



2302 Great N. Drive
 Fargo, North Dakota 58102
 (701) 241-8632
 dave.sederquist@xcelenergy.com

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VIA U. S. AND ELECTRONIC MAIL

Mr. Steven M. Kahl, Executive Secretary
 North Dakota Public Service Commission
 State Capitol Building, Dept. 0408
 600 East Boulevard
 Bismarck, ND 58505-0480

RE: RESPONSE TO INFORMATION REQUEST AT INFORMAL HEARING
 COVID-19 DEFERRED ACCOUNTING (CASE NOS. PU-20-192, 220)

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy (Xcel Energy or the Company), respectfully submits this response to the Commission’s requests for information made at the July 23rd Informal Hearing in the above-reverenced cases.

The following provides the information we understood to be requested by the commission.

1. Accounts Receivable Aging Report

Table 1 below shows, for residential, commercial, and industrial customers, the past due amounts for each arrearage period and the corresponding percent each period is of the class total. Also shown is that 83.2 percent of all arrearages are residential, 10.9 percent are commercial, and 5.9 percent are from the industrial class. The data is as of June 2020.

Table 1 –Accounts Receivable Aging

Days	% of		% of		% of	
<u>Late</u>	<u>Residential</u>	<u>Res'l</u>	<u>Commercial</u>	<u>Comm</u>	<u>Industrial</u>	<u>Indust</u>
1-30	\$938,095	23.1%	\$266,957	50.1%	\$272,277	94.8%
31-60	\$586,785	14.5%	\$83,948	15.8%	\$3,751	1.3%
61-90	\$567,342	14.0%	\$81,497	15.3%	\$4,693	1.6%
91-120	\$485,652	12.0%	\$35,981	6.8%	\$2,501	0.9%
121-150	\$349,585	8.6%	\$20,023	3.8%	\$2,458	0.9%
151-180	\$266,768	6.6%	\$7,485	1.4%	\$1,423	0.5%
181-210	\$279,707	6.9%	\$17,427	3.3%	\$0	0.0%

211-240	\$84,341	2.1%	\$2,380	0.4%	\$0	0.0%
241-270	\$68,139	1.7%	\$2,829	0.5%	\$0	0.0%
271-300	\$65,986	1.6%	\$3,875	0.7%	\$0	0.0%
301+	<u>\$368,297</u>	<u>9.1%</u>	<u>\$10,147</u>	<u>1.9%</u>	<u>\$0</u>	<u>0.0%</u>
	\$4,060,698	100.0%	\$532,549	100.0%	\$287,102	100.0%
% of Total	83.2%		10.9%		5.9%	

2. Arrears as a Percent of Accounts Receivable by State

Table 2 below shows, for each state in the NSP System (MN, ND, SD, WI, MI), the ratio of arrearages to overall Accounts Receivable (June 30, 2020).

Table 2 – % of A/R in Arrears by State

<u>Opc</u>	<u>St</u>	A/R in <u>Arrears</u>	<u>Total A/R</u>	% A/R in <u>Arrears</u>
NSPM	SD	\$3,517,373	\$15,654,788	22.47%
NSPM	ND	\$4,925,824	\$17,614,902	27.96%
NSPM	MN	\$71,959,967	\$245,603,813	29.30%
NSPW	WI	\$19,895,867	\$53,012,401	37.53%
NSPW	MI	\$967,436	\$1,687,380	57.33%

3. Breakdown of Bad Debt Expense Between Residential and Business Customers

Table 3 below shows the year-to-date (June) bad debt expense¹ separately for residential and business customers for 2020 as well as the three prior years. The Company estimates that the COVID-19 impacted portion of the 2020 total bad debt of \$582,198 is about \$152,000, with approximately \$142,000 attributable to residential customers and \$9,000 attributable to commercial and industrial customers.

Table 3 – Bad Debt Expense for North Dakota (June YTD)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	\$398,335	\$381,855	\$284,852	\$492,253
Business	<u>\$49,024</u>	<u>\$57,695</u>	<u>\$42,974</u>	<u>\$89,945</u>
Total	\$447,359	\$439,550	\$327,826	\$582,198
% Res'l	89.0%	86.9%	86.9%	84.6%

4. Bad Debt Expense by Utility Service (Electric and Natural Gas)

Bad debt expense is not directly assigned to our electric and natural gas operations. Total bad debt expense is recorded at the Operating Company level because payments and write-offs are posted to customers' overall accounts, and the majority of our customers are combination

¹ Bad debt expense is the estimated amount of arrears that is expected to be unrecoverable for the year and written off as an expense.

electric and natural gas consumers. Because most of our customers pay for electric and natural gas utility service from a combined bill, bad debt expense is recorded at a customer account level.

To determine the bad debt expense attributable to each of our electric and natural gas utilities and, subsequently, to state jurisdictions for purposes of setting rates or reporting regulated earnings, we allocate the operating company bad debt to the utility and state jurisdiction based on the four previous years' actual operating revenues.

5. Efficacy of Disconnections in Recovering Past Due Balances

There was a question posed at the hearing which addressed the efforts - and resulting success - taken by the Company to recover past due balances from customers who had experienced a service disconnection. While the Company works diligently with customers to schedule payment arrangements or link them up with social agencies who can assist in making energy bill payments, most disconnected customers have a history of chronic past due balances and late payments. That said, a majority of reconnected customers make the required payment (i.e., the past due balance) in full to get their service restored. We took a look at our experience during a recent 18 month period in North Dakota (January 2019 through June 2020) and our analysis showed that 66 percent of residential customers who were disconnected during that period made a qualifying payment to get reconnected. Of those customers, 57 percent paid their past due balance in full. The remaining 43 percent entered into payment arrangements, and 88 percent of those customers are still "current" in making scheduled payments to the Company. For disconnected commercial customers, 79 percent were reconnected, all paying their past due amount in full. While the Company works closely with customers to avoid disconnections, disconnections have proved to be an effective approach in ensuring customers make every effort to pay their energy bills.

Sincerely,



David H. Sederquist
Sr. Regulatory/Financial Consultant
Xcel Energy