

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward A. Garvey	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayner	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of an Investigation into Using
Rate Design to Achieve the Demand-Side
Management Goals of Xcel Energy

ISSUE DATE: April 24, 2002

DOCKET NO. E-002/CI-01-1024

ORDER MODIFYING PROCEDURAL
SCHEDULE AND MAKING OTHER
CHANGES

PROCEDURAL HISTORY

On July 20, 2001, the Commission opened an investigation into the rate design of Northern States Power Company d/b/a Xcel Energy (Xcel).

On December 28, 2001, Xcel filed a report discussing the development of rates for electric service that would generally track costs as they varied throughout the day.

On February 14, 2002, the Commission issued its ORDER ESTABLISHING PROCEDURAL SCHEDULE. That Order directed Xcel to design time of use (TOU) rates, which would charge consumers different amounts for electricity consumed at different times of the day. The Order also directed Xcel to design a way for a consumer to learn, on the World Wide Web, the history of how much electricity his or her household consumed each hour of the day. The Commission directed Xcel to initiate the Web site on July 1, 2002, and to file the TOU rates on November 1, 2002, for implementation by April 1, 2003.

On March 28, 2002, Xcel made a status report to the Commission.

On April 9, 2002, Xcel filed a report discussing alternative ways to comply with the February 14 Order.

This matter came before the Commission on April 11, 2002.

FINDINGS AND CONCLUSIONS

I. Xcel's April 9 report

Xcel's April 9 report proposes three scenarios for initiating TOU rates and the World Wide Web site providing customers with knowledge of their consumption history. Xcel recommends conducting an "integrated pilot" project. The goal of such a project would be to measure changes in consumption patterns by customers who 1) are charged the new rates, 2) are given access to the information on the Web site, 3) are both charged the new rates and given access to the information on the Web site, and 4) are neither charged the new rates nor are given access to the Web site. Such a pilot project would permit Xcel to gauge the effectiveness of each element by itself, and in combination with the other.

Xcel also offers two other scenarios called a "phased launch" and a "large-scale launch." These scenarios would have the advantages of making the new rates applicable to more customers sooner, and giving more customers access to the Web site sooner. But these scenarios would cost more, provide less information, and provide less opportunity to adjust the program before full implementation.

The Minnesota Department of Commerce (the Department) expressed concerns about Xcel's more expensive scenarios, but did not oppose Xcel's integrated pilot.

The Commission is encouraged by Xcel's progress in developing its TOU program and the educational Web site. While the Commission is eager to see TOU rates offered to the public, it sees the merit of Xcel's more deliberate and methodical approach. Data from Xcel's proposed pilot project will help inform decisions about a broader implementation in the future. For these reasons, the Commission will adopt Xcel's recommendation and approve the pursuit of the integrated pilot project.

II. The Commission's February 14 Order

Given the context of the integrated pilot program, Xcel requested direction regarding aspects of the Commission's February 14 Order.

A. Deadline for Web site

First, the February 14 Order directs Xcel to have individualized customer data available on its World Wide Web site by July 1, 2002. Xcel's remarks make it clear that the effort required to meet this deadline is making the Web site the central focus of the docket. This was not the Commission's intention.

The Commission selected the July 1 date in the interest of accelerating implementation of this docket. Customers would likely have the greatest interest in learning about their usage patterns during summer months, when their usage is likely to be greatest. But Xcel now informs the Commission that it is just beginning to collect individual customer TOU data on a prospective basis. As a result, Xcel currently has little data available to display. The benefit of providing customers with prompt Web access to their data is diminished if there is little actual data for customers to access.

If customers cannot benefit from a prompt launch of the Xcel Web site, then the Commission finds less reason for haste. It is more important to design the Web site to work within the larger context of Xcel's integrated pilot program. Consequently, the Commission will postpone the date for the Web site until November 1, 2002, the same date for Xcel to file its proposed TOU rates.

Additionally, the Commission will authorize its Executive Secretary to vary the dates within this docket's procedural schedule, as he deems appropriate.

B. Display of hourly data

Second, the February 14 Order directs Xcel to provide customers with hourly data about past energy consumption via the World Wide Web. Xcel argues that the cost of providing data of this detail would outweigh the benefit. Instead, Xcel proposes providing customers with data about their household's electric consumption aggregated into four periods per day.

Xcel notes that it does not anticipate proposing a TOU rate structure that would vary hourly. Rather, Xcel anticipates proposing rates that would apply for set periods each day. Providing customers with data about their electric consumption during, for example, four time blocks per day, rather than during each hour, should provide adequate information to inform customer choice. It would also reduce the volume of data that Xcel would have to display on its Web site by more than 83% (1 - [4 pieced of data/day]/[24 pieces of data/day]).

The Commission finds Xcel's argument reasonable. Consequently, the Commission will relieve Xcel of the obligation to provide customers with data about hourly electric consumption, and instead permit Xcel to provide a customer with data about his or her electric consumption aggregated into four periods per day.

ORDER

1. Xcel may pursue implementation of its "integrated pilot" project as set forth in its April 9, 2002 filing.
2. The date for Xcel to provide customers with access via the World Wide Web to data on their patterns of electric consumption is changed from July 1, 2002 to November 1, 2002.

3. Xcel's World Wide Web site need not provide customers with hourly data on their daily patterns of electric consumption. Rather, the site may provide data aggregated into four time blocks per day.
4. Commission delegates to the Executive Secretary the authority to modify this docket's procedural schedule.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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