

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye  
Ellen Gavin  
Marshall Johnson  
Phyllis A. Reha  
Gregory Scott

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of an Investigation and Audit of  
Northern States Power Company's Service  
Quality Reporting

ISSUE DATE: April 17, 2003

DOCKET NO. E,G-002/CI-02-2034

ORDER CONTINUING INVESTIGATION  
AND REQUIRING NOTICE TO  
EMPLOYEES, PAYMENT OF INVOICE,  
AND LETTER OF COMPLIANCE

**PROCEDURAL HISTORY**

In its October 22, 2002 ORDER REQUIRING ADDITIONAL INFORMATION AND AUDIT, the Commission directed that the Residential and Small Business Utilities Division of the Office of the Attorney General (RUD-OAG) and the Department of Commerce (DOC) arrange for an audit of Northern States Power Company's d/b/a Xcel Energy (Xcel or the Company) repair and maintenance records.

On January 6, 2003, the Commission opened a separate docket (the current docket) to investigate and audit Xcel's service quality reporting.<sup>1</sup>

On March 10, 2003, the RUD-OAG filed the Xcel Service Quality Investigation Progress Report of March 3, 2003 prepared by *Fraudwise*, the Company chosen to audit Xcel's records. The DOC and RUD-OAG asked the Commission for further direction.

On March 27, 2003, Xcel filed its comments and proposal and requested that the Commission hold any further investigation in abeyance for 30 days.

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<sup>1</sup> See ORDER BIFURCATING PROCEEDING, GRANTING INTERVENTION AND CLARIFYING APPLICABILITY OF METER READING ISSUES IN Docket No. E,G-002/CI-02-1346 and E, G-002/CI-02-2034, January 6, 2003.

On March 31, 2003, Xcel filed its service quality and reliability update for the period ending February 28, 2003, in compliance with the Commission's October 22, 2002 Order.

On April 3, 2003, this matter came before the Commission.

## **FINDINGS AND CONCLUSIONS**

This Order addresses procedural matters only and makes no findings on the substantive issues regarding Xcel's service quality and reliability.

### **I. The Fraudwise Interim Report**

This interim report summarized Fraudwise's progress to date. It indicated several tasks that still need to be completed including:

- obtaining and analyzing additional documents requested including switching records;
- analyzing personnel evaluations;
- concluding the interviewing process;
- listing additional problem areas brought to Fraudwise's attention but which it has no authority to investigate;
- documenting and explaining possible duration misstatement schemes being used at Xcel;
- summarizing investigative findings and issuing a final report with exhibits.

On the matter of employee interviews, Fraudwise indicated that several employees were interviewed but numerous other employees, who were identified as having potential information pertinent to the investigation, refused to be interviewed. Further, Fraudwise has received another list of people who were not previously identified and who may have information pertinent to the investigation.

At oral argument before the Commission Fraudwise identified "X'ing" of jobs<sup>2</sup> as one of the problem areas that had been brought to its attention but that it had no authority to investigate.

### **II. Xcel's Proposal**

Xcel acknowledged limitations in its outage reporting processes. It stated that it was intending to implement a new system by the end of the year that would allow the Company to improve its

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<sup>2</sup> This was described as a situation where a customer would call in a problem and for one reason or another Xcel would not respond to the call.

management of outage events and field technicians, streamline the collection of event-specific information, and provide an audit trail for archived data. In the interim it indicated that it has implemented a new uniform process for use in reporting the outage duration data.

Xcel proposed that the Commission hold any additional audit activities in abeyance for 30 days. It argued that any further investigation of the current system would only demonstrate what was already known, that the Company's data systems cannot provide the necessary audit information. Instead, Xcel proposed that the DOC, the RUD-OAG and the Commission use that time to engage in a resolution process to develop the systems, processes and standards required for future reporting.

### **III. Position of the DOC and RUD-OAG**

These state agencies presented the *Fraudwise* Interim Report to the Commission seeking direction from the Commission as to further investigation. At oral argument before the Commission both the DOC and the RUD-OAG agreed that the investigation should continue until its conclusion and the final report can be issued.

The DOC indicated its concern that the Xcel's proposed new system would be based on the old system.

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

The Commission agrees with the DOC and the RUD-OAG that the investigation by *Fraudwise* should continue as *Fraudwise* has set forth in its interim report. The Commission continues to believe that the independent investigation is the best approach for the Commission to be able to evaluate Xcel's service quality reporting and that the investigation should be allowed to reach its conclusion without delays.

Further, the Commission is concerned that, in addition to current credibility problems, the reports on service quality previously submitted for 2001 and 2002 may be unreliable. For this reason the Commission will request *Fraudwise* to give its opinion on the validity of the information reported by Xcel in these years. The Commission is also concerned about Xcel's possible X'ing of jobs and hereby gives *Fraudwise* authority to investigate this matter.

Underlying any credible third party investigation is having access to relevant information; in this case that includes documentation and the ability to talk to employees. *Fraudwise* indicated that it is aware that employees are not willing to speak with the investigators. The Commission recognizes that Xcel can provide an atmosphere that encourages its employees to speak with the investigators and will require Xcel to do so.

The Commission will specifically require that Xcel use its company newsletter to discuss the nature of the investigation and to encourage employees to speak freely and openly with investigators. Further, the Commission will require that Xcel provide the information necessary for an employee to contact the investigator, specifically the 800 number and a contact person for *Fraudwise*. The Commission also will require the Company to be clear about the independence of the investigators at *Fraudwise*, as opposed to the prior internal investigation by the Company's attorneys. The Commission will order Xcel to have the newsletter information reviewed by the other parties and submitted to the Commission by Monday, April, 7, 2003.

The Commission will not only require that the above information be set forth in the Company newsletter but also that the Vice President of Delivery and Field Operations communicate the same information directly with the employees who work in delivery and field operations. These are the employees who are directly involved with carrying out the service calls and are the employees who may more likely have information for the independent investigator.

The Commission's October 22, 2002 Order provided that Xcel would pay for the cost of the independent investigator. Since the interim report by *Fraudwise* indicated that a March 6, 2003 invoice had not been paid, the Commission will order that it be paid. Further, the Commission will order that all future bills from *Fraudwise* be paid within 30 days of receipt of the invoice.

The Commission agrees with the DOC that any new system put in place by Xcel to eliminate the deficiencies of the old system needs to produce data that meets the required standards. Any new system should not be built upon nor rely on the existing system that is unable to meet the required standards. The Commission hereby puts Xcel on notice of this expectation.

Finally, the Commission will require Xcel to make a letter compliance filing indicating the completion of all of the above requirements.

### **ORDER**

1. The investigation by *Fraudwise* shall continue as described in *Fraudwise's* Xcel Service Quality Investigation Progress Report and include the following additional components:
  - "X'ing" of jobs;
  - an opinion on the validity of the numbers and assertions made by Xcel in terms of its compliance with standards in 2001 and 2002.
2. Xcel is to communicate with its employees, both through the Company newsletter and conveyed directly by the Vice President of Delivery and Field Operations to the employees who work in delivery and field operations, on the following matters:
  - the nature of the investigation;
  - that employees are encouraged to speak freely and openly with the investigators;

- the 800 number of *Fraudwise* and the name of a *Fraudwise* contact person;
  - that the independent investigation being carried out by *Fraudwise* is not the same investigation previously carried out by the Company's law firm.
3. Language used in the Company newsletter shall be reviewed by the parties and submitted to the Commission.
  4. Xcel shall pay the current *Fraudwise* bill and pay all future *Fraudwise* bills within 30 days of receipt of the invoice.
  5. Xcel shall file with the Commission a letter indicating compliance with the above.
  6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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