

**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

Chris Nelson
Kristie Fiegen
Gary Hanson

Chairman
Vice Chairman
Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF A SAVER'S SWITCH
BILLING ERROR REFUND

DOCKET No. EL12-____

PETITION

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission this Petition for approval of a refund for a residential Saver's Switch program billing error. This refund will provide affected customers with credits for discounts that were not applied to their bills. We submit this Petition pursuant to S.D. Administrative Rule 20:10:17:09 and the Company's Electric Rate Book.

PETITION

The tariff that defines the Company's residential Saver's Switch program is the Residential Controlled Air Conditioning & Water Heating Rider. This tariff provides a percent rate discount for Company controlled cycling of central air conditioning with an option to also control electric water heating. Originally this discount applied to the residential energy charge that included the base cost of fuel. However, in the Company's 2009 Electric Rate case, Docket EL09-009, our Fuel Clause Rider was revised to include all fuel costs, rather than only differences from the base cost of fuel that were included in energy rates. Also in that Docket, the Saver's Switch tariff was revised to maintain the portion of the discount related to fuel costs, by clarifying that the percent discount applied to both energy *and* Fuel Clause Rider charges.

We implemented the new electric rates from that Docket on January 18, 2010. Unfortunately, the Company missed a step in the implementation process and the Saver's Switch discount continued to be applied only to the energy portion of the bill, rather than being extended to include the fuel cost portion. As a result, the customers enrolled in our Saver's Switch program were not receiving the full benefit of the discount.

We discovered this error internally while performing a system audit 19 months later in August 2011. We immediately corrected the billing system so that participating customers began receiving the full Saver's Switch program discount. We then added the associated refund calculations to our internal billing action item list and began evaluating available resources as well as prioritizing competing issues.

We have now completed our review of all the accounts and determined the appropriate refund amount for each customer. Attachment A contains a summary of the amounts to be credited to our South Dakota residential Saver's Switch customers. Approximately 17,400 air conditioning customers and 600 water heating customers will receive refunds. The estimated average refund for a residential air conditioning customer using 1,000 kWh during the summer months is about \$32. And the estimated average refund for a residential water heating customer using 800 kWh throughout the year is about \$10.

The credits were calculated by applying the total Saver's Switch credit to each customer's bill and subtracting the credit already paid. Refunds of the applicable franchise fees and sales taxes will also be included in the refund amount. Refunds for existing customers will be in the form of a bill credit posted to the customer's account. Past customers due a refund who are no longer Xcel Energy customers will receive a check mailed to their last known address if the refund amount is at least \$3.00. We also propose to include the below bill message along with the credit:

Between Jan 18, 2010 and Aug 16, 2011 your Residential Savers Switch discount did not include the amounts related to Fuel Cost Charges. This bill includes a credit including interest to correct our error. The credit displays as "Res Savers Switch CR". Questions? Contact us at 1-800-895-4999 or xcelenergy.com.

We acknowledge that we are out of compliance with S.D. Administrative Rule 20:10:17:09.01 which requires a utility to refund any overcharges within thirty days of the overcharge determination. We apologize for our non-compliance; however, we were not able to complete our analysis and calculations until now due to the large customer group that required refunds and other concurrent business needs. If our Petition is approved, the refunds will be credited to accounts during a monthly billing cycle beginning no later than 30 days after Commission action.

We note that while the South Dakota rules do not require we apply any interest to these refunds, we have discussed the issue with Commission Staff and agreed to apply seven percent annual interest to the monthly balance. We believe that it is fair and prudent to fully credit the customers the overcharged amount, including interest, in this instance. The interest calculation is shown on Attachment A, with total interest charges through July 31, 2012 estimated at \$59,894.83.

B. Applicable Law

S.D. Administrative Rule 20:10:17:09 governs this type of error related to electric bills, and provides in relevant part:

If a customer has been overcharged.... as a result of incorrect reading of the meter, **incorrect application of rate schedule**, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reasons, the amount of the overcharge shall be refunded to the customer... A refund... shall be calculated as accurately as possible from the date of the error.... [emphasis added]

In this situation, the affected customers were overcharged due to an incorrect application of a rate schedule. The customers were signed up for Saver's Switch and were to receive a discount on their energy and fuel cost charges under that rate schedule. However, due to an incorrect application of this rate during new electric rate implementation, the discount was not fully applied and the customers were overcharged. The customers did not have any responsibility for this billing error. The Company's Electric Tariff contains similar provisions that permit an adjustment for overbilled charges up to a maximum of six years from the date of payment.

We believe this fact pattern is the type of error contemplated by S.D. Administrative Rule 20:10:17:09 and the Company's Electric Rate Book. Therefore, we believe we should provide the affected customers with credits for the over-billed amounts and will work to provide the refunds beginning no later than 30 days after Commission action.

CONCLUSION

Given the intent of the S.D. Administrative Rules and the Company's Electric Rate Book as well as the fact that the customers were not at fault for this billing error, the Company respectfully requests Commission approval to credit our South Dakota residential customers for overcharges stemming from Saver's Switch billing errors.

Dated: July 27, 2012

Northern States Power Company

Respectfully submitted by,

/s/

By: _____

CHRISTOPHER B. CLARK
MANAGING DIRECTOR
REGULATORY AFFAIRS