

ISSUE DATE: September 29, 1997

DOCKET NO. E, G-002/CI-97-863

ORDER REQUIRING REPORT AND PROVIDING FOR COMMENTS THEREON



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey  
Joel Jacobs  
Marshall Johnson  
Gregory Scott  
Don Storm

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Petition of the Office of  
Attorney General for an Investigation of  
Northern States Power Company's Meter  
Reading and Billing Practices

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**PROCEDURAL HISTORY**

On June 10, 1997, the Residential and Small Business Utilities Division of the Office of Attorney General (RUD-OAG) filed a petition with the Commission to investigate the meter reading and billing practices of Northern States Power Company (NSP or the Company). The RUD-OAG indicated it had received numerous complaints regarding NSP's billing procedure, particularly NSP's meter reading practices and the Company's use of estimated billing. The RUD-OAG recommended that NSP be required to file a report on its meter reading and billing practices and parties should be afforded an opportunity to conduct discovery and comment on the Company's report.

On June 26, 1997, the Minnesota Senior Federation - Metropolitan Region (Senior Federation) filed comments in support of the RUD-OAG petition and recommended holding public hearings to give interested parties and persons an opportunity to discuss their billing problems. The Senior Federation also requested the assistance of the Commission in determining the extent to which its membership was having meter reading and billing problems.

On June 27, 1997, the Energy Cents Coalition (ECC) filed comments in support of the RUD-OAG petition. The ECC supported the RUD-OAG's recommended procedures in this matter and further suggested that the Commission hold public hearings to allow members of the public to indicate how they have been affected by estimated readings and irregular billings.

On June 30, 1997, the RUD-OAG, NSP and the Minnesota Department of Public Service (the Department) filed comments.

On July 2, 1997, the Company filed attachments to its June 30, 1997, comments on the Petition.

On July 9, 1997 the International Brotherhood of Electrical Workers (IBEW) filed a Request to Extend the Comment Period, in order to allow it to review the initial comments and determine

whether it should also file comments.

On July 10, 1997, the RUD-OAG, NSP and the Department filed reply comments.

On September 18, 1997, the Commission met to consider this matter.

## **FINDINGS AND CONCLUSIONS**

### **I. The RUD-OAG's Petition**

As background for its petition, the RUD-OAG stated that during 1996 and 1997 the RUD-OAG received numerous complaints from NSP gas and electric customers regarding NSP's billing procedures. Most of the complaints have been related to the Company's use of estimated billing. A typical complaint, according to the RUD-OAG, was that NSP has failed to read the meter each month and in some cases consecutive months pass between actual readings. The RUD-OAG stated that when the Company finally does read the meter the customer gets hit with a large "make up" bill. The RUD-OAG noted that such practices are particularly difficult for customers that live on limited or fixed incomes and cause anxiety as customers struggle to meet their obligations.

The RUD-OAG asserted that Minnesota Rules make clear that NSP is required to read customer meters every month, except in limited cases. In the absence of an "emergency," estimated bills can only be rendered when the Company cannot gain access to the meter and the customer fails to submit a meter reading form supplied by NSP. Even under the above circumstances, the RUD-OAG noted, NSP is allowed to render estimated bills for more than two months only in unusual circumstances.

Specifically, the RUD-AG reported that it has received complaints from customers that NSP has and continues to violate the Commission's rules regarding meter reading and billing. As a result, the RUD-AG recommended that the Commission investigate the following specific issues:

1. Has NSP failed to provide customers with a bill every month in violation of Minn. Rules, 7820.3300? If yes, to what extent?
2. Has NSP estimated customer bills in cases other than when the meter was inaccessible or the customer failed to submit a meter reading form supplied by the Company in violation of Minn. Rules, 7820.3400? If yes, to what extent?
3. Has NSP rendered estimated bills to customers for more than two consecutive months in violation of Minn. Rules, 7820.3400? If yes, to what extent?
4. Has NSP failed to provide safe, adequate, efficient, and reasonable service in violation of Minn. Stat. § 216B.04, by violating these and/or any other

Commission rules or policies pertaining to meter reading and billing?

5. Do NSP's rule violations, if established, indicate that the Company's rates are not just and reasonable as required by Minn. Stat. § 216B.03?

The RUD-OAG also proposed a procedure for the investigation. The RUD-OAG proposed that the Commission require NSP to submit a report that 1) updates the Commission in its meter reading practices and statistics and 2) provides a detailed discussion describing the contents of the report and any efforts the Company has taken to improve its compliance with the meter reading and billing standards set forth in the Commission's rules, and 3) explains why violations continue to occur.

Finally, the RUD-AG suggested that the Commission should then meet to determine whether and to what extent violations of the meter reading and billing requirements have been violated. The Commission could then determine any appropriate enforcement measures, including ongoing compliance filings or referral to the Attorney General for purposes of imposing civil penalties. The RUD-OAG stated that if violations are established, the Commission should also review NSP's rates to determine whether adjustment is warranted.

## **II. NSP's Response**

NSP stated that its meter reading statistics are within acceptable performance levels. While its performance was less than satisfactory during the past winter, the Company stated that it has made improvements and continues to do so.

The Company argued that an investigation into its practices is unnecessary and initially offered to provide meter reading reports on a periodic basis similar to the reports filed with the Commission in 1994 and 1995. In reply comments, NSP supported the recommendation of the Department to allow the Company to investigate the complaints received by the RUD-OAG and provide a report on all the RUD-OAG recorded complaints.

## **III. Comments of Other Interested Parties**

### **A. The Department**

The Department suggested that before any formal action is taken by the Commission, more information is necessary to obtain a complete picture of NSP's meter reading and billing practices. The Company should have the opportunity to respond to the RUD-OAG's complaint and address all relevant issues. In particular, the Department stated that NSP should outline the history of each complaint and its response to each complaint. At a minimum, NSP should address each of the following:

- Was the Company aware of the complaint?
- What steps did the Company take to resolve the problem?
- Was the issue resolved to the customer's satisfaction?

The Department indicated that a thorough investigation into the Company's meter reading and billing practices would be premature at this time. The Department asserted that only after

examining the complete picture, including any steps the Company has taken to resolve its meter reading and billing problems, should the Commission evaluate whether to initiate an investigation.

Instead, the Commission should order NSP to provide a complete and detailed response to each specific complaint received by the RUD-OAG. The Department argued that after the Company's response is received, the Commission will be in a better position to determine whether an investigation is warranted.

#### **B. Energy CENTS Coalition (ECC)**

The ECC supported the RUD-OAG's petition for an investigation into NSP's meter reading and billing practices. The ECC addressed the subjects of estimated bills and meter reading practices and the particular effects such practices have on low and fixed income individuals. ECC argued that low income people sacrifice basic needs to meet their energy bill obligations. True-up or make-up bills require a greater than normal expenditure of income for utility costs. Furthermore, these higher bills may lead to a threat of service disconnection and a reliance on the already strained resources of emergency forms of assistance.

The ECC urged the Commission to investigate the Company's meter reading and billing practices and procedures and supported the procedural recommendations of the RUD-OAG. Additionally, the ECC recommended that the Commission hold public hearings on this matter to allow affected customers to report on how NSP's estimated readings and irregular billings has affected them. Otherwise, the ECC asserted, only the Company is involved in reporting on the extent of the problem. After public hearings and the submission of a report by NSP, discovery and reply comments should allow sufficient time to fully investigate these issues.

#### **C. The Minnesota Senior Federation (MSF)**

The MSF recommended that the Commission order an investigation into NSP's meter reading and billing practices. MSF further recommended that the Commission hold public hearings on the issues and allow interested parties sufficient time to contact their memberships to uncover the extent of the problem.

Finally, the MSF requested the Commission's assistance in developing a form or questionnaire with which they could solicit the comments from their members highlighting the problems experienced.

#### **IV. Commission Analysis and Action**

Having examined the record to-date and heard the arguments of the parties, the Commission concludes that the best way to move this matter forward is as detailed in the Ordering Paragraphs. After NSP has filed its report and the parties' comment and response comments have been received, Commission Staff will bring the issue back before the Commission to determine what, if any, further action may be appropriate.

The directives adopted herein move the process in a way very similar to what would have occurred if the RUD-OAG had filed a complaint against NSP rather than a petition for an investigation. In a complaint procedure, the steps following the filing of a complaint are 1) a determination by the Commission whether it has jurisdiction over the complaint and whether there are reasonable grounds to investigate the allegations in the complaint and 2) a directive to the respondent to file an answer to the complaint. In effect, the report that NSP will be filing will include all the elements constituting an answer to the RUD-OAG's charges.

The main difference between what is ordered herein and the initiation of an investigation is there will be no formal discovery between the parties prior to the Commission's review of the Company's report and a determination that a formal investigation (with its attendant discovery between the parties) is warranted. The absence of formal discovery during this period does not slow the Commission's momentum towards the merits of this matter because the RUD-OAG has indicated that it has obtained all the documents from NSP it needed at this time (through informal, voluntary discovery) to substantiate NSP's alleged violations.

### ORDER

1. On or before October 18, 1997, NSP shall file with the Commission and serve upon the parties a report which shall, at a minimum, respond to the following:
  - a. Has NSP failed to provide customers with a bill every month in violation of Minn. Rules, Part 7820.3300? If yes, to what extent?
  - b. Has NSP estimated customer bills in cases other than when the meter was inaccessible or the customer failed to submit a meter reading form supplied by the Company in violation of Minn. Rules, Part 7820.3400? If yes, to what extent?
  - c. Has NSP rendered estimated bills to customers for more than two consecutive months in violation of Minn. Rules, Part 7820.3400? If yes, to what extent?
  - d. Has NSP estimated more bills than is allowed under Minn. Rules, Parts 7825.3300 and 7825.3400?
  - e. What formula does NSP use to calculate the charges it includes in its estimated bills?

2. Parties shall file any comments they have regarding NSP's report within 20 days of the filing of such report. Any party wishing to file response comments shall do so within 10 days additional days.
3. NSP, the RUD-OAG, and the Department shall work with the Minnesota Senior Federation and Commission Staff on a survey of the members of the Senior Federation to identify the members' concerns regarding NSP's service.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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