

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Marshall Johnson	Commissioner
Ken Nickolai	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of the Petition of Xcel Energy for
Approval of Customer Refund Plan and
Variance to Allow Refunds Arising from
Programming Errors

ISSUE DATE: March 16, 2005

DOCKET NO. G-002/M-04-1072

ORDER GRANTING PETITION

PROCEDURAL HISTORY

On July 15, 2004, Northern States Power Company d/b/a Xcel Energy filed a petition stating that it had discovered significant programming errors in a small number of the gas meters on which it had installed radio-controlled, automatic, meter-reading technology and that these errors had caused significant overcharges or undercharges to affected customers over the past several years.

The petition requested a one-time variance from Commission rules and Company tariffs limiting the correction of billing errors to one year and three years respectively,¹ to permit the Company to make a full refund to customers who had been overcharged. The Company proposed to waive recovery of under-billed amounts.

The Minnesota Department of Commerce (the Department) and the Residential and Small Business Division of the Office of the Attorney General (RUD-OAG) intervened in the case, examined Company documents, conducted discovery, and filed comments. The Company clarified and refined its proposal in response to these parties' concerns.

Ultimately, the Department and the RUD-OAG concluded that, regrettable as the billing errors were, the Company had responded appropriately, and they recommended granting the petition.

¹ Minn. Rules 7820.4000; General Rules and Regulations, gas tariff book, Section 3.7.

FINDINGS AND CONCLUSIONS

I. Factual Background

In the late 1990's Xcel began installing automated, radio-controlled, meter-reading technology on most of its natural gas meters. In the cases treated in this petition the technology was mis-programmed. The “drive rate” – the rate at which one cubic foot of natural gas passes through the meter – was recorded at either double or one-half the actual rate, resulting in meter readings and bills that were either double or one-half what they should have been.

These were clearly serious errors, but the number of customers affected was small. Approximately 379 Minnesota residential customers were overcharged and 180 undercharged; approximately six Minnesota commercial-industrial customers were overcharged and 26 undercharged.

In brief, the Company proposed to refund all overcharges and waive all undercharges. For ease of administration and to minimize customer confusion, the Company proposed to simply refund one-half of overcharged customers’ payments for the entire over-billing period, plus refund all charges associated with non-payment. For undercharged customers the Company proposed to provide information on conservation and energy efficiency, to help ameliorate the rate shock that could result from the sudden doubling of their natural gas bills.

The Company also searched its records for customers previously found to be overcharged or undercharged due to the programming errors at issue here and retroactively adjusted their accounts to provide the same treatment as that proposed in the petition. It adjusted the revenue projections in its ongoing rate case to reflect the increased revenues that would result from correctly billing the large customers who had previously been undercharged. And it began issuing refunds to overcharged customers immediately, believing that delay would damage its relationship with affected customers and cause unnecessary hardship to some.

Finally, the Company stated that it would not seek rate recovery of any of the costs associated with correcting these billing errors.

II. Commission Action

The Commission concurs with all parties that the Company’s proposal should be approved. It repairs the harm suffered by affected ratepayers as quickly and effectively as possible, it promotes utility credibility, and it prejudices no one.

While the one-year and three-year limitations on refunding overcharges may be adequate and equitable in most cases, the magnitude of the errors in this case and the inability of ratepayers to detect them justify different treatment. Under Minn. Rules 7829.3200 the Commission may vary any of its rules upon making the following findings:

- (1) Enforcing the rule would impose an excessive burden on the applicant or other affected persons;

- (2) Granting the variance would not adversely affect the public interest; and
- (3) Granting the variance would not conflict with standards imposed by law.

The Commission will therefore grant the requested variances, finding that enforcing a shorter refund period would impose an excessive burden on affected ratepayers and that varying the refund period will neither adversely affect the public interest nor conflict with any legal standard.

The Commission will so order.

ORDER

1. The Commission hereby grants Xcel's request for approval of its customer refund plan as filed on July 15, 2004 and modified in response to the comments of the Department of Commerce and the Residential and Small Business Division of the Office of the Attorney General.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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