 24 Hours 7 Days A Week
 Please Call: (800) 895-4999 Northern States Power Company.
 Hearing Impaired (800) 895-4949 PO BOX 8
 Spanish (800) 687-8778 EAU CLAIRE WI 54702-0008



| Billing Summary | |
|------------------------------|-----------------|
| Residential | |
| Previous Balance 03/30 | \$161.29 |
| Payment Through 04/30 | <u>\$161.29</u> |
| Balance As Of 04/30 | \$0.00 |
| Current Energy Charges 04/30 | \$436.96 |
| Service Quality Credit 04/30 | <u>-\$50.00</u> |
| Total | \$386.96 |

| Averages for Billing Period | This Year | Last Year |
|-----------------------------|-----------|-----------|
| Average Temperature | 41* | 44 |
| Gas/therms per Day | 3.0 | 2.9 |
| Cost per Day | \$3.62 | \$3.93 |

* 3 Degrees Colder

| Current Charges | | Meter Reading Information | |
|--|-----------------|-------------------------------|------|
| Gas Charges Usage Period: 3/30/09 to 04/30/09 | | Meter #000000940318 | |
| Heat Content Adjustment 91 ccf x 1.0632 = 97 therms | | TOTAL CCF | |
| Invoice # 116752061 | | Company Reading on 04/30 | 7739 |
| Residential Service 30 Days | | Company Reading on 03/30 | 7648 |
| Delivery Services Chg | \$18.48 | Total Usage in 30 Days | 91 |
| Cost Of Gas 97 therms @\$0.9308564 | \$90.06 | | |
| Subtotal | \$108.54 | | |
| City Fees @2.00% | \$2.17 | | |
| City Tax @1.50% | \$1.66 | | |
| State Tax @1.00% | \$1.11 | | |
| Total Amount | \$113.48 | | |



NAME
ADDRESS 1
ADDRESS 2

| Next Scheduled Meter Reading Date | Date Due | Please Pay |
|-----------------------------------|----------|------------|
| 05/30/09 | 06/01/09 | \$386.96 |

See back of bill for more information.

Account #: 51-5100692-3

Page 1 of 1

Statement Date 05/01/09

Statement # 170321247

Premise # 302148080



Northern States Power Company

Please Return This Portion
 With Your Payment.

| Your Account Number | Date Due | Please Pay | Amount Enclosed |
|---------------------|----------|------------------------|-----------------|
| 51-5100692-3 | 06/01/09 | \$386.96 Thank You! | |

P. O. BOX 9477
 MPLS MN 55484-9477

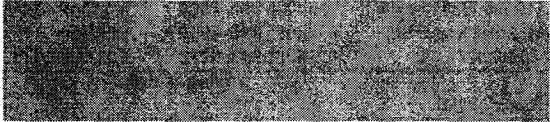
NAME
 ADDRESS 1
 ADDRESS 2

51112808 51006923 0000007675400000365053

Detach and Retain This Portion For Your Records

Questions: Call 24 Hours 7 Days A Week
 Please Call: (800) 895-4999
 Hearing Impaired (800) 895-4949
 Spanish (800) 687-8778

or write to us at:
 Northern States Power Company
 PO BOX 8
 EAU CLAIRE WI 54702-0008



| Averages for Billing Period | This Year | Last Year |
|-----------------------------|-----------|-----------|
| Average Temperature | na | na |
| Gas/therms per Day | na | na |
| Cost per Day | na | na |

| Current Charges | |
|---|----------------------------------|
| Gas Charges Usage Period: 02/08/08 to 03/26/08 | Meter Reading Information |
| Heat Content Adjustment 176 ccf x 1.0532 = 185 therms | Meter #000000940318 |
| Heat Content Adjustment 148 ccf x 1.0603 = 157 therms | |
| Invoice # 116744851 | |
| Previous Unbilled Gas* 58 Days | |
| Cost Of Gas 185 therms @\$0.9103422 | \$168.41 |
| Cost Of Gas 157 therms @\$0.8980841 | \$141.00 |
| Subtotal | \$309.41 |
| City Fees @2.00% | \$6.18 |
| City Tax @1.50% | \$4.73 |
| State Tax @1.00% | \$3.16 |
| Total Amount | \$323.48 |
| Other Charges | |
| Service Quality Credit | -\$50.00 |

* Previous Unbilled Gas - estimated natural gas you used in previous months but were not billed for due to a malfunctioning automated meter reading device. A \$50 service quality credit is being applied to your bill for the inconvenience. Please refer to the enclosed letter for details. If you have any questions or wish to make a payment arrangement, please contact us at 1-800-xxx-xxxx.

Thank you for your payment.



NAME
 ADDRESS 1
 ADDRESS 2

| Next Scheduled Meter Reading Date | Date Due | Please Pay |
|-----------------------------------|----------|------------|
| 05/30/09 | 06/01/09 | \$386.96 |

See back of bill for more information.

Account #: 51-5100692-3

Date

Name
Address 1
Address 2Account:
Premise:
Service Address:

Dear xxxxxx:

We have identified that your natural gas metering equipment registered little or no natural gas usage from 2/8/08 to 3/26/08. We have since replaced the malfunctioning meter equipment and confirmed that it is now working correctly. We are now rebilling you for the natural gas that you used during the period the equipment was not working properly as the Minnesota Public Utilities Commission has recently approved the customer rebilling for this equipment malfunction.

Because the equipment was not registering your actual natural gas usage, we have estimated your usage for this period based on your *lowest* average daily usage for the corresponding period during each of the past two years. *

| | |
|---|-----------------|
| Billing summary: | |
| New meter equipment installation date | 3/27/08 |
| A. Daily average usage 2006-2007 heating season | 6.83 |
| B. Daily average usage 2005-2006 heating season | 6.50 |
| C. Estimated daily average utilized for corrected billing | 6.50 |
| D. Number of days in billing period 01/30/08 – 3/30/08 | 58 |
| E. Estimated usage (line C x line D) | 377 |
| F. Previously billed 01/30/08 – 03/30/08 | 53 |
| G. Net usage (line E minus line F) | 324 |
| H. Unbilled Gas amount for 2/8/08 to 3/08 | \$323.48 |
| I. Service Credit | -\$50.00 |

The enclosed statement reflects the total amount owed on your account, including the Unbilled Gas amount and a \$50 credit for any inconvenience.

We recognize that the amount now owed for your natural gas usage may be difficult to pay in full by the due date. To help ease the situation, you have the option to set-up a payment arrangement that will extend your payments for up to twelve months without interest or late fees.**

If you made natural gas conservation improvements after the 2006-2007 heating season that could impact our estimate of your energy bill, or if there are other circumstances that you think could affect the accuracy of our estimate, please contact us to discuss an adjustment.

Please accept our apology for any inconvenience this may have caused. Feel free to contact us toll free at 1-1-800-895-4999 between the hours of 7:00 a.m. and 5:00 p.m. if you have any questions or wish to set up a payment arrangement.

Sincerely,

Xcel Energy Billing Services

*This time frame is in accordance with Minnesota Rules.

**If full payment is not received by the end of the prescribed timeframe of the payment plan, interest and late fees may be charged.

Cellnet Gas Module Failure-Affected Customer Outbound Call Script – *Averaged Monthly Payment (AMP)*

Background:

Customers who are enrolled in Auto Pay and/or Averaged Monthly Payment, or those on a payment arrangement must be contacted to select an available option for their ongoing Program participation. To facilitate customer understanding and choice, we will contact affected customers by phone to adjust their Program participation or reset their payment plans, in light of the rebilling.

DRAFT Script for outbound calls - AMP

“Hello. This is _____ from Xcel Energy. *(Ask to speak with account holder)* I’d like to speak with you about your bill, which we recently corrected due to a gas meter module failure. Meter modules are used to remotely read the usage from your meter. Your module failed to read your natural gas usage sometime last winter, which resulted in you being under billed for your gas usage. A new module has since been installed ensuring that we are accurately recording the usage from your meter and we have now rebilled you to account for the underpayment. We rebilled by estimating your usage for last winter based on your past consumption history for the last two years.

Because you are a participant in the Averaged Monthly Payment Program, and because we recognize that this rebilling may be a hardship for you, we are calling to talk to you about the available repayment options, as well as available Program options, in light of the rebilling.” *(Continue the process by stating the rebilled amount and the current balance.)*

“The available repayment options include:

- Pay the full amount due now, if you are able or
- A 12-month payment plan [or in conjunction with AMP].”

Averaged Monthly Payment Options:

We can offer the customer Fixed plus Budget or Fixed plus Current.

Process note: *Currently customers on AMP and request a payment arrangement must be terminated from the AMP program before being set up on a payment arrangement. They must be terminated because CRS doesn’t recognize the payment arrangement, it only recognizes the total balance. For customers who are on AMP and request a payment arrangement, we are able to set them back up on AMP after the arrangement has been satisfied.*

“If you choose to pay the full rebilling amount, you do not need to take any action, or make any other changes to your Averaged Monthly Payment participation. You will submit your payment for the entire rebilling amount and your monthly budget amount in accordance with the due date on your bill.

Thank you for your help today to [talk through available options / set-up a payment arrangement for this rebilling amount].

Please accept our apologies for any confusion or inconvenience this rebilling has caused.

I’m glad I had a chance to talk with you today. Do you have any [other] questions?

If you think of questions later, please call us back at 1-866-672-4534.

Thank you, [CUSTOMER NAME]”

Cellnet Gas Module Failure-Affected Customer Outbound Call Script – *AutoPay (APP)*

Background:

Customers who are enrolled in Auto Pay and/or Averaged Monthly Payment, or those on a payment arrangement must be contacted to select an available option for their ongoing Program participation. To facilitate customer understanding and choice, we will contact affected customers by phone to adjust their Program participation or reset their payment plans, in light of the rebilling.

DRAFT Script for outbound calls - APP

“Hello. This is _____ from Xcel Energy. *(Ask to speak with account holder)* I’d like to speak with you about your bill, which we recently corrected due to a gas meter module failure. Meter modules are used to remotely read the usage from your meter. Your module failed to read your natural gas usage sometime last winter, which resulted in you being under billed for your gas usage. A new module has since been installed ensuring that we are accurately recording the usage from your meter and we have now rebilled you to account for the underpayment. We rebilled by estimating your usage for last winter based on your past consumption history for the last two years.

Because you are a participant in AutoPay, and because we recognize that this rebilling may be a hardship for you, we are calling to talk to you about the available repayment options, as well as available AutoPay Program options, in light of the rebilling.”
(Continue the process by stating the rebilled amount and the current balance.)

“The available repayment options include:

- Pay the full amount due now, if you are able or
- A 12-month payment plan [or in conjunction with AMP].”

AutoPay Options:

We can offer the customer Fixed plus Budget or Fixed plus Current.

Process note: *Currently customers on APP and request a payment arrangement must be terminated from the APP before being set up on a payment arrangement. They must be terminated because CRS doesn’t recognize the payment arrangement, it only recognizes the total balance. For customers who are on APP and request a payment arrangement, we are able to set them back up on APP after the arrangement has been satisfied.*

“If you choose to pay the full rebilling amount, you do not need to take any action, or make any other changes to your AutoPay program. We will automatically deduct the full amount due from your account on the due date.”

“If you choose one of the available 12-month repayment plans, we have to cancel your AutoPay participation for the duration of the repayment term. During this time, you can choose to:

- Check by phone.
- Credit/debit card via phone or online.
- Submit payment via US Mail.

If you choose the Check by phone option, we can set that up for you right now – then every month you can call us, and that information will be available – and you won’t have to punch it in. Would you like us to do that?

Or we can set-up a credit or debit card for you right now then every month you can call us or go online, and that information will be available – and you won’t have to type it in. Would you like us to do that?

We can also arrange for you to be automatically re-enrolled in the AutoPay program at the end of your repayment term. Would you like us to take care of that for you today?

Thank you for your help today to [talk through / adjust your] AutoPay enrollment.

Please accept our apologies for any confusion or inconvenience this rebilling has caused.

I’m glad I had a chance to talk with you today. Do you have any [other] questions?

If you think of questions later, please call us back at 1-866-672-4534.

Thank you, [CUSTOMER NAME]”

Cellnet Gas Module Failure-Affected Customer Outbound Call Script – *E-bills*

As the dedicated rebilling team works through the accounts affected by the Cellnet gas module failure, they will be flagging customers who receive electronic statements. The rebilling team will then reach out to these households.

DRAFT script for E-bill outbound calls:

“Hello. This is _____ from Xcel Energy. *(Ask to speak with account holder)* I’d like to speak with you about your bill, which we recently corrected due to a gas meter module failure. Meter modules are used to remotely read the usage from your meter. Your module failed to read your natural gas usage sometime last winter, which resulted in you being under billed for your gas usage. A new module has since been installed ensuring that we are accurately recording the usage from your meter and we have now rebilled you to account for the underpayment. We rebilled by estimating your usage for last winter based on your past consumption history for the last two years.

Your statement has now posted to the Xcel Energy website, which you can access if you set up on-line account access. However, we will also be mailing you a copy of the statement along with an explanatory letter.” *(Continue the process by stating the rebilled amount and the customer’s current balance.)*

“Please accept our apologies for any confusion or inconvenience this rebilling has caused.

We recognize that this rebilling may be a hardship for you, so we would like to talk about the available repayment options, as well as other assistance that may be available.”

“The available repayment options include:

- Pay the full amount due now, if you are able or
- A 12-month payment plan [or in conjunction with AMP].”

If the customer has questions about the rebilling amount, or believes he/she has had a verifiable change in usage, have the Rebilling Team follow-up with the customer explain and/or gather the information necessary to support a review of the estimate.

“I’m glad I had a chance to talk with you today. Do you have any [other] questions?”

“If you think of questions later, please call us back at 1-866-672-4534.

Thank you, [CUSTOMER NAME]”

**Cellnet Gas Module Failure-Affected Customer
Outbound Call Script – *Existing Payment Arrangements***

Background:

Customers who are enrolled in Auto Pay and/or Averaged Monthly Payment, or those on a payment arrangement must be contacted to select an available option for their ongoing Program participation. To facilitate customer understanding and choice, we will contact affected customers by phone to adjust their Program participation or reset their payment plans, in light of the rebilling.

DRAFT Script for outbound calls - Payment Arrangement

“Hello. This is _____ from Xcel Energy. *(Ask to speak with account holder)*
I’d like to speak with you about your bill, which we recently corrected due to a gas meter module failure. Meter modules are used to remotely read the usage from your meter. Your module failed to read your natural gas usage sometime last winter, which resulted in you being under billed for your gas usage. A new module has since been installed ensuring that we are accurately recording the usage from your meter and we have now rebilled you to account for the underpayment. We rebilled by estimating your usage for last winter based on your past consumption history for the last two years.

We recognize that this rebilling may be a hardship for you, so we are calling to talk to you about the available repayment options, and to help reset your payment arrangement today.” *(Continue the process by stating the rebilled amount and the current balance.)*

“The available repayment options include:

- Pay the full amount due now, if you are able or
- A 12-month payment plan [or in conjunction with AMP].”

“Please accept our apologies for any confusion or inconvenience this rebilling has caused.

I’m glad I had a chance to talk with you today. Do you have any [other] questions?

If you think of questions later, please call us back at 1-866-672-4534.

Thank you, [CUSTOMER NAME]”

Cellnet Gas Module Failure-Affected Customer Outbound Call Script – *Low Income Customers*

As the dedicated rebilling team works through the accounts affected by the Cellnet gas module failure, they will be flagging low- and fixed-income accounts, as well as customers who express a hardship. The rebilling team will then notify the Personal Accounts Representative team (PAR) who will reach out to these households.

DRAFT script for Personal Account Representative team low-income outbound calls:

“Hello. This is _____ from Xcel Energy. *(Ask to speak with account holder)*
I’d like to speak with you about your bill, which we recently corrected due to a gas meter module failure. Meter modules are used to remotely read the usage from your meter. Your module failed to read your natural gas usage sometime last winter, which resulted in you being under billed for your gas usage. A new module has since been installed ensuring that we are accurately recording the usage from your meter and we have now rebilled you to account for the underpayment. We rebilled by estimating your usage for last winter based on your past consumption history for the last two years.

I’d like to discuss your payment options today.” *(Continue the process by stating the rebilled amount and the customer’s current balance.)*

“Please accept our apologies for any confusion or inconvenience this rebilling has caused.

We recognize that this rebilling may be a hardship for you, so we would like to talk about the available repayment options, as well as other assistance that may be available.”

“The available repayment options include:

- Pay the full amount due now, if you are able or
- A 12-month payment plan [or in conjunction with AMP].”

“In terms of other assistance, I would like to talk to you about our Gas Affordability program...” *Describe the Program eligibility and key terms and benefits.*

Discuss enrollment into Power on Program.

Offer ideas on other/ external programs, depending on the customer's circumstances – Salvation Army Heatshare Program, Reach out for Warmth, Energy Assistance for assistance.

Ask the customer if he/ she has any questions about the rebilling amount. Tell the customer that if he/ she has had a verifiable change in usage, such as installing a new energy efficient furnace, we can have the rebilling amount reviewed for a possible adjustment.

If the customer has questions about the rebilling amount, or believes he/ she has had a verifiable change in usage, have the Rebilling Team follow-up with the customer explain and/ or gather the information necessary to support a review of the estimate.

“I’m glad I had a chance to talk with you today. Do you have any [other] questions?”

“If you think of questions later, please call us back at 1-866-672-4534.

Thank you, [CUSTOMER NAME]”

Date

Name

Address 1

Address 2

Account:

Premise:

Service Address:

Dear xxxxxxx:

You should have received a letter recently about our rebilling of natural gas meter charges. In connection with this issue, we have tried to reach you for 10 days to discuss your participation in our Automatic Payment Plan.

Since we were unable to reach you, we terminated your Automatic Payment Plan to prevent the natural gas rebilling amount from being automatically deducted from your bank account.

Please contact us to discuss the available payment options. These options include the option to set-up a payment arrangement that will extend your payments for up to twelve months without interest or late fees.*

Please accept our apology for this situation. Please contact us toll free at 1-800-895-4999 if you have any questions or would like to set up a payment arrangement.

Sincerely,

Xcel Energy Billing Services

**If full payment is not received by the end of the prescribed timeframe of the payment plan, interest and late fees may be charged.*

FREQUENTLY ASKED QUESTIONS

1. It is our understanding that under Xcel's existing re-billing procedures, customers are automatically taken off their existing AMP and payment plans/arrangements:

a. Why does Xcel use such a procedure?

In order for a defined amount to be printed in the 'Please Pay' box each month, we need to fully account for all current and past charges on the account. If the customer was on a payment arrangement or AMP, a new amount would need to be calculated offering the discussed parameters for repayment (up to 12 months).

b. Why does Xcel not treat the re-billed amount separately, giving the customer the choice of paying it in full or entering into a payment arrangement separate from the customer's existing AMP or payment plan, and showing it separately on the bill?

The billing system does not have the capability to separate the rebilled amount after the initial billing.

2. Assume a customer is not on AMP or a payment plan and wishes to continue to pay his actual current billed amounts every month. However, he chooses to enter into a payment plan only for the re-billed amounts:

a. Under Xcel's current re-billing procedures, is this possible?

Yes, this is possible. The arrangement term is Fixed Plus Current. This takes the customers current charges and adds a pre-arranged amount to it each month. An example would be a rebilled amount of \$300 divided by 12 months equals \$25. If the monthly current bill was \$100 it would add \$25 and ask the customer to pay \$125.

b. If so, would the customer's bill show the re-billed amount as a separate line item each month until paid? If not, how would Xcel propose to show this amount on the bill?

The presentment would be "Current Energy Charges" and "Pay Arrangement Installment Amount". The installment amount is the amount agreed to by the customer.

3. Clarify Xcel's commitment with respect to not applying late fees or taking other credit actions for the re-billed amounts:

- a. Does this commitment apply only if payments under a re-billing payment plan are current, or would late fees be waived if a customer were behind in these payments?**

Xcel has placed a "credit hold" on all affected accounts. This means that regardless of payment activity, we will not issue late notices, assess late charges, or take action to shut-off an affected customer's service until such time we have worked with Commission Staff and have concurrence the holds should be removed.

- b. If the re-billed amounts are rolled into an AMP or payment plan and not shown and tracked separately, how can Xcel apply its commitment? [The examples in Question 4 below may help illustrate this issue.]**

Once a credit hold is placed on the account, all amounts are protected from late payment charges, regardless if past due.

- c. Provide any additional clarification/information to help us understand Xcel's commitment.**

4. Explain how Xcel applies customer payments in general with respect to new and old balances, and in the following types of situations. Also indicate whether a late payment fee would apply and whether any other credit action would be taken:

- a. A customer is not on AMP or payment plan, and does not contact Xcel to make payment arrangements for the re-billed amount. Her current bill is \$400, and the re-billed amount is \$300.**

- i. The customer makes a payment of \$600.**

Total Balance is \$700. The \$600 payment is posted against the account and \$100 balance is carried to subsequent month. No late payment charges though subsequent bill will show "Balance As Of xxx date" \$100 in the "Billing Summary".

ii. The customer makes a payment of \$400.

Total Balance is \$700. The \$400 payment is posted against the account and \$300 balance is carried to subsequent month. No late payment charges though subsequent bill will show "Balance As Of xxx date" \$300 in the "Billing Summary".

b. A customer is not on AMP or a payment plan, but does contact Xcel to enter into a payment plan for the re-billed amount. His current bill is \$400, the total re-billed amount is \$300, and the monthly re-billed amount under the payment plan is \$50.

i. The customer makes a payment of \$400.

Total Balance for Month 1 is \$700. Customer makes \$400 payment and balance is \$300. Customer agrees to \$50 monthly payment in addition to current bill. Month 2 current bill (example) is \$425. Bill presentment would be \$425 "Current Energy Charges" and \$50 "Pay Arrangement Installment Amount", "Please Pay" \$475.

ii. The customer makes a payment of \$250.

Total Balance for Month 1 is \$700. Customer makes \$250 payment and balance is \$450. Customer agrees to \$50 monthly payment in addition to current bill. Month 2 current bill (example) is \$425. Bill Presentment would be \$425 "Current Energy Charges" and \$50 "Pay Arrangement Installment Amount", "Please Pay" \$475.

iii. The customer makes a payment of \$700, i.e. pays the current bill plus the entire re-billed amount, even though he entered into a payment arrangement for the re-billed amount.

Total Charges are paid in full, no further documentation relative to the rebilled balance.

iv. The customer makes a payment of \$500, i.e. pays the current bill plus more than the re-billing payment arrangement amount.

Additional amount credited. Next bill will ask for the pre-arranged amount of \$50. The length of the total arrangement will be reduced.

c. A customer is on AMP or a payment plan not related to Cold Weather rule or other statutory protection. Her current AMP amount is \$150 a month, the total re-billed amount is \$300, and she makes arrangements to pay \$50 a month for the re-billed amounts, for a total monthly payment of \$200.

i. The customer makes a payment of \$150.

The \$50 difference will be added to next statement as "Previous Balance" and added to current charges. No late payment charges.

ii. The customer makes a payment of \$100.

The \$100 difference will be added to next statement as "Previous balance" and added as current charges. No late payment charges.

iii. The customer makes a payment of \$450, i.e. pays the current AMP amount and the entire re-billed amount, even though she entered into a payment arrangement.

We would need to recalculate AMP down to \$150 per month.

iv. The customer makes a payment of \$300.

Next month's statement would require a \$100 payment.

d. A customer has entered into a payment arrangement/plan under Cold Weather rule protection, or the "less than 50 percent of state median income" protection under Minn. Stat. § 216B.098, Subd. 4. His current payment arrangement amount is \$150 a month, and he makes arrangements to pay \$50 a month for the re-billed amounts, for a total monthly payment of \$200.

i. The customer makes a payment of \$150.

Unpaid balance is carried to next billing cycle. No late payment fees.

ii. The customer makes a payment of \$100.

Unpaid balance is carried to next billing cycle. No late payment fees.

5. Please provide an estimate of the number of Minnesota accounts (total, and broken down by residential and commercial):

- **Affected by the meter module failures (total=13,853)**

| Res/Comm | Total |
|-----------------|--------------|
| Residential | 11,515 |
| Commercial | 2,338 |

Please note that only 1,361 of the above are confirmed as affected by the module failures, as the specific premises were individually reviewed as part of the rebilling process. The remaining 12,492 are pending account review.

- **Re-billed to-date (total=1,361)**

| Res/Comm | Total |
|-----------------|--------------|
| Residential | 1,190 |
| Commercial | 171 |

- **Reviewed to-date but exempted from re-billing**

To-date, there are 568 premises in Minnesota that have been exempted from re-billing, as there was a tenant change on the account between the time of the module failure and the replacement of the new module.

In addition, we have reviewed, but set-aside 51 additional premises due to customer contact on the account. Under our Proposed Rebilling

Plan, it is possible we would rebill some or all of these 51 customers for a portion of the time the meter module was malfunctioning.

- **Expected to be re-billed**

Please note that until we review the details for each premise, we are not able to estimate the potential number to be rebilled with any degree of accuracy. However, as noted in our Amended Petition and Proposed Resolution, we are currently estimating that we will rebill approximately 10,400 customers that are currently in the rebilling holding queue.

- **Expected to be exempted from re-billing**

Based on a programmatic effort, we are estimating that there are approximately 568 Minnesota premises of the current 12,492 in the holding queue that would be exempted from rebilling, as there has been a tenant change at the premise during the meter malfunction period.

Please note that this does not include other premises that may be excluded, such as new construction, where we would have insufficient consumption history to appropriately estimate the usage.

6. Please provide the same type of information as in the proposed monthly/ quarterly reports for all customer accounts that have been reviewed to-date, by categories such as: customers who have already been re-billed and have no outstanding re-billed balances; customers who have been re-billed and have entered into payment arrangements, customers who have been re-billed but are “on hold,” and customers whose accounts were reviewed but excluded from re-billing.

- Rebilled with no outstanding balance – 1,086
- Rebilled and is currently on a Pay Arrangement – 29
- Rebilled, not on a Pay Arrangement, have an outstanding, non-current balance – 246
- Rebilled but are “on-hold” – 1,361 (the total number of customers that have already-been-rebilled to-date)

Please note that these numbers are subject to change. Because we are not able to separately track the rebilled balance after the initial rebilling invoice, we are

basing the above information on the status of the already-rebilled customer's account as of a certain date – in this case, March 3, 2009.

To further clarify, when we extract this same analysis of the total population of 1,361 already-rebilled customer accounts at different points in time, more (or fewer) customers may then have an outstanding, non-current balance, or have paid their full, non-current balance, or made/completed a payment arrangement, compared to this March 3, 2009 information.

Natural Gas True-up - Weather Adjustment Calculation Methodology

This example shows the calculation for Minnesota Residential customers for the month of February 2008. The same methodology is applied across all months and across all affected classes.

Step 1: Calculate the total 1074 billable sales for each month:

| | |
|--|----------------|
| | <u>Feb-08</u> |
| MN Residential - unbilled sales estimate - therms | 251,748 |
| <u>MN Residential - billed sales - therms</u> | <u>223,053</u> |
| Total Residential Billable Sales Estimate - therms | 474,801 |

Step 2: Calculate and compare the billed use per customer for general sales population for months showing 1074 module problem and two previous years:

| | | | |
|--|----------------|----------------|---|
| | <u>Feb-08</u> | <u>Feb-07</u> | <u>Feb-06</u> |
| MN Residential actual billed sales - therms | 68,807,442 | 67,517,830 | 48,327,460 |
| <u>MN Residential - billed customers</u> | <u>391,038</u> | <u>374,972</u> | <u>362,051</u> |
| Billed Use per Customer | 176 | 180 | 133 |
| Billed Use per Cust difference: 2007-08 to comparison year | | -4 | 42 |
| % Difference from comparison year to 2007-08 | | -2% | 32% larger difference = unbillable weather percentage |

The 2005-06 comparison timeframe showed the largest differences in billed use per customer and was used to calculate monthly unbillable weather percentages.

Step 3: Apply the monthly unbillable weather percentages to the monthly 1074 billable sales:

| | |
|--|---------------|
| | <u>Feb-08</u> |
| Total Residential Billable Sales Estimate - therms | 474,801 |
| <u>Unbillable weather percentage</u> | <u>32%</u> |
| Estimate of Residential unbillable sales - therms | 151,097 |

Step 4: Apply monthly natural gas pricing to unbillable sales:

| | |
|--|------------------|
| | <u>Feb-08</u> |
| Estimate of Residential unbillable sales - therms | 151,097 |
| <u>Cost of gas - \$/therm</u> | <u>\$0.83316</u> |
| Total weather-related unbillable gas cost revenue estimate | \$125,888 |

CERTIFICATE OF SERVICE

I, Josie L. Oxley, hereby certify that I have this day served copies of the foregoing document on the attached list of persons by delivery by hand or by causing to be placed in the U.S. mail at Minneapolis, Minnesota.

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

Dated this 6th day of March 2009

/s/

Josie L. Oxley

Investigation into Northern States Power for
Inaccurate Gas Meters, Recalculation of Bills
and Related Issues.

G002/CI-08-871
12-31-2008

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101-2147

Sharon Ferguson
Docket Coordinator
Minnesota Office of Energy Security
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

Julia E. Anderson
Minnesota Office of the Attorney General
1400 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101-2131

John Lindell
MN Office of the Attorney General - RUD
900 Bremer Tower
445 Minnesota Street, Suite 900
St. Paul, MN 55101-2130

William Stamets
MN Office of the Attorney General - RUD
900 Bremer Tower
445 Minnesota Street, Suite 900
St. Paul, MN 55101-2127

William Bullard
South Dakota Public Utilities Commission
Capitol Building
Pierre, SD 57501-5070

Gloria A Geiger, Interim Director
North Dakota Public Service Commission
ND State Capitol Bldg
Bismarck, ND 58505

Michael Krikava
Briggs & Morgan PA
2200 IDS Center
80 South 8th St
Minneapolis, MN 55402

Pam Marshall
Energy CENTS Coalition
823 East Seventh St
St Paul, MN 55106

Zeviel Simpser
Briggs & Morgan PA
2200 IDS Center
80 South 8th St
Minneapolis, MN 55402

Christopher B Clark
Asst General Counsel
Xcel Energy
414 Nicollet Mall - 5th Fl
Minneapolis, MN 55401-1993

SaGonna Thompson
Records Analyst
Xcel Energy
414 Nicollet Mall - 7th Fl
Minneapolis, MN 55401-1993

