

STATE OF SOUTH DAKOTA  
BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

Chris Nelson	Chair
Gary Hanson	Commissioner
Kristie Fiegen	Commissioner

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY  
FOR APPROVAL OF CHANGES TO THE  
STANDARD CUSTOMER BILL FORM AND  
STANDARD BILLING FORM BACK

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 to modify its standard customer billing statements contained in its Electric Rate Book.

Specifically, we request that the Commission:

- Approve our proposed Standard Customer Bill Form;
- Approve our proposed Standard Billing Form Back;
- Approve our proposed Reminder Notice Bill;
- Approve our proposed Automatic Payment Plan Customer Bill; and
- Approve the tariff changes necessary to implement the proposed changes.

Our plan is to implement the redesigned billing statement in February 2013. We respectfully request the Commission consider these proposed tariff changes by the end of October 2012, so that we have adequate time to test and implement the approved billing statement.

The changes we propose adhere to the Administrative Rule 20:10:17:03 Information on bills requirement, and these changes are expected to:

- Improve customer satisfaction by providing a billing statement to customers that is more customer-oriented and easier to understand;

- Increase customer participation in programs through more focused customer messaging; and,
- Streamline operations through use of a standardized bill format across all Xcel Energy jurisdictions, fewer bill inserts, and reduced billing-related customer call volumes.

**(1) Name, Address and Telephone Number of the Utility**

**A. Name, Address, and Telephone Number of Utility**

Northern States Power Company doing business as:  
 Xcel Energy  
 500 West Russell  
 PO Box 988  
 Sioux Falls, SD 57101-0988  
 (605) 339-8350

**B. Name, Address, and Telephone Number of Utility Attorney**

Kari Valley  
 Assistant General Counsel  
 Xcel Energy  
 414 Nicollet Mall, 5<sup>th</sup> Floor  
 Minneapolis, MN 55401  
 (612) 215-4526

**(2) Section and Sheet Number of the Tariff Schedule**

The following sheets are proposed to be changed or added:

**South Dakota Electric Rate Book – SDPUC No. 2**

Sheet No. 8-1, revision 4	Sheet No. 8-3.1, original
Sheet No. 8-2, revision 3	Sheet No. 8-3.2, original
Sheet No. 8-2.1, revision 2	Sheet No. 8-4, revision 2
Sheet No. 8-2.2, original	Sheet No. 8-4.1, original
Sheet No. 8-2.3, original	Sheet No. 8-4.2, original
Sheet No. 8-3, revision 3	

### **(3) Description of the Changes**

#### **A. Purpose of Filing**

Our billing statements are an important communication tool with our customers. Currently, 75 percent of our customers receive paper billing statements, with the remainder receiving or viewing their bills electronically. While customers are continuing to embrace electronic billing and payment, we expect that in 2015, approximately 40 percent of our customers will still receive paper bills.<sup>1</sup>

Paper billing statements are here to stay in the foreseeable future for a significant portion of our customers. As such, the primary objective of our bill redesign effort is to increase customer satisfaction by improving the clarity and usefulness of our billing statements.

In this section, we outline our bill redesign initiative, including the drivers for our proposed bill redesign, the various input we gathered and considered, and what our customers have said is most important to them.

##### *1. Redesign Initiative*

We have considered a redesign of our billing statements several times over the recent past, based on JD Power Customer Satisfaction survey results and best practices research indicating that customer satisfaction with our billing statements is our lowest-rated indicator, and that we lag the industry in the following, key bill presentment categories:<sup>2</sup>

- Ease of finding the amount to pay;
- Usefulness of the information on the bill;
- Ease of understanding the bill; and,
- Ease of finding the due date.

JD Power Customer Satisfaction survey results rank Xcel Energy overall in the 3<sup>rd</sup> quartile in each of these areas; Xcel Energy customers scored the *usefulness of the information* and *ease of finding the due date* in the 2<sup>nd</sup> quartile, and *ease of finding the amount to pay* and *ease of understanding the bill* in the 3<sup>rd</sup> quartile.<sup>3</sup>

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<sup>1</sup> Based on the Forrester Research Inc., *US Electronic Bill Payment and Presentment Forecast 2009-2014*.

<sup>2</sup> Combined residential and business results for both the Electric Utility and Gas Utility surveys.

<sup>3</sup> Based on an average of the 2008-2012 results for the residential and business Electric Utility and Gas Utility surveys.

In 2010, the Company began an internal bill print redesign initiative with goals to:

- Implement a single billing format for all business and residential customers in all operating companies;
- Improve customers' experience by greatly improving the readability and usability of our billing statements; and,
- Increase our ability to manage targeted customer messaging that highlights available account features, promotions, energy conservation, and required/regulatory information.

## 2. *Redesign Input*

As part of the redesign process we researched information from: (1) internal input, from customer service representatives, large customer account managers, and other stakeholders; (2) external customer input, including residential and business customer focus groups as well as from specific customer surveys; and, (3) input from external sources such as Chartwell, JD Power, other companies that have recently redesigned their bills, and vendor partners. Our research told us that:

- Customers expect certain basic elements from a bill, such as an easy-to-find due date and amount due, as well as ease of comprehension;
- Visuals, such as bar graphs and tables, increase usefulness and understanding – and also mimics online layouts, making an easy transition for many customers; and,
- The bill can be a relationship-builder by enhancing the interaction with our customers.

From our research and the customer and other input we gathered, we developed mock redesigned bills and conducted quantitative market research. The results revealed that a significant majority of both residential and business customers prefer the redesigned statement over the current one in a side-by-side comparison.<sup>4</sup>

In the following section, we discuss how the elements of our proposed Standard Customer Bill Form correlate to the feedback we received from our customers. We additionally outline areas of our operations in which we expect some streamlined effects from implementation of the redesign billing statement.

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<sup>4</sup> Our research indicates that approximately 87 percent of our residential customers and 76 percent of our business customers will prefer the new design.

## **B. Redesigned Billing Statement**

Our customer billing and payment strategy is about efficiency, customer preference, and clarity of the information provided. While we intend to maximize customer use of electronic billing programs, we acknowledge that some portion of our customers will continue to prefer a paper billing statement. We expect our redesigned billing statement to more effectively deliver customer-relevant information that will increase customer engagement and value, as well as reduce calls to our call centers, and streamline internal processes.

### *1. Increase Value to Customers*

Our customers say that our current billing statements are difficult to read, use confusing terminology, and the payment amount and due date are difficult to locate. In response to this feedback, we have incorporated the following elements into our proposed billing statement:

- A summary first page that gives an at-a-glance overview of monthly charges and payments received, with detailed meter reading data and charges provided in the body of the bill;
- The amount due and due date are highlighted;
- Charts and graphs provide usage history to better inform energy usage;
- Larger font, limited use of color, and increased white space makes the bill easier to read;
- More prominent contact information; and,
- A customized bill backer, specific to each state jurisdiction and its requirements.

In addition, the redesigned bill will provide more useful and actionable information to customers through clear, concise, targeted messages through our use of “onserts” rather than bill inserts.<sup>5</sup> An “onsert” is simply the content of a traditional bill insert printed directly onto the billing statement.<sup>6</sup> Our research indicates that customers are much more likely to read and take action in response to an onsert compared to a bill insert.

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<sup>5</sup> In our proposed tariff pages provided as Attachment A to this filing, we have indicated the onsert areas of the bill with shaded boxes stating “customer messaging.” As it does today, the INFORMATION ABOUT YOUR BILL section on the first page of the bill will continue to contain special announcements and timely information, such as regarding rate changes. For purposes of this filing, we have included sample messaging.

<sup>6</sup> We will continue to have some bill inserts, such as those that are regulatory-required to be in the form of a bill insert.

Unlike today with bill inserts, we will have the ability to target onsert messaging to various segments of customers, such as in a particular city, or customers that participate (or may not participate) in a particular program. An example of the increased customer value of targeted onsert messaging would be, instead of providing a bill insert regarding our Saver's Switch program to all South Dakota customers as we do today, we instead could include program information as an onsert on the bills of only those customers that do not currently participate in Saver's Switch thus targeting those customers.

Focusing our Saver's Switch messages on non-participating customers and providing other messaging to current Saver's Switch participants is more relevant to all customers, and more likely to prompt customers to take action in response to the information.

## 2. *Streamline Internal Processes*

In addition to the expected positive customer value from implementation of our redesigned billing statement we also expect positive operational impacts within our call center and marketing areas.

For example, because our redesigned bill statement will be consistent across all Xcel Energy jurisdictions, we expect efficiencies in training our call center representatives, and these efficiencies will also translate to an increased level of service to our customers. We also expect providing a more streamlined, useful and clear billing statement to customers will reduce calls to our call centers, allowing us to redirect those resources to better serve customers calling with other questions or issues.

In addition to saving paper, our use of onserts in place of some or all bill inserts are expected to increase customer satisfaction and program participation through more focused and targeted messaging to various and flexible customer groupings. We also expect the timeliness of our messaging to increase, as the onserts require significantly reduced lead times compared to the current bill inserts. These impacts translate to customer messaging that is more efficient, as well as more meaningful and effective.

## **D. Standard Billing Back Form**

As noted earlier, with this bill redesign, we are able to have a state-specific “bill backer.” Eliminating the bill-backer content for our North Dakota and Minnesota jurisdictions from the Standard Billing Back Form we propose in this Petition provided additional room for some white space as well as modifications to improve the readability of the South Dakota specific content.

For example, because the remittance stub moved to the bottom of the bill statement, we were able to put the General Information section that applies to all customers near the top of the page. Next follows the About Your Electric Rates section, then Gas, also logical in terms of our number of electric and natural gas customers.

We also identified opportunities to enhance the wording. For example, instead of defining Energy Charge in the ABOUT YOUR ELECTRIC RATES section of the bill backer as:

*Usage charge per kWh to recover the variable costs of producing energy*

We have restated it as:

*Charge per kWh of electricity usage to recover the variable costs of producing energy.*

We believe our proposed changes will enhance customers’ understanding of this required bill-backer information.

## **E. Customer Communication**

Just as we performed research to design the proposed billing statement, we also gathered best practices for our implementation. We learned that the most successful utility bill redesign initiatives began communicating with their customers near the actual implementation, and also leveraged their websites to provide customers with additional and more detailed information regarding the new billing statement.

Therefore, one month prior to implementation, Xcel Energy customers will receive a bill insert informing them of the upcoming change in our bill design. As we implement the redesigned bill, we will incorporate messaging to our customers about the statements, and where to find a Guide to the redesigned billing statement on our website. We will work with the Commission’s Consumer Affairs staff in advance of implementation as we develop the customer messaging and Guide.

**(4) Reason for the Change**

We expect the redesigned billing statement to more effectively deliver customer-relevant information that will increase customer engagement and value, as well as reduce calls to our call centers, and streamline internal processes.

**(5) Present Rate**

N/A

**(6) Proposed Rate**

N/A

**(7) Proposed Effective Date of Modified Rate**

The date of this filing is August 9<sup>th</sup>, 2012. The Company requests the Commission approve this Petition by the end of October 2012, with an effective date for the modified bill format to occur in conjunction with our implementation, currently expected to be February 2013. Approval by October would help to provide necessary time for testing and other actions in advance of our planned implementation.

**(8) Approximation of Annual Amount of Increase or Decrease in Revenue**

No change to Xcel Energy revenue is expected or necessary as a result of these proposed tariff modifications.

**(9) Points Affected**

All Xcel Energy customers in South Dakota would be affected by these proposed changes.

**(10) 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**

No change to Xcel Energy cost of service is expected or necessary as a result of these proposed tariff modifications.



**(11) Statement of Facts, Expert Opinions, Documents and Exhibits to Support the Proposed Changes**

Following are the tariff sheets containing the modifications necessary to implement the redesigned billing statements and Standard Billing Form Back:

**South Dakota Electric Rate Book – SDPUC No. 2**

Sheet No. 8-1, revision 4	Sheet No. 8-3.1, original
Sheet No. 8-2, revision 3	Sheet No. 8-3.2, original
Sheet No. 8-2.1, revision 2	Sheet No. 8-4, revision 2
Sheet No. 8-2.2, original	Sheet No. 8-4.1, original
Sheet No. 8-2.3, original	Sheet No. 8-4.2, original
Sheet No. 8-3, revision 3	

We provide the legislative and non-legislative tariff sheets as Attachment A to this filing.

**CONCLUSION**

Xcel Energy respectfully requests that the Commission take action prior to October 30, 2012 to:

- Approve our proposed Standard Customer Bill Form;
- Approve our proposed Standard Billing Form Back;
- Approve our proposed Reminder Notice Bill;
- Approve our proposed Automatic Payment Plan Customer Bill; and
- Approve the tariff changes necessary to implement the proposed changes.

We believe approving the changes we propose to our customer billing statements will increase customer satisfaction and streamline internal processes, which will also translate to positive customer benefits.

Dated: August 9, 2012

NORTHERN STATES POWER COMPANY  
d/b/a Xcel Energy, Inc.