

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
NORTHERN STATES POWER COMPANY – XCEL)	
ENERGY to temporarily modify time of use electric)	Case No. U-15161
tariffs to accommodate new federal daylight savings)	
time schedule.)	
_____)	

At the February 27, 2007 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

OPINION AND ORDER

On February 5, 2007, Northern States Power Company – Xcel Energy (NSP-W) filed a supplemental application requesting *ex parte* approval to temporarily revise its Residential Time of Day Service tariff, Small General Time of Day Service tariff, Large Industrial Service tariff, Peak Controlled Time of Day Service tariff, Optional Off-Peak Service tariff, and Parallel Generation – Energy Purchase Service tariff (collectively, the TOD Tariffs).¹ Specifically, the application states that NSP-W’s customers may choose to take service under the TOD Tariffs, which allow discounted electric rates based upon the time of day. According to NSP-W, beginning this year, Congress has mandated a temporary four-week expansion of the daylight savings time (DST) season. This change in the DST season would require NSP-W to reprogram each meter for each

¹The supplemental application formalized a request contained in a December 21, 2006 letter from NSP-W to the Commission Staff (Staff).

TOD Tariff customer so that it accurately reflected the time during the four additional weeks in which DST will be in effect. NSP-W states that the reprogramming would cost approximately \$25 per TOD Tariff customer. However, NSP-W is concerned that Congress has also directed the Department of Energy to report the energy savings associated with the change in December 2007. Based on the results of this report, NSP-W contends, Congress may reinstate the shorter DST season. If Congress does not make expanded DST permanent, then NSP-W would have to reprogram the meter for each TOD Tariff customer a second time – costing an additional \$25 per customer. To avoid the potential cost of meter reprogramming, NSP-W proposed temporarily revising the language in its TOD Tariffs to reflect the time that will be measured by the TOD Tariff customers' meters during the experimental four-week DST period. Finally, NSP-W represented that *ex parte* approval of its application is appropriate.

The Commission has reviewed both the December 21, 2006 letter from NSP-W to the Staff and the February 6, 2007 supplemental application and concludes that *ex parte* approval of the application should not be granted and that the application should be dismissed. Pursuant to MCL 460.6a, the Commission may not approve an application without providing notice and an opportunity for hearing if the requested tariff changes increase any customer's cost of service.

The Commission finds that the December 21, 2006 letter and the supplemental application do not rule out the possibility that some of NSP-W's TOD customers will experience cost increases as a result of approval of the application. Indeed, in its December 21 letter, NSP-W estimated that approval of the tariff change could result in a potential annual cost increase of about \$2.15 per customer for each of its 115 residential TOD service customers, which would increase the company's annual income by \$250. NSP-W believed that its lone small general TOD service customer, which has high on-peak usage levels, would experience a "minimal" revenue effect.

NSP-W estimated that its 18 demand-metered large industrial service customers on average would experience no annual cost changes. Finally, NSP-W stated that its three peak controlled TOD service customers would each experience a \$15 average annual bill decrease.

The Commission is aware that the amounts of the cost increases and decreases that might be experienced by NSP-W's TOD customers if the application were to be granted would be exceedingly small and are somewhat speculative. Yet, MCL 460.6a(1) does not have an exception for *de minimis* cost of service increases. Therefore, a hearing is required. However, there is not sufficient time to conduct a hearing on NSP-W's application before the onset of DST on March 11, 2007. Accordingly, the Commission finds that the application should be dismissed.

The inability of the Commission to approve the new tariff provisions on an *ex parte* basis does not leave the company without other options for dealing with the bills of its 137 TOD customers. First, NSP-W could choose to calculate and apply an appropriate credit to customers' bills to ensure that its TOD customers do not experience a cost increase as a result of the change in the start and finish of DST during 2007. Should NSP-W choose this option, then it may consult with the Commission Staff for information on how other electric utilities in Michigan have proposed to resolve this situation through use of bill credits. Second, NSP-W has the option of reprogramming its TOD meters. While this option does carry with it some expense (estimated by the company to be \$25 per meter), the fact that the company has only 137 customers on its TOD rates means that the total cost of the reprogramming option is \$3,425. Third, the utility could opt to manually correct the bills of its TOD customers.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*; 1969 PA 306, as

amended, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 *et seq.*

- b. NSP-W's application should be dismissed.
- c. *Ex parte* approval of the application is not appropriate.

THEREFORE, IT IS ORDERED that Northern States Power Company – Xcel Energy's application is dismissed.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of February 27, 2007.

/s/ Mary Jo Kunkle
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

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By its action of February 27, 2007.

Its Executive Secretary