STATE OF SOUTH DAKOTA BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF MISCELLANEOUS TARIFF REVISIONS TO IT'S BILL FORMS AND BILL BACKS DOCKET NO. EL17-____
PETITION

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission this Petition for approval of miscellaneous tariff revisions to our Electric Rate Book. The tariff changes we propose stem from operational changes within our contact center operations intended to align with changing customer expectations and preferences.

Individuals are growing increasingly accustomed to instant communications. Mobile devices have transformed how consumers communicate and share information, and as they offer smarter, faster, and more intuitive information, they are expected to become even more ingrained into our daily patterns and connected culture. Since 2010, we have been expanding digital channels through which customers can transact with and access information, such as to view and pay their bills, start and stop service, and report and monitor the status of electrical outages. Available channels now include: phone, interactive voice response (IVR), email, text/SMS, the xcelenergy.com website, social media, and most recently, the Xcel Energy mobile application (app). At the same time, use of electronic communications is continuing to increase – and use of traditional channels, such as speaking to a company representative, and the U.S. Mail is declining.

We are realizing these trends in our contact center operations. Our overall call volumes are declining, and customers are increasingly using available digital channels to get answers to their questions and transact with the Company. Of the customers that call the Company, approximately 60 percent choose to use our IVR to get information or complete a transaction. Digital transactions via our website and My Account have increased from 27 million in 2012 to 43 million in 2016. Similarly, customer email volume has doubled since 2012, and social media interactions have increased five-fold since 2012. That said, however, there are circumstances where

¹ https://www.forbes.com/sites/kateharrison/2017/01/09/top-10-trends-that-will-transform-digital-marketing-in-2017/#28ec61903bf5

individuals want – or require – individualized service. The concept of customer preferences, or meeting our customers in their channel of choice, is at the core of the changes underway in our operations.

As we have expanded our digital channels and improved our customer self-service tools, we have made corresponding changes in our operations to ensure we continue to provide our customers with excellent service regardless of the channel they choose. We believe it is now time to make a larger change in order to continue to meet our customers in their channels of choice. We believe we can accomplish this without increasing costs and while continuing to provide customers with excellent service. We intend to reduce our call center hours of operation for non-outage and non-emergency (general) customer issues and inquiries — adjusting schedules and assignments for our customer service representatives to better align with the hours and channels in which our customers are seeking information or other assistance.

To be clear, we will maintain our 24 hours-a-day/7 days-a-week (24/7) call center hours of operation for natural gas and electric emergencies – meaning a customer can call at any hour of any day and choose to speak to a representative regarding a natural gas or electric outage or emergency. The reduced call center hours of 7:00 a.m. to 7:00 p.m. Monday through Friday and 9:00 a.m. to 5:00 p.m. Saturday will apply to inquiries and issues other than emergencies (for example, questions about billing or available energy efficiency rebates or programs), and will capture approximately 90 percent of the total agent-handled call volume. Additionally, our IVR will remain available 24/7, so customers calling to make a payment or ask when their payment is due will still be able to get information or complete transactions. Outside of these hours, we will direct customers requesting to speak to a representative regarding a general issue to call back during standard business hours or to utilize an available digital channel.

While this change is driven by our customers' preferences, we expect to realize some scheduling efficiencies over time, resulting in reduced hiring needs and thus lower training costs. We estimate these efficiencies will be less than \$10,000 per year for South Dakota beginning in 2018.

Our call center hours of operation are contained on various tariff sheets in our South Dakota Electric Rate Book. With this Petition, we request approval of our proposed tariff changes associated with the change in our non-outage/emergency business hours.

The balance of this petition provides further support for the changes we propose, and is organized as follows:

- (1) Name and Address of the Public Utility
- (2) Section and Sheet Number of Tariff Schedule
- (3) Description of the Tariff Change
- (4) Reason for the Requested Change
- (5) Background
- (6) Overview of the Proposed Change
- (7) Improving the Customer Experience
- (8) Updated Business Hours Based on Data
- (9) This Change is Consistent with Industry Trends
- (10) Implementation
- (11) Present Rate
- (12) Proposed Rate
- (13) Proposed Effective Date of Modified Rate
- (14) Approximation of Annual Amount of Increase or Decrease in Revenue
- (15) Points Affected
- (16) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers.
- (17) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

COMMUNICATIONS REGARDING FILING

CONCLUSION

Attachments:

- A Back of the Standard Billing Form (redline and clean)
- B Back of the Disconnect Notice (redline and clean)
- C Tariff Sheets for Standard & Disconnection Bill Backer (redline and clean)
- D Standard Bill Image (redline and clean)
- E Automatic Payment Plan (APP) Bill image (redline & clean)
- F Reminder Bill image (redline & clean)
- G Tariff Sheets for Standard/APP/ Reminder Bill images (redline & clean)
- H Tariff Sheet Contact Information (redline & clean)

We provide the following information in accordance with South Dakota Administrative Rule 20:10:13:26, the tariff schedule change notification requirements.

(1) Name and Address of the Public Utility

Northern States Power Company 500 West Russell Street Sioux Falls, South Dakota 57104 (605) 339-8350

(2) Section and Sheet Number of Tariff Schedule

Xcel Energy proposes to revise the following sheets in Section 8 of the Northern States Power Company South Dakota Electric Rate Book.

- Sheet No. 2-1, revision 2 Contact List
- Sheet No. 8-2, revision 5 Standard Customer Bill Form
- Sheet No. 8-2.1, revision 3 Standard Customer Bill Form (continued)
- Sheet No. 8-2.2, revision 1 Standard Customer Bill Form (continued)
- Sheet No. 8-2.3, revision 4 Back of the Standard Customer Bill Back
- Sheet No. 8-3, revision 4 Reminder Notice Bill Form
- Sheet No. 8-3.1, revision 1 Reminder Notice Bill Form (continued)
- Sheet No. 8-3.2, revision 1 Reminder Notice Bill Form (continued)
- Sheet No. 8-4, revision 3 Automatic Payment Bill
- Sheet No. 8-4.1, revision 1 Automatic Payment Bill (continued)
- Sheet No. 8-4.2, revision 1 Automatic Payment Bill (continued)
- Sheet No. 8-6, revision 4 Back of the Disconnection Notice

(3) Description of the Tariff Change

We seek approval to revise the template Standard, Reminder, APP, and Disconnection Bill image templates, backs of our Standard and Disconnection billing forms, and the Contact List information contained in the Electric Rate Book.

We summarize all proposed tariff changes associated with our change in business hours in Table 1 below.

Table 1: Summary of Attachments – Change in Business Hours

	Attachment Description	Summary of Change(s)
Α	Standard Bill Backer (redline and clean)	Revised Business Hours
В	Disconnection Backer (redline and clean)	Revised Business Hours
С	Tariff Sheets Standard & Disconnection Bill	Actual Electric Tariff Sheets containing the change noted for Atts A-B
- D	Backer (redline and clean)	D
D	Standard Bill image (redline & clean)	Revised Business Hours
		• Updated terminology for the customer's account information, calling the address <i>Service</i> Address rather than the <i>Mailing</i> address
		• Genericize the "Information About Your Bill" on page 1
		Remove/Add bolding
Е	Automatic Payment Plan (APP) Bill image (redline & clean)	Revised Business Hours
		• Updated terminology for the customer's account information, calling the address <i>Service</i> Address rather than the <i>Mailing</i> address.
		• Genericize the "Information About Your Bill" on page 1
		Remove/Add bolding
		Changed payment terminology from eBill to Auto Pay
F	Reminder Bill image (redline & clean)	Revised Business Hours
		• Updated terminology for the customer's account information, calling the address <i>Service</i> Address rather than the <i>Mailing</i> addressRemove/Add bolding
G	Tariff Sheets Standard/APP/ Reminder Bill images (redline & clean)	Actual Electric Tariff Sheets containing changes noted for Atts D,E,F
Н	Tariff Sheets Contact Information (redline &	Actual Electric Tariff Sheets
	clean)	Revised Company Contact Information
		• Remove "24 hour" from Residential Customer Service

(4) Reason for the Requested Change

As we have expanded our digital channels and improved our customer self-service tools, we have made corresponding changes in our operations to ensure we continue to provide our customers with excellent service regardless of the channel they choose. We believe it is now time to make a larger change in order to continue to meet our customers in their channels of choice. We intend to reduce our call center hours of operation for non-outage and non-emergency (general) customer issues and inquiries to 7:00 a.m. to 7:00 p.m. Monday through Friday and 9:00 a.m. to 5:00 p.m. Saturday.

We will maintain our 24 hours-a-day/7 days-a-week (24/7) call center hours of operation for natural gas and electric emergencies – meaning a customer can call at any hour of any day and choose to speak to a representative regarding a natural gas or electric outage or emergency. Additionally, our IVR will remain available 24/7, so customers calling to make a payment or ask when their payment is due will still be able to get information or complete transactions. Outside of these hours, we will direct customers requesting to speak to a representative regarding a general issue to call back during standard business hours or to utilize an available digital channel.

These changes do not impact the Company's compliance with South Dakota Rule 20:10:17:03, which governs the information the Company provides on its bills to customers, and the Disconnection of Gas and Electric Service rules contained in South Dakota Rules Chapter 20:10:20. Lastly, we propose some minor text and style changes to the bill images and bill backs to improve customer readability, as called-out in the attachments to this filing.

(5) Background

Today, as it relates to direct customer service, our call center operations include general customer service and specialized service teams. We maintain three primary phone numbers: (1) Residential/General Customer Service, (800) 895-4999; (2) Electric Outage (800) 895-1999; and (3) Natural Gas Emergency, (800) 895-2999. General customer service is the primary hub for customer inquiries, which also includes calls to our electric outage and natural gas emergency numbers. All calls to our toll-free lines come into our IVR system to hear the main menu where most customers complete their transaction (report an outage, hear their balance, pay a bill, etc.).² If customers cannot complete their transaction, or decide they want to speak to a representative, they exit the IVR and are routed to an agent.

Our specialized service teams include:

- Business Solutions Center (BSC). The BSC serves the specialized needs of our small to medium-sized business customers, responding to billing and other questions, discussing rate options, and promoting CIP and DSM opportunities, and is staffed 8 a.m. to 5 p.m Monday through Friday.
- *Credit*. Credit interacts with all customers that have fallen behind on their bill payments, and is staffed 7:00 a.m. to 7:00 p.m. for residential customers and 8:00 a.m. to 6:00 p.m. for business customers.
- Personal Account Representative (PAR) team. The PAR team oversees programs such as energy assistance, medical certification, and safe-at-home and interacts with customers participating in those programs. The PAR team is staffed Monday through Friday, 8 a.m. to 12:30 p.m. and 1:30 p.m. to 4:30 p.m.
- Correspondence team. The Correspondence team is staffed 24/7. During non-outage/emergency hours, the Correspondence team fulfills requests from customers and property managers stemming from paper, email, and fax channels, and interacts with customers via email and social media. During outage/emergency hours, they provide digital customer support for natural gas and electric outages and emergencies.

² The exception to this is our gas emergency line, which routes directly to a person(s).

(6) Overview of the Change in Business Hours

Currently, our general customer service line is staffed 24/7. We are planning to change our business hours for general customer service to 7:00 a.m. to 7:00 p.m. Monday through Friday and 9:00 a.m. to 5:00 p.m. Saturday. This change does not affect electric outage and natural gas emergency calls. Customer Service Representatives will continue to be available for electric or natural gas outages and emergencies 24/7.

Consistent with how our primary numbers work today, all customer calls will initially come into our IVR (or be directed to a person, in the case of natural gas emergency calls). Customers calling outside of the new general customer service hours will hear a message indicating we are only open for outages and emergencies. If a customer selects an outage or emergency IVR prompt during the emergency-only hours, and actually has a non-emergency/non-outage question or issue, the agent will let the customer know at this time we are only accepting outage and emergency calls – and invite them to call back during our regular business hours, offer them the option to transact with our IVR, and ensure they are aware of our digital channels. Our specialized service teams will continue to provide service as described above.

Approximately 83 percent of our current total call volume is to our general customer service number, which correlates with our overall customer base that is approximately 87 percent residential. As customers have increased their use of IVR and available digital channels, our call volumes have decreased, and the work of our correspondence team has increased. Changing our non-outage/emergency customer service operations to align with our customers' communication preferences and patterns will increase our efficiency, and maintain our current level of service. A portion of our Customer Service Representatives currently assigned to support customer calls will instead be assigned to Correspondence, to aid the increasing digital volume and our level of responsiveness. At the same time, these representatives will remain at-the-ready to aid with calls, should we experience an unplanned increase in volume due to severe weather, for example.

(7) Improving the Customer Experience

Over the last several years, we set-out to identify the key "moments that matter" to our customers as they interact with the Company. The concept behind our moments-that-matter initiative is that each customer touch point is an opportunity to build trust and relationships with our customers. Our goal is to give customers the choices they want and value – and deliver those choices in a convenient manner to affect a positive customer experience.

These key moments are as follows:

- *Start My Service.* Focuses on making a strong and lasting first impression that fosters trust and leaves the customer wanting to engage further with the Company.
- Pay My Bill. Addresses account management, and billing and payment touch points for all customers and focuses on shifting away from a one-size-fits-all approach toward targeted and dynamic programs and messaging.
- Understand My Outage. Builds on the understanding that during outage events, customers want to feel in control and connected to the Company until their power is restored, and
- *Manage My Energy*. Seeks to find ways to add value and deliver choices that meet the needs and expectations of our customers, communities, and policy makers.

In 2013, we focused our Customer Experience team around improving our customers' experience in these key areas. The customer experience is defined as customer perceptions of an interaction with a company – or seeing the Company through our customers' eyes. Multiple research sources show that customers engage with utilities for a very small amount of time – on average, only six to nine minutes per year. The concept behind our focus on the customer experience is that each customer touch point is an opportunity to build trust and relationships with our customers. Our goal is to give customers the choices they want and value, and deliver those choices in a convenient manner to affect a positive customer experience.

We know from customer research that customers who interact with a company digitally are more engaged, satisfied, likely to trust their energy provider – and more likely to participate in an energy management program and other energy-related products and services. Digital transactions are more efficient for the Company – and from the level and increasing trend of digital transactions we are seeing, we can assume digital transactions are also more efficient for at least a portion of our customers. We have therefore been working to increase our digital transactions – and in doing so, identifying opportunities to refine our digital communication channels to make it easier to do business with us. These improvements include:

- Enhancements to our electric outage map,
- Redesign of our My Account customer self-service website,
- Redesign of our xcelenergy.com website to focus on content for customers –
 making it easier to navigate the information and discover relevant solutions,
 while still allowing customers to seamlessly and efficiently complete their

intended transaction(s),

- Implementation of a communications preferences center and proactive notifications to connect with customers in ways that they prefer, and
- Launching the Xcel Energy mobile app.

Additionally in 2017, we launched a new <u>Storm Center</u> that centralizes outage-related information and tools on one page. During storm events, we draw attention to the Storm Center through banners on our xcelenergy.com home page. It simply offers four key actions that we know are of primary importance to customers:

- Report an Electric Outage. Allows customers to use their phone or premise number to report an outage.
- View Outage Map. Allows customers to see power outages in their immediate and surrounding areas. Improvements include new outage/restoration status messages intended to be more customer-friendly and some design updates.
- Get Restoration Estimate. Allows customers to use their phone or premise number to look up the estimated restoration time (ERT) associated with their outage.
- Get Storm Updates. Contains updates during large events to give customers a better sense of progress toward restoration.

Customers are also able to view and update their outage notification preferences without logging into My Account – and we offer additional information, such as tips on food safety when appliances lose power, answers to Frequently Asked Questions, and a checklist that steps customers through actions such as checking for mast damage, using caution with appliances, keeping elderly and other susceptible people safe, and observing food safety.

Currently, approximately 55 percent of our transactions with customers are digital. Figure 1 below shows how digital transactions have increased since My Account was launched in 2010. We have additionally noted the timing of other changes occurring in our customer operations along the way, such as when we implemented the customer preference center and outage alerts options for customers in 2015.

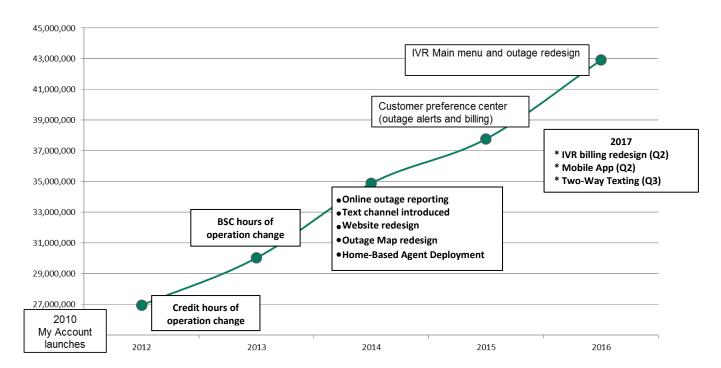


Figure 1: Customer Adoption of Digital Channels - Xcel Energy

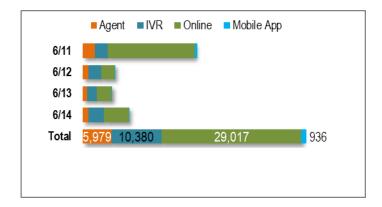
Currently, approximately 1.2 million Xcel Energy customers receive their monthly bills electronically – and 2.4 million pay them electronically. We have approximately 1.6 million customers enrolled in our My Account self-service tool – 96 percent of which are residential – and over 50,000 customers have already downloaded the Xcel Energy mobile app since its launch May 30, 2017. In terms of communication preferences, 311,000 Xcel Energy customers have expressed a preference for text messages; 150,000 prefer phone contact; and, 200,000 prefer email communications.³

To demonstrate this shift to digital channels, during a mid-June 2017 storm in our Upper Midwest region, our storm center on xcelenergy.com saw over 80,000 clicks, and our outage map had nearly 226,000 clicks. Social media saw 517,000 impressions during the storm event and over 45,000 after the event. Finally, we delivered over 650,000 notifications to customers throughout the event, with 57 percent occurring via email, 33 percent via text, and the remaining 10 percent via phone.

Customers overwhelmingly reported their outages online (63 percent), with IVR following in a distant second (22 percent), and use of our customer service representatives (Agents) representing just 13 percent of the total, as follows:

³ Customers can elect one or more communication channel preferences, so these numbers do not represent unique Xcel Energy customer counts.

Figure 2: Customer-Reported Outages
June 2017 Storms (Minnesota, North Dakota, South Dakota)

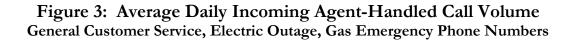


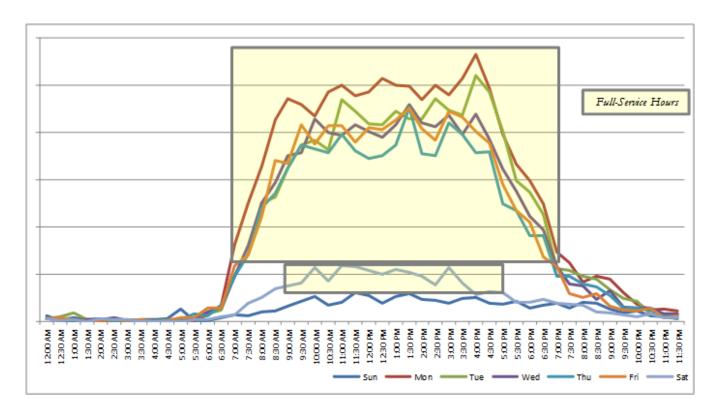
We note that although our mobile app just launched weeks before the storm event, two percent of the outage reports we received were made via the app.

(8) Updated Business Hours Based on Data

In determining our updated business hours, we analyzed call statistics and considered issues such as customers that may work alternative work schedules. We chose these hours because they capture nearly 90 percent of the total calls we receive, where customers choose to speak to a representative. These hours are also broad enough to afford customers working alternative shifts the opportunity to interact with a customer service representative, if needed.

Figure 3 below shows average daily call volume of customers opting to speak to a customer service representative. The highlighted boxes indicate our intended general customer service business hours.





There is a marked increase in call volume at 7:00 a.m. and a marked decrease in calls after 7:00 p.m., with sustained lower volume during the Monday through Friday overnight hours. The highest Saturday volumes are similarly contained in our intended 9:00 a.m. to 5:00 p.m. timeframe. We note that our Sunday call volumes represent just 3 percent of total agent-handled calls.

As we noted above, on average, customers calling our general customer service or outage and emergency numbers choose to use our IVR to get information or complete a transaction approximately 60 percent of the time, customers. These percentages vary based on the time of day and between weekdays and weekends, with weekend usage approximately 10 to 20 percent higher.

Figure 4 below shows our annual IVR utilization patterns for the 2014 to 2017 to-date timeframe.

Figure 4: Customer IVR Utilization
General Customer Service, Electric Outage, Natural Gas Emergency Numbers

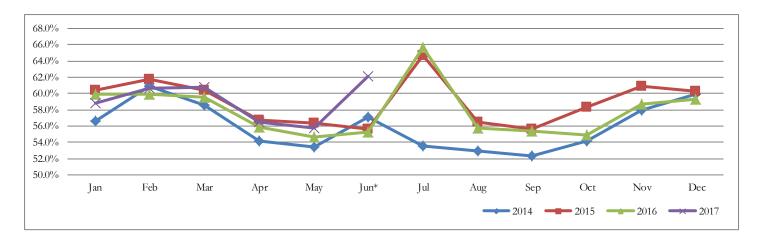
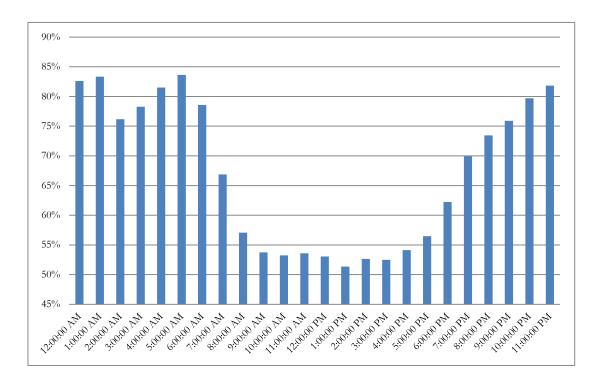


Figure 5 below shows customer IVR utilization during a typical weekday, which shows higher levels of utilization in the overnight, early morning, and late evening hours. This natural customer pattern of utilization aligns with our change in general customer service hours.

Figure 5: IVR Utilization Weekday Average Monday through Friday



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Figure 6 below shows average IVR use by day of the week – with Saturday and Sunday generally exceeding weekday utilization, again aligning with our change in general customer service hours.

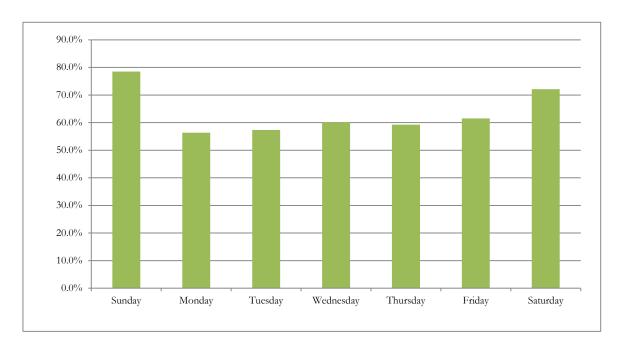


Figure 6: Average IVR Utilization by Day of Week

Customers calling for electric or natural gas outages and emergencies will continue to have access to customer service representatives. For all other inquiries, IVR will remain available to customers 24/7, as will xcelenergy.com, My Account, and the Xcel Energy mobile app.

(9) This Change is Consistent with Industry Trends

In early 2017, we conducted informal benchmarking with a group of peer utilities to understand existing call center business hours and trends that might be underway. All are investor-owned, have similarly-sized contact center operations, and are industry leaders in customer satisfaction and loyalty – and the majority were combination electric and natural gas utilities. In summary, only 14 percent are operating 24/7 for general customer service and have no plans to change that aspect of their operations. One utility currently operating 24/7 was in the process of moving away from that schedule. All of the utilities operate 24/7 for emergency-related calls, consistent with our plan – and all also indicated a trend of customers increasingly using digital channels.

(10) Implementation

In this section, we discuss the operational and customer education aspects of our plan.

a. Operational and Customer Transition

Overall, after receiving state regulatory approvals, we will need approximately 90 days in advance of the effective date of the change to our business to implement it both operationally and in terms of informing our customers. Operationally, we have already begun communicating this change to our customer care employees and started shifting customer service representatives from phone to digital channel support. We have committed to provide our customer service representatives advance notice of their new work schedules, so they have time to make any needed adjustments in their personal lives. We expect to begin developing the new schedules about 90 days in advance of implementation – finalizing and communicating the schedules approximately 60 days in advance of our change to the new business hours.

We will start communicating the change to customers approximately 30 days in advance of the effective date. In summary, our pre-implementation communications will be to customers opting to speak to a representative during what will be our emergency-only hours, who will hear a message regarding the upcoming change in hours before being routed to the representative. Similarly, our representatives interacting with customers in the late evening, overnight, and early morning emergency-only hours will be told about the upcoming change in our general customer service business hours.

In determining our customer communication plan, we considered the data underlying our decision to modify our general customer service business hours to guide our communication efforts. As we have noted, approximately 90 percent of our total call volume is during our updated general business hours. We therefore concluded that broader messaging mechanisms such as bill messages and on-hold messaging to *all* customers would be a distraction for the overwhelming majority of customers – and targeted messaging to the less than 10 percent of customers currently using representative-level service outside of the updated hours would be more impactful.

Upon implementation, we will update all sources that contain our business hours (phone directories, social media, customer bill statements, customer correspondence, etc.) to reflect the new emergency/non-emergency distinction in our business hours. So, customers looking for our contact information will have ready access to our hours of operation.

b. Operational Efficiencies Will Occur Over Time

Our move to more focused general customer service business hours will create some scheduling efficiencies over time resulting in reduced hiring, and thus lower training costs. Initially, we will be reassigning representatives from lower call volume, less efficient times, to support our customers better during the times they prefer to call. This means we will increase staffing in the core general service hours, and increase the size of our Correspondence team, who interact with customers digitally. Over time, however, we anticipate this change will reduce the number of representatives we will need. The efficiencies are not expected to be significant. We estimate they will be less than \$10,000 per year for South Dakota starting in 2018.

(11) Present Rate

Not applicable.

(12) Proposed Rate

Not applicable.

(13) Proposed effective date of modified rate:

Xcel Energy proposes that the revised tariffs be effective on the date of the Order approving this Petition, or the date the Company implements the change in its non-emergency business hours, whichever is later.

(14) Approximation of annual amount of increase or decrease in revenue

Not applicable.

(15) Points affected

Approximately 92,000 South Dakota customers.

(16) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers.

Not applicable.

(17) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

Please see the Company's proposal contained herein.

COMMUNICATIONS REGARDING FILING

Utility Employee Responsible for Filing

Steve T. Kolbeck Principal Manager Xcel Energy Services Inc. 500 W Russell Street Sioux Falls, SD 57104 (605) 339-8350

We request that all communications regarding this proceeding, including data requests, pleadings, documents and other filings also be directed to:

Carl Cronin
Regulatory Administrator
Xcel Energy Services Inc.
414 Nicollet Mall, 401 - 7th Floor
Minneapolis, MN 55401
Regulatory.Records@xcelenergy.com

CONCLUSION

Xcel Energy respectfully requests the Commission approve our proposed tariff revisions.

Dated: July 27, 2017

Northern States Power Company