

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

\* \* \* \* \*

IN THE MATTER OF ADVICE NO. 1835- )  
ELECTRIC OF PUBLIC SERVICE )  
COMPANY OF COLORADO TO REVISE ITS )  
COLORADO P.U.C. NO. 8 – ELECTRIC )  
TARIFF TO ELIMINATE THE CURRENTLY ) PROCEEDING NO. 20AL-\_\_\_\_\_E  
EFFECTIVE GENERAL RATE SCHEDULE )  
ADJUSTMENTS TO PLACE INTO EFFECT )  
REVISED BASE RATES AND OTHER )  
PHASE II TARIFF PROPOSALS TO )  
BECOME EFFECTIVE NOVEMBER 19, 2020 )

**DIRECT TESTIMONY AND ATTACHMENTS OF DANIEL S. KING**

**ON**

**BEHALF OF**

**PUBLIC SERVICE COMPANY OF COLORADO**

**October 19, 2020**

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**LIST OF ATTACHMENTS**

Attachment DSK-1	Public Service Residential Customer Survey, September 2020
Attachment DSK-2	Overview of Flat/Fixed Bill Offerings in Other Jurisdictions

**GLOSSARY OF ACRONYMS AND DEFINED TERMS**

<b><u>Acronym/Defined Term</u></b>	<b><u>Meaning</u></b>
AC	Air Conditioning
AMPP	Averaged Monthly Payment Plan
DSM	Demand-Side Management
Flat Bill	Flat Bill Payment Offering or Flat Bill Plan
OG&E	Oklahoma Gas & Electric
Public Service or the Company	Public Service Company of Colorado
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

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**DIRECT TESTIMONY AND ATTACHMENTS OF DANIEL S. KING**

1 I. **INTRODUCTION, QUALIFICATIONS, PURPOSE OF TESTIMONY, AND**  
2 **RECOMMENDATIONS**

3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is Daniel S. King. My business address is 414 Nicollet Mall,  
5 Minneapolis, MN 55401.

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?**

7 A. I am employed by Xcel Energy Services Inc. (“XES”) as Team Lead, Product  
8 Development. XES is a wholly-owned subsidiary of Xcel Energy Inc. (“Xcel  
9 Energy”) and provides an array of support services to Public Service Company of  
10 Colorado (“Public Service” or the “Company”) and the other utility operating  
11 company subsidiaries of Xcel Energy on a coordinated basis.

12 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THE PROCEEDING?**

13 A. I am testifying on behalf of Public Service.

1 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND QUALIFICATIONS.**

2 A. As Team Lead, Product Development, I am responsible for the development of  
3 new voluntary products and services for Xcel Energy. My responsibilities include  
4 overseeing product development and pilots for new renewable energy, energy  
5 storage, and other pricing products, and ensuring the viability of the program  
6 design of new programs, including customer research, marketing approaches,  
7 and program economics. A description of my qualifications, duties, and  
8 responsibilities is set forth after the conclusion of my Direct Testimony in my  
9 Statement of Qualifications.

10 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

11 A. The purpose of my Direct Testimony is to describe the Company's proposed  
12 Residential Flat Bill Payment Offering ("Flat Bill"), a new optional offering that the  
13 Company believes will be attractive to a subset of our residential customers,  
14 particularly in the current economic environment. This proposal aligns with our  
15 corporate strategic objectives to lead the clean energy transition, enhance the  
16 customer experience, and keep bills low. Company witness Mr. Steven W.  
17 Wishart provides further support for Flat Bill in his Direct Testimony, specifically  
18 related to the regulatory, mechanical, and ratemaking aspects of the Company's  
19 proposal.

1 **Q. ARE YOU SPONSORING ANY ATTACHMENTS AS PART OF YOUR DIRECT**  
2 **TESTIMONY?**

3 A. Yes, I am sponsoring the following attachments, which were prepared under my  
4 direct supervision:

- 5 • Attachment DSK-1: Public Service Residential Customer Survey,  
6 September 2020; and
- 7 • Attachment DSK-2: Overview of Flat/Fixed Bill Offerings in Other  
8 Jurisdictions.

9 **Q. WHAT RECOMMENDATIONS ARE YOU MAKING IN YOUR DIRECT**  
10 **TESTIMONY?**

11 A. I recommend that the Commission approve Flat Bill, including the Company's  
12 proposed Flat Bill tariff additions to be included in the Monthly Bills and  
13 Payments Options section of the Company's Electric Tariff. The tariff language  
14 addressing Flat Bill is included in Attachments SWW-1 and SWW-2 to Mr.  
15 Wishart's Direct Testimony, the proposed redline and clean tariffs, respectively.

1 **II. FLAT BILL**

2 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

3 A. In this Section of my Direct Testimony, I describe Flat Bill, a new, voluntary  
4 offering for Residential customers and demonstrate the anticipated customer  
5 demand for Flat Bill.

6 **Q. PLEASE SUMMARIZE FLAT BILL.**

7 A. Flat Bill will be a voluntary billing option that allows Residential customers to pay  
8 a fixed monthly price for electric utility service. The monthly price will be based  
9 on a projection of the customer's usage and will provide customers with the  
10 opportunity to budget and pay for their utility service in a manner similar to other  
11 fixed monthly bills, such as cell phone and cable/internet service. Importantly, in  
12 order to promote energy conservation, Public Service is proposing incentives for  
13 energy conservation be built into Flat Bill which, as I explain later in my Direct  
14 Testimony, provides participating customers with financial incentives for  
15 managing energy usage.

16 **Q. HOW DOES FLAT BILL ALIGN WITH THE COMPANY'S STRATEGIC**  
17 **PRIORITIES?**

18 A. Flat Bill enhances the customer experience by enabling an additional, but entirely  
19 optional, billing alternative for our customers and based on our customer  
20 research, it may be a desirable option for certain households. For customers  
21 who choose this pricing option, it can serve as a tool to help keep bills low by  
22 providing price certainty for an extended period and providing this optionality for



1 customers who choose flat bill will not impact other residential customers or other  
2 customer classes. Finally, aspects of Flat Bill support the clean energy transition  
3 by continuing to encourage energy conservation and incorporating mechanisms  
4 to prevent pricing arbitrage if energy usage significantly exceeds historical  
5 average usage.

6 **Q. WHAT ARE THE KEY FEATURES OF THE FLAT BILL PROPOSAL?**

7 A. Table DSK-D-1 below summarizes some of the key features of Public Service's  
8 Flat Bill proposal, which are discussed in more detail later in my Direct  
9 Testimony:

10 **TABLE DSK-D-1: Key Features of Flat Bill Proposal**

<b>Key Features of Flat Bill Proposal</b>
<ul style="list-style-type: none"><li>• Available to Residential electric customers (combined electric and gas customers can only select Flat Bill for the electric portion of their bill at this time);</li><li>• Participants pay monthly program costs plus a fixed monthly price for electric usage, based on their forecasted electric usage;</li><li>• 12-month enrollment term with \$50 early termination fee (except where customer disenrolls in first 30 days or relocates);</li><li>• To deter "gaming," customers who early terminate may not re-enroll for 12 months (customers who relocate may re-enroll without penalty);</li><li>• Quarterly conservation incentives for customers who consume less than 95 percent of their forecasted energy;</li><li>• Participants eligible to participate in Demand-Side Management ("DSM") programming;</li><li>• Monthly bill remains unchanged for a full year; monthly bills to be evaluated and set on an annual basis with no true-up during the year;</li><li>• Non-Participants will not be harmed, as Company's shareholders – not customers – will bear the risks associated with the program; and</li><li>• "Extreme Exceedance" threshold allows for adjustments to billing level where customer experiences a 30-percent increase in energy usage compared to projected use for three consecutive months.</li></ul>

1 **Q. WHAT IS VALUE PROPOSITION OF FLAT BILL FOR CUSTOMERS?**

2 A. Flat Bill provides customers with billing certainty that is not available under the  
3 Company's current payment offerings. In order to obtain this certainty,  
4 customers will pay program costs that could result in the customer paying more  
5 than they would under traditional billing. Based on survey information discussed  
6 below, we believe it is possible that some customers will view the potential for  
7 additional cost under Flat Bill as being worth the benefit of bill certainty, stability,  
8 and predictability.

9 **Q. HOW IS FLAT BILL DIFFERENT FROM PUBLIC SERVICE'S CURRENT**  
10 **AVERAGE MONTHLY PAYMENT PLAN OFFERING?**

11 A. The Average Monthly Payment Plan ("AMPP"),<sup>1</sup> is also a payment option based  
12 on historical usage. However, the AMPP service is intended to smooth monthly  
13 bills, and variations in underlying usage can still lead to a change in the monthly  
14 charge within a given year. This is because AMPP accounts are reviewed every  
15 three months, with adjustments if necessary, to keep monthly payments on track  
16 to reflect actual annual energy usage and costs. In addition, an annual "true-up"  
17 determines if the customer is billed a final true-up amount or provided a credit.

18 Flat Bill does not replace AMPP but rather provides an option that does  
19 not include quarterly adjustments and annual true-ups. Flat Bill participants can  
20 be certain of their monthly electric energy costs during the subscription period  
21 and can be certain that they will not owe any additional amounts at the end of the

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<sup>1</sup> See the Company's PUC No. 8 Electric Tariff ("Electric Tariff") at Sheet Nos. R37 and R38.

1 year due to a true-up. With Flat Bill, underlying usage is still connected to price  
2 signals. A given customer's usage during the year will impact the subscription  
3 renewal price, but the customer has bill certainty during the subscription period.  
4 At the same time, in the interest of promoting electric conservation, enrolled  
5 customers will have the opportunity to receive conservation incentives.

6 **Q. WHY DOES THE COMPANY BELIEVE RESIDENTIAL CUSTOMERS WILL BE**  
7 **INTERESTED IN FLAT BILL, AND HOW WILL CUSTOMERS BENEFIT?**

8 A. There are a number of different indicators that demonstrate certain Residential  
9 customers will likely be interested in Flat Bill. Approximately 95,000 Residential  
10 customers participated in AMPP in 2019, demonstrating that a fairly significant  
11 number of Residential customers desire a predictable monthly bill. By  
12 comparison, approximately 63,000 customers are enrolled in the Company's  
13 Windsource® program, with approximately the same amount enrolled in the  
14 Company's on-site solar offerings. A common concern with the Company's  
15 AMPP service, however, stems from the true-up mechanism. From the survey  
16 results on slide 3 of the Attachment DSK-1, 46 percent of AMPP customers were  
17 surprised by changes to their Averaged Monthly Payment amount at least once,  
18 with 18 percent of those surprised more than a couple of times. Flat Bill will  
19 deliver on the aspects of the Company's AMPP offering that customers find most  
20 attractive (*i.e.* monthly billing predictability), while eliminating the aspect of that  
21 option that has the most negative customer feedback (true-ups and quarterly  
22 adjustments).

1 **Q. HOW MANY AMPP CUSTOMERS ARE CHARGED AN ADDITIONAL**  
2 **PAYMENT DUE TO THE ANNUAL TRUE-UPS?**

3 A. Public Service found that in 2019, 62 percent of AMPP Residential electric and  
4 combination customers ended up owing the Company an additional payment  
5 based on their annual true-up, and 80 percent of those true-ups were greater  
6 than \$25.00. Under Public Service's proposed Flat Bill, customers will have the  
7 certainty of knowing what their bill is every month, and for the year in total,  
8 without the prospect of a true-up process that could result in an added charge  
9 after the calendar year concludes.

10 **Q. WILL FLAT BILL IMPACT NON-PARTICIPATING CUSTOMERS?**

11 A. No. As explained by Mr. Wishart in his Direct Testimony, Flat Bill participants or  
12 the Company's shareholders are responsible for all expenses associated with  
13 developing and administering Flat Bill. Non-participating customers will not bear  
14 any costs or risks associated with Flat Bill.

15 **Q. DOES THE COMPANY HAVE EVIDENCE SUPPORTING ANTICIPATED**  
16 **CUSTOMER INTEREST IN A PRICING OPTION LIKE FLAT BILL?**

17 A. Yes. The Company conducted a survey of Colorado residential customers in  
18 September 2020 specifically to inquire about interest in a fixed pricing option.  
19 The results from that survey<sup>2</sup> show that 38 percent of survey participants are very  
20 interested (8, 9, or 10 on a 1-to-10 scale) in a flat bill product. Furthermore, 54  
21 percent of survey respondents said they were willing to pay a monthly

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<sup>2</sup> See Slide 4 in Attachment DSK-1 to my Direct Testimony.

1 subscription price at least five percent greater than their average monthly bill  
2 from the prior year in return for the billing certainty that Flat Bill provides.

3 **Q. DOES THE COMPANY HAVE EVIDENCE THAT FIXED PRICED PRODUCTS**  
4 **OR OFFERINGS HAVE BEEN SUCCESSFUL IN OTHER JURISDICTIONS?**

5 A. Yes. Several other utilities across the country have offered flat/fixed bill options  
6 for many years, such as Oklahoma Gas & Electric (“OG&E”), Southern  
7 Company, DTE Energy, Alliant, and Duke Energy. For example, OG&E has  
8 offered a “Guaranteed Flat Bill” for more than 10 years. Duke Energy in Florida  
9 began offering its “FixedBill” option in March of 2018, and Georgia Power, a  
10 subsidiary of Southern Company, has offered “FlatBill” since 2000. Attachment  
11 DSK-2 provides an overview of flat/fixed bill offerings in other jurisdictions.

12 **Q. DO ANY OF THESE UTILITIES WITH FLAT/FIXED BILL OFFERINGS ALSO**  
13 **HAVE OFFERINGS SIMILAR TO AMMP?**

14 A. Yes. Georgia Power has a program similar to AMMP called “Budget Billing.”  
15 This indicates there is market space for both budget billing programs with true-  
16 ups (like our AMPP program), and flat bill payment offerings.

1           **III.    FLAT BILL ELIGIBILITY, MARKETING, AND IMPLEMENTATION**

2   **Q.    WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

3   A.    In this Section of my Direct Testimony, I describe how the Company will  
4       determine Residential customer eligibility to participate in Flat Bill; the Company's  
5       marketing plans; and the key components for administering Flat Bill.

6   **Q.    WHAT ADMINISTRATIVE TASKS WILL BE REQUIRED TO MANAGE FLAT**  
7       **BILL?**

8   A.    Program staff will manage marketing campaigns, respond to customer questions  
9       and inquiries, report on program results, communicate internally and externally  
10      on the program status, comply with any regulatory requirements, and manage  
11      billing issues. The cost of program staff is included in the budget I present  
12      below, is incremental to the Company's authorized revenue requirement, and the  
13      Company does not seek base rate recovery for these costs.

14   **Q.    WHO WILL BE ELIGIBLE FOR FLAT BILL?**

15   A.    As set forth in the Flat Bill tariff provisions (included in Attachments SWW-1 and  
16       SWW-2 to Mr. Wishart's Direct Testimony), Flat Bill will be available to most  
17       Residential customers provided: (1) their account does not have an outstanding  
18       balance at the time they enroll; (2) they have not defaulted on a payment  
19       arrangement in the last 12 months; (3) they are not on a multi-month payment  
20       arrangement; (4) they have not made a payment not honored by a financial  
21       institution within 12 months; (5) they have not been disconnected for non-  
22       payment within the last 12 months; and (6) they have 12 months of billing history

1 at their current premise (though the Company may offer Flat Bill to customers  
2 with less than 12 months of billing history at its discretion). Net metered  
3 customers and customers enrolled in Solar\*Rewards Community will not be  
4 eligible to participate in Flat Bill when initially launched as their unique  
5 usage/production circumstances make it very difficult to forecast a monthly flat  
6 bill amount as required by the Flat Bill structure.

7 **Q. PLEASE DESCRIBE PUBLIC SERVICE'S MARKETING PLAN FOR FLAT**  
8 **BILL AND HOW CUSTOMERS WILL BE ABLE TO OBTAIN INFORMATION**  
9 **ABOUT FLAT BILL.**

10 A. Flat Bill is an offering that the Company expects will appeal to a diverse subset of  
11 Residential customers. Initial marketing will attempt to reach customers who are  
12 most likely to be interested in Flat Bill, such as current AMPP customers who  
13 have recently experienced positive true-ups, though all eligible Residential  
14 customers will have the option of enrolling in Flat Bill with the exceptions  
15 explained above. Through targeted e-mail and other digital communications,  
16 Public Service will encourage customers to visit the Company's website,  
17 xcelenergy.com, to learn more about Flat Bill. The website landing page will  
18 review how the Flat Bill subscription service works, how it is priced, and the  
19 overall terms and conditions that govern the service. The Company's website will  
20 also include Flat Bill Frequently Asked Questions. Marketing for Flat Bill will be  
21 funded from within the budget specifically allocated for this payment option.

1 **Q. WILL THE COMPANY ALSO WORK WITH CUSTOMER ASSISTANCE**  
2 **ORGANIZATIONS TO HELP INFORM CUSTOMERS ABOUT FLAT BILL?**

3 A. Yes. The Company will share information about Flat Bill with Energy Outreach  
4 Colorado and other organizations to ensure these organizations are aware of the  
5 offering as it could be of interest to the customers they support.

6 **Q. HOW WILL CUSTOMERS DETERMINE IF THEY ARE ELIGIBLE TO ENROLL**  
7 **IN FLAT BILL?**

8 A. In addition to reviewing the information available on the Company's website and  
9 published in its Electric Tariff, customers interested in Flat Bill will be able to log  
10 into My Account or call the Company's call center. Through these channels,  
11 customers will be able to determine if they are eligible. If they are eligible, they  
12 will be able to receive a quote that is specific to them. After receiving their quote,  
13 the customer would need to review the terms and conditions and then enroll  
14 within My Account or verbally accept with a call center agent.

15 **Q. DOES THE COMPANY PROPOSE TO PAIR ANY BILLING AND PAYMENT-**  
16 **RELATED SERVICES WITH FLAT BILL?**

17 A. Yes. As a condition of service, subscribers to Flat Bill must agree to be enrolled  
18 in paperless billing and Auto Pay. This pairing will complete a convenience  
19 package that will allow participants to receive their bill electronically, have  
20 certainty in their monthly costs, and have their bill paid automatically each month.  
21 As part of the customer's enrollment in Flat Bill, they are required to affirmatively  
22 consent to paperless billing consistent with Commission Rule 3401(e).



1 **Q. EARLIER YOU MENTIONED THAT THE COMPANY HAS INCORPORATED**  
2 **CONSERVATION INCENTIVES INTO FLAT BILL. PLEASE EXPLAIN.**

3 A. Conservation incentives will provide customers with financial rewards for  
4 reducing consumption by a set threshold below the forecasted consumption used  
5 to develop the customer's Flat Bill payment. As discussed in more detail by Mr.  
6 Wishart in his Direct Testimony, the Flat Bill payment will be based on the  
7 participating customer's forecasted consumption. The conservation incentive will  
8 be provided in the form of a bill credit or gift card to Flat Bill customers that  
9 consume less energy than forecasted. Specifically, the incentive will be triggered  
10 if the customer's usage is 95 percent or less of the forecasted amount, measured  
11 quarterly. The Company is unaware of any other utility flat bill programs to  
12 include this innovative feature into their programs.

13 **Q. WHY IS THE CONSERVATION INCENTIVE MEASURED QUARTERLY?**

14 A. Evaluating energy usage for purposes of the conservation incentive more  
15 frequently than on a quarterly basis may result in variability due to abnormal  
16 weather or seasonal usage.

17 **Q. WHAT IS THE LEVEL OF THE CONSERVATION INCENTIVE?**

18 A. The initial amount planned for this incentive will be \$20 per quarter, providing Flat  
19 Bill customers the opportunity to earn up to \$80 in conservation rewards over the  
20 course of the year.

1 **Q. HOW WILL THE CONSERVATION INCENTIVE BE FUNDED?**

2 A. The conservation incentive will be a component of the program cost included in  
3 the Flat Bill payment. The Company will not use non-participant funds or DSM  
4 funds for the conservation incentive, nor does Public Service plan on claiming  
5 any savings achieved by Flat Bill participants for DSM efforts.

6 **Q. WHEN DOES THE COMPANY DESIRE TO LAUNCH FLAT BILL?**

7 A. The Company anticipates needing approximately one year after Commission  
8 approval to make the necessary billing system modifications to launch Flat Bill.  
9 As a result of the anticipated procedural schedule in this case, the Company  
10 proposes to make Flat Bill available beginning August 1, 2022.

11 **Q. WHAT ARE THE BILLING SYSTEM MODIFICATIONS NEEDED TO**  
12 **IMPLEMENT FLAT BILL?**

13 A. The Company will need to make changes to its current billing system to  
14 accommodate this new billing option. Some of the notable changes include  
15 setting up the parameters for participation, including eligibility requirements;  
16 cancellation processes; calculating amounts owed or due when a customer  
17 leaves Flat Bill before their subscription term is complete; and internal  
18 notifications. The billing system will also need to be programmed to connect with  
19 external software where the Flat Bill offer will be calculated. This external  
20 software is where processes such as weather normalization and generation of  
21 the Flat Bill offer will be completed. The Company will track the costs for these

1 billing system modifications, and they will be funded by the program costs that  
 2 are incorporated into the Flat Bill payment paid by Flat Bill subscribers.

3 **Q. WHAT IS THE ANTICIPATED BUDGET FOR IMPLEMENTING AND**  
 4 **MANAGING FLAT BILL?**

5 A. Table DSK-D-2 below sets forth the anticipated budget for developing, launching,  
 6 and operating Flat Bill.

7 **TABLE DSK-D-2**

**Flat Bill Budget**

<b>Budget Category</b>	<b>Pre-Launch Expenses</b>	<b>Annual Ongoing Expenses</b>
<b>Marketing and Conservation Incentive</b>		
Marketing	\$ -	\$ 100,000
Conservation Incentive (1)	\$ -	\$ 25,000
<b>Marketing and Conservation Incentive Total</b>	<b>\$ -</b>	<b>\$ 125,000</b>
<b>Program Labor</b>		
Program Manager	\$ -	\$ 140,000
Marketing Assistant	\$ -	\$ 72,000
<b>Labor Total</b>	<b>\$ -</b>	<b>\$ 212,000</b>
<b>Billing System IT Development</b>		
<b>Billing System IT Development Total</b>	<b>\$ 2,110,000</b>	<b>\$ -</b>
<b>Total Budget</b>	<b>\$ 2,110,000</b>	<b>\$ 337,000</b>

(1) This will scale with increased participation and is an indicative assumption for the first year based on 5,000 participants and 25% of participants earning the incentive for one quarter.

1 **IV. THE FLAT BILL CUSTOMER EXPERIENCE**

2 **Q. WHAT DO YOU DISCUSS IN THIS SECTION OF YOUR TESTIMONY?**

3 A. In this Section of my Direct Testimony, I describe what will happen subsequent to  
4 a customer's enrollment in Flat Bill, including billing, withdrawal from the payment  
5 offering during the subscription period, and annual renewal of the customer's Flat  
6 Bill enrollment.

7 **Q. WHAT WILL OCCUR AFTER A CUSTOMER ENROLLS IN FLAT BILL?**

8 A. Enrolling customers will receive a welcome email that lets them know what to  
9 expect on their next bill. That email will also contain information regarding the  
10 energy efficiency programs the Company has available and reminders that their  
11 energy consumption during their 12-month Flat Bill subscription period will impact  
12 future Flat Bill offers. The email will also inform them that their Flat Bill payment  
13 will first appear on the bill that covers their next full meter reading cycle.

14 **Q. HOW WILL CUSTOMERS BE BILLED UNDER FLAT BILL?**

15 A. As discussed in more detail by Mr. Wishart in his Direct Testimony, Flat Bill  
16 customers will pay a monthly amount equal to their estimated total annual bill for  
17 the next 12 months, plus costs of the program, divided by 12.

18 **Q. WHAT WILL A CUSTOMER'S BILL LOOK LIKE WHO IS ENROLLED IN FLAT  
19 BILL?**

20 A. A customer's bill will be substantially unchanged from the bill they receive today,  
21 with one exception. The "Summary of Current Charges" table will now show the  
22 Flat Bill payment amount, including taxes and fees, and the Account Balance

1 table will indicate which month of the Flat Bill subscription the bill represents.  
2 The “Information About Your Bill” section will include the Flat Bill amount without  
3 taxes and fees as well. The remaining bill would look similar to how the current  
4 bill looks today; however both the actual kWh consumption and the Flat Bill  
5 consumption (1/12 of the forecasted annual usage) will be shown in the “Meter  
6 Reading Information” section and the Flat Bill charge will be shown in the  
7 “Electricity Charges” section.

8 **Q. WHAT WILL HAPPEN IF A CUSTOMER DISENROLLS FROM FLAT BILL**  
9 **PRIOR TO THE END OF THEIR 12-MONTH SUBSCRIPTION PERIOD?**

10 A. Customers may freely disenroll within the first 30-days of their 12-month  
11 subscription period with no consequences. Once outside of the 30-day  
12 enrollment “grace” period, any customer who, for any reason, disenrolls before  
13 their 12-month subscription period is completed will be charged or reimbursed for  
14 the difference between their Flat Bill charges and the charges they would have  
15 incurred based on their actual underlying consumption. In most cases, with  
16 exceptions described below, the customer will be charged a \$50 termination fee  
17 for disenrolling from Flat Bill prior to the end of their 12 month subscription  
18 period.

19 **Q. DOES THIS APPLY TO CUSTOMERS THAT TERMINATE THEIR**  
20 **PARTICIPATION IN FLAT BILL DUE TO RELOCATION?**

21 A. Yes. Customers that terminate their participation in Flat Bill due to relocation will  
22 be charged or credited for the difference between their Flat Bill charges and the

1 charges they would have incurred based on their actual underlying consumption.  
2 Customers that terminate their participation in Flat Bill due to relocation will not  
3 be subject to the 12-month waiting period for re-enrolling in Flat Bill at their new  
4 premises (discussed below).

5 **Q. IS THERE A TERMINATION FEE FOR DISENROLLING FROM FLAT BILL**  
6 **PRIOR TO THE END OF A 12-MONTH SUBSCRIPTION PERIOD?**

7 A. Yes. If a customer chooses to disenroll from Flat Bill before their 12-month  
8 subscription period is completed, they will be responsible for a \$50 early  
9 termination fee, with three exceptions.

10 **Q. PLEASE DISCUSS THE FIRST EXCEPTION.**

11 A. Customers who disenroll within 30 days of subscribing to Flat Bill under any 12-  
12 month subscription period will not be assessed this \$50 fee.

13 **Q. PLEASE DISCUSS THE SECOND EXCEPTION.**

14 A. Second, customers who disenroll at any time during their 12-month subscription  
15 period due to relocation will not be assessed this \$50 fee. The purpose of this  
16 early termination fee is to deter gaming, and customers' moves are generally  
17 spread throughout the year and not undertaken for the purpose of gaming their  
18 electric bills.

19 **Q. PLEASE DISCUSS THE THIRD EXCEPTION.**

20 A. The third exception applies for customers that disenroll following two months of  
21 extreme exceedance, as discussed below.

1 **Q. WHAT HAPPENS AFTER A CUSTOMER DISENROLLS FROM FLAT BILL?**

2 A. After disenrolling from Flat Bill, the customer will be billed under the applicable  
3 rate schedule going forward.

4 **Q. CAN DISENROLLING CUSTOMERS IMMEDIATELY RE-ENROLL IN FLAT**  
5 **BILL?**

6 A. Except for customers that disenroll due to a relocation, customers that terminate  
7 before their 12-month subscription is completed must wait 12 months before  
8 being eligible to re-enroll in Flat Bill. This requirement is intended to deter  
9 “gaming” of the payment offering, where customers could enroll only for  
10 traditionally high consumption (e.g. summer) months and then leave Flat Bill  
11 before the subscription period is up.

12 **Q. DO YOU ANTICIPATE ENROLLED CUSTOMERS MIGHT INCREASE THEIR**  
13 **USAGE OF ELECTRICITY SUBSTANTIALLY BECAUSE THEIR MONTHLY**  
14 **BILLS ARE FIXED?**

15 A. No, the Company does not believe so. Any increase in usage will be captured in  
16 an increase to the next year’s Flat Bill payment calculation to account for the  
17 average increase in a customer’s consumption, should the customer choose to  
18 continue participating in Flat Bill. So, the customer still has a financial incentive  
19 to reduce usage. Additionally, the previously described conservation incentive  
20 will provide Flat Bill customers with a financial incentive to reduce their  
21 consumption.

1           In addition to the conservation incentive that is included as part of Flat Bill,  
2           the Company also has a robust set of DSM programs, which Flat Bill customers  
3           will be fully eligible to participate in. These programs will be communicated and  
4           marketed to Flat Bill customers as part of general marketing to all customers, and  
5           through marketing directed specifically to Flat Bill participants. For example, the  
6           Company plans to promote smart thermostats in association with Flat Bill  
7           enrollment for eligible customers through the Company's existing Air  
8           Conditioning ("AC") Rewards Smart Thermostat program. This will help  
9           customers to better manage their energy usage, and to reduce peak demand  
10          during hot summer days. Under the AC Rewards program, the Company makes  
11          small adjustments to the customer's thermostat during periods of high electricity  
12          demand, also known as control "events." These events may occur anytime  
13          during the cooling season. If the customer experiences discomfort, they have the  
14          option to opt-out of the AC Rewards events using their thermostat or smart  
15          phone application at any time and return to their normal thermostat settings.

16          It is important to note that regardless of the Company's efforts to  
17          encourage conservation, weather may cause higher than expected usage  
18          patterns. The impact of weather is beyond the Company's control and is one of  
19          the risks that Xcel Energy shareholders will bear with Flat Bill.



1 **Q. HOW WILL THE COMPANY ENSURE PARTICIPATING CUSTOMERS’**  
2 **USAGE WILL NOT INCREASE DRAMATICALLY AFTER THEY ENROLL?**

3 A. The payment offering will define an “extreme exceedance” threshold. The intent  
4 of this threshold is to allow for changes in consumption based on weather, as  
5 opposed to changes in consumption due to other factors. The Flat Bill terms and  
6 conditions set the limit of that threshold to be no more than a 30 percent increase  
7 for three consecutive months compared to expected consumption in those  
8 months. That threshold is consistent with other utility terms and conditions for  
9 similar offerings as reflected in Attachment DSK-2.

10 **Q. HOW WILL THE EXTREME EXCEEDANCE PROVISION BE APPLIED?**

11 A. The Flat Bill terms and conditions allow the Company to remove a Customer  
12 from Flat Bill if the Customer’s total kWh of actual usage exceeds the forecasted  
13 usage bill by 30 percent for three consecutive months. If a customer’s total  
14 electricity consumption increases by more than 30 percent in a month relative to  
15 their projected consumption during that month, the customer will be notified. The  
16 focus of the notification will be to make the customer aware of this increased  
17 usage and remind them of the extreme exceedance provision. If the customer’s  
18 total electricity consumption increases by 30 percent from projected usage for a  
19 second consecutive month, the customer will receive a second notification. This  
20 notification will make the customer aware of the situation and ask them to tell us  
21 the cause of that increase, if it is known. Should the cause of the increase be a  
22 known issue that will persist into the future (e.g., the purchase of an electric

1 vehicle, additional family members in the home, or a new appliance) the  
2 Company will send the customer a new offer based on a projection using their  
3 last 12 months of usage and taking into account the forecasted change in  
4 consumption. The customer will have the choice to accept the new offer or leave  
5 Flat Bill and be charged for the difference between their Flat Bill charges and the  
6 charges they would have incurred based on their actual underlying consumption  
7 on their existing rate but no early termination fee. All other customers will receive  
8 another month to bring their usage below the 30 percent increase threshold. If  
9 they do that, they will continue on Flat Bill; if they cannot, they will be removed  
10 from Flat Bill and charged for the difference between their Flat Bill payments and  
11 the charges they would have incurred based on their actual underlying  
12 consumption on their existing rate and an early termination fee. The customer  
13 will not be eligible to re-enroll in Flat Bill for at least 12 months. As with all new  
14 offerings, the Company plans to closely monitor Flat Bill, including issues  
15 surrounding the extreme exceedance provision, and may propose modifications  
16 in the future should they be warranted.

17 **Q. WHY IS AN EXTREME EXCEEDENCE THRESHOLD NECESSARY?**

18 A. Flat Bill does not allow unlimited energy usage and is not intended to encourage  
19 such. The extreme exceedance threshold provides a tool for the Company to  
20 satisfy two objectives. The first objective is to provide an additional incentive to  
21 customers (beyond the following year offer and conservation incentives that I  
22 discussed previously) to manage their consumption during their Flat Bill

1 subscription and engage in energy efficient behavior. The second objective of  
2 the extreme exceedance provision is to manage risk for the Company relative to  
3 cost recovery under Flat Bill. Mr. Wishart provides additional details on the  
4 proposed cost recovery mechanism in his Direct Testimony.

5 **Q. WHAT WILL HAPPEN AT THE END OF THE 12-MONTH SUBSCRIPTION**  
6 **PERIOD?**

7 A. One month prior to the end of the customer's contract period, they will receive an  
8 offer for a Flat Bill renewal based on a new projection of future usage. Unless  
9 the customer opts-out, they will be automatically re-enrolled for another 12  
10 months. If a customer is re-enrolled, they will still have 30 days into their new 12-  
11 month contract period to cancel their Flat Bill enrollment for that new 12-month  
12 period without incurring the \$50 early termination fee, as I previously described.  
13 Should the customer choose not to continue on Flat Bill they will be placed back  
14 onto their default residential rate (or another rate they are able to choose) and  
15 may re-enroll in Flat Bill under a new offer at any time.

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 A. Yes, it does.

**Statement of Qualifications**  
**Daniel S. King**

My name is Daniel S. King. I am employed by Xcel Energy Services Inc., the service company subsidiary of Xcel Energy, as Product Development, Team Lead. I currently manage the development of new residential and small business products and services for Xcel Energy. My responsibilities include overseeing product development and pilots for new residential and small business products and services and ensuring the viability of the program design of new products, including customer research, marketing approaches, and program economics.

I graduated from Brown University in 2003 with a Bachelor of Science degree in Geology. I also hold a MSc in Geology from the University of Vermont and a PhD in Geophysics from the University of Minnesota. Prior to XES I was a postdoctoral fellow at Penn State University from 2010-12, I was a Science and Technology Policy Fellow at the U.S. Department of Energy from 2012-2015, and I was the Program and Policy Director at the Midwest Renewable Energy Tracking System from 2015-2017. I started working at XES in 2017 as an Associate Product Developer. In that role I was responsible for developing new energy efficiency, demand management, and renewable products. From 2019 to today I have worked as Product Development, Team Lead.