Direct Testimony and Schedules
Nora C. Lindgren

Before the Minnesota Public Utilities Commission
State of Minnesota

In the Matter of the Application of Northern States Power Company
for Authority to Increase Rates for Gas Service in Minnesota

Docket No. G002/GR-23-413
Exhibit___(NCL-1)

Customer Care and Bad Debt Expense

November 1, 2023

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Schedules

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND OCCUPATION.

A. My name is Nora C. Lindgren. I am the Director of Billing and Regulatory Compliance within Customer Care for Xcel Energy Services Inc. (XES), which provides services to the Xcel Energy Inc. operating companies including Northern States Power Company – Minnesota (NSPM or the Company).

Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I have been employed with Xcel Energy for 14 years. Prior to 2013, I held various positions within Xcel Energy's Customer Contact Center and Credit and Collections Call Center as I completed my degree. From 2013 to 2018, I served as Supervisor, Credit and Collections for Xcel Energy. From 2018 to 2020, I served as Manager, Credit and Collections where I was responsible for developing, maintaining, and implementing policies and processes to ensure reductions of arrears, write-offs, and key financial metrics including the management of bad debt for Xcel Energy. Beginning in July of 2020, I became the Senior Manager, Customer Policy and Assistance, and most recently, I have assumed the position of Director, Billing and Regulatory Compliance in October of 2022. My statement of qualifications is provided as Exhibit___(NCL-1), Schedule 1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony provides an overview of the Customer Care organization and its budgeted operation and maintenance (O&M) expenses for the 2024 test year. I share ways we measure customer satisfaction for the work Customer Care performs. My testimony also discusses affordability or the ability of customers

to pay for their natural gas service and the Company's initiatives to assist customers that have affordability challenges. I also present and discuss the Company's commodity and non-commodity bad debt expense, and the actions we have taken to minimize and manage it to the benefit of customers.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The Customer Care organization has achieved strong customer satisfaction results, controlled its O&M expenses, and outperformed other utilities in managing bad debt expense. The 2024 test year O&M expense for the Customer Care organization is $8.4 million for the State of Minnesota Gas Jurisdiction. I discuss the key components of Customer Care's O&M budget below along with key drivers for the 2024 test year O&M budget.

Affordability of natural gas service is an important consideration for the Company that factors into all aspects of our service to customers. The Company has a number of initiatives and programs to assist customers facing affordability challenges, particularly those eligible for income qualified assistance.

The 2024 test year bad debt ratio we propose is 0.42 percent, which results in a 2024 test year commodity bad debt expense of $2.7 million, and approximately $18,000 for non-commodity bad debt expense for the State of Minnesota Gas Jurisdiction. This bad debt performance compares favorably to other utilities across the country. It is also flat compared to our 2020-2022 average actual performance levels. This improvement is the result of the end of the acute phase of the COVID-19 global health crisis and the beginning of the economic

recovery as well as anticipated savings related to improved credit and collections performance by the Company.

Q. ARE THERE ANY CURRENT EVENTS OR ISSUES IMPACTING CUSTOMERS AND YOUR ORGANIZATION?

A. Yes. While the most acute portions of the COVID-19 pandemic are past us, we know that there are still affordability challenges for some customers who may have fallen behind on their utility bills during the pandemic. We remain committed to providing the highest levels of customer support and working diligently to ensure our customers are connected to available assistance and resources they need through flexible payment plans and partnerships with government agencies, non-profits, and community organizations. Customer Care supports these initiatives and our customers, and the resulting impacts are discussed in my testimony and evident in our O&M and bad debt test year budgets.

Q. PLEASE BRIEFLY SUMMARIZE THE CUSTOMER PROTECTIONS THAT WERE PUT IN PLACE DURING THE COVID-19 PANDEMIC.

A. As our customers began to feel the impact of the COVID-19 pandemic, the Minnesota Public Utilities Commission (Commission) issued an order[1] suspending residential disconnections of service for nonpayment. This moratorium on residential disconnections for nonpayment helped protect customers from disconnections at a time when customers may have experienced unemployment or reduced employment due to the pandemic. The moratorium

[1] The Commission made a verbal order on June 18, 2020 that all disconnections for residential customers be suspended in light of the COVID-19 pandemic's onset, and confirmed this decision via written order on August 13, 2020. *See In the Matter of an Inquiry into Actions by Electric and Natural Gas Utilities in Light of the COVID-19 Pandemic Emergency*, Docket No. 20-375, ORDER ESTABLISHING PEACETIME EMERGENCY REQUIREMENTS AND MODIFYING REPORTING REQUIREMENTS (Aug. 13, 2020).

remained in place through the spring of 2022. Also during this timeframe, permanent changes were made to the beginning and end dates of Minnesota's annual Cold Weather Rule protection period.[2] Throughout the remainder of my testimony, I discuss how we are addressing the ongoing effects of these changes, including their impact on the Company's bad debt expense levels (which are a lagging indicator), and how we are continuing to support our customers through any affordability challenges they may be facing.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. I present the remainder of my testimony in the following sections:

- Section II, *Customer Care Organization*. I discuss my organization in terms of the business functions it provides to the Company and its customers. I also discuss the improvements we have made to various aspects of our service and the research we have done to understand our customers and to measure their satisfaction with the service we provide. In addition, I summarize the Company's service quality results. In this section, I also present the overall Customer Care test year O&M budget and the budgets by business function.
- *Section III, Affordability*. I discuss the importance of customer affordability and the various initiatives and programs offered by the Company to help those customers that are struggling with paying their natural gas bills.
- *Section IV, Commodity Bad Debt Expense.* This is billed commodity revenue for electric and natural gas service that is considered uncollectible from customers. I discuss the test year expense and proposed bad debt ratios,

[2] In 2021, the Minnesota legislature amended the Cold Weather Rule statute, Minn. Stat. § 216B.096, subd. 2(b), to change the beginning and end dates of the "cold weather period" from October 15 to October 1 and from April 15 to April 30, respectively.

as well as how we determine our bad debt ratios and manage our bad debt expense.

- *Section IV, Non-Commodity Bad Debt Expense.* This is billed revenue that is considered uncollectible for everything other than electric and natural gas service. I discuss the Company's test year level of expense, the various components of non-commodity bad debt expense, and what the various business functions do to manage non-commodity bad debt expense.

II. CUSTOMER CARE ORGANIZATION

A. Overview

Q. PLEASE SUMMARIZE THIS SECTION OF YOUR TESTIMONY.

A. In this section, I discuss the structure of the Customer Care organization and describe the various functions involved in providing service to the Xcel Energy organization, including NSPM and our other operating companies and their customers. I also present Customer Care's 2024 test year O&M expense budget and discuss how we have managed to keep O&M expenses relatively flat since 2020. The increase in Customer Care's O&M expense for the 2024 test year is due to the absorption of credit card fees on behalf of our customers as discussed below.

Q. PLEASE DISCUSS THE FUNCTIONS OF THE CUSTOMER CARE ORGANIZATION AND HOW THEY RELATE TO THE COMPANY'S OVERALL BUSINESS GOALS.

A. The Customer Care organization performs essential functions that help the Company effectively provide its customers energy products and services and high levels of customer service. We ensure energy use is measured and billed accurately, collect and process customer payments, and assist our customers

with questions, concerns, or requests about their energy services. We understand customer needs and expectations are evolving in the energy marketplace. We strive to meet those changing needs through improved communication, consultation and information, and automated functionality intended to improve our customers' experience. Our organization is critical to the Company's vision of becoming more customer-focused, and we will be instrumental in supporting our customers through the transitions brought about by advanced grid modernization and helping them realize the many benefits it holds for them.

Q. PLEASE PROVIDE AN OVERVIEW OF THE CUSTOMER CARE ORGANIZATION AND HOW THE ORGANIZATION SUPPORTS THESE COMPANY EFFORTS.

A. The Customer Care organization provides support services to approximately 3.7 million electricity customers and 2.1 million gas customers served by Xcel Energy across its service territory in eight states. We support customers starting from when they initiate their energy service and continue to support them as we collect ongoing meter readings and issue bills and then post their payments to their accounts. We are available to customers via phone, web, mobile application, and various social media. We consider customer survey data and other feedback and use it to assess our performance and opportunities for improvement. Below is a brief description of the various business functions that comprise the Customer Care organization:

- *Billing Services*. Responsible for the production and delivery of billing statements, researching billing and payment inquiries and resolving customer billing and payment issues, billing quality assurance, and receiving and posting all customer payments.

- *Contact Center*. Responsible for interacting with our customers through our customer Contact Centers, mailed correspondence, and social media and online inquires to answer their questions, resolve their concerns, and fulfill their requests.
- *Credit and Collections*. Responsible for accounts receivable management, minimizing customer receivable write-offs, and operation of credit Contact Centers.
- *Measurement and Analytics*. Responsible for staff training, quality assurance, planning and forecasting, operational management, workforce management, performance reporting, advanced analytics, vendor management, and budget oversight.
- *Customer Policy and Assistance*. Responsible for process efficiencies, resolving customer complaints, communications within the organization, customer policy, and low-income programs.
- *Meter Reading, Field Collections and Revenue Assurance*. Responsible for reading customer meters, performing field disconnection and collection activities, and investigating energy theft and revenue loss situations.

Q. IS THE COMPANY WITNESSING ANY CHANGES IN CUSTOMER EXPECTATIONS RELATED TO HOW THEY INTERACT WITH THE COMPANY?

A. Yes. Customers expect choices when it comes to how they interact with the Company. They appreciate receiving notifications and status updates to keep them informed of matters impacting their service, such as during outage events. Customers are increasingly interacting with us using digital channels and look to their utility provider to use technology to help them save money, learn about renewable energy options, and maintain safety.

Q. DOES THE COMPANY USE ONLINE OR TECHNOLOGY TOOLS TO INTERACT WITH CUSTOMERS?

A. Yes. Our Interactive Voice Response (IVR) automated phone system is an important tool customers use to conduct quick and easy transactions without the need for customers to speak with a customer service representative. We actively manage this tool, making enhancements to ensure customers are satisfied and their issues are resolved efficiently. Our customers use the IVR system extensively and are very satisfied with it, as shown in Table 2 later in my Direct Testimony. We also respond to customer comments or requests through social media. Customers also interact with the Company through our website, including MyAccount online account management, as well as through our mobile application.[3] Increased use of these digital self-service channels has translated into increases in the number of customers receiving electronic versions of their bill. Currently, more than half of the Company's bills are delivered through this option, which reduces paper, eliminates postage costs, and allows customers to receive their bills more quickly.

Q. WHAT PAYMENT OPTIONS ARE AVAILABLE TO CUSTOMERS TO PAY THEIR UTILITY BILLS?

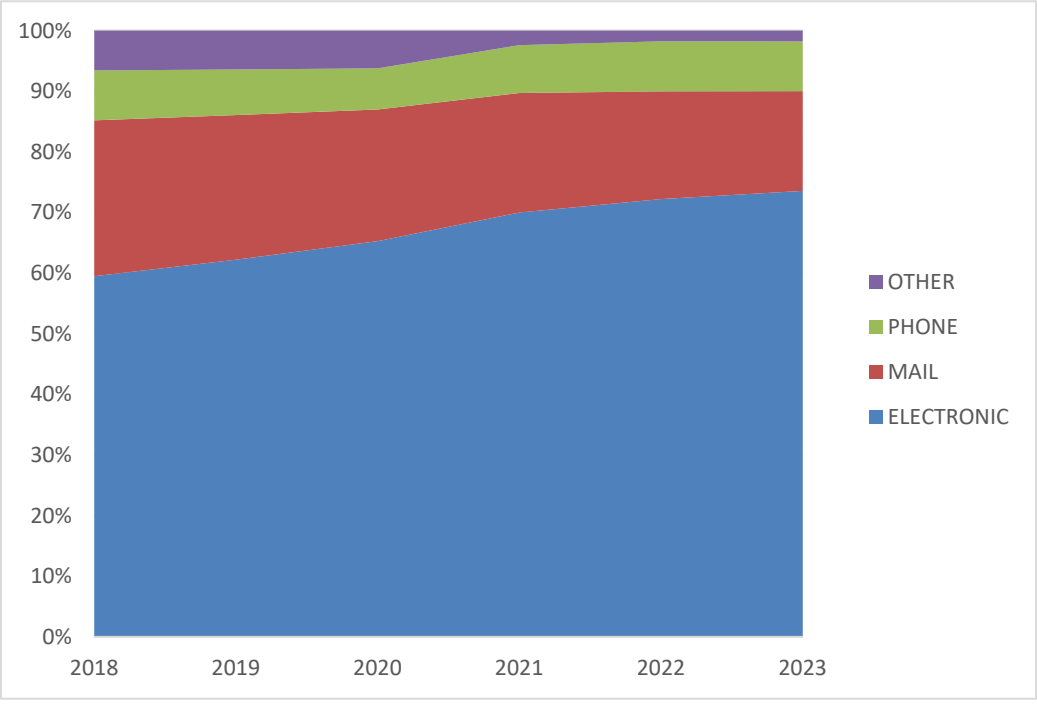
A. We currently offer several payment alternatives to our customers, which we group into four payment channels: mail, phone, electronic, and other. Customers can pay their bills by phone and either complete the payment using our IVR system, or by talking to a customer service representative. They may use the MyAccount portal to pay their bill electronically; use our mobile application; or they can pay their bill at designated pay stations.[4] They may also

[3] Information on the mobile application can be found at: https://www.xcelenergy.com/mobile_app
[4] Information on designated pay stations can be found at: https://www.xcelenergy.com/billing_and_payment

use a credit or debit card to make a payment through our credit card vendor. I will discuss this topic in more detail later in my testimony but on January 1, 2024, the Company will begin waiving the existing transaction fee that our customers currently pay to the credit card vendor when paying their bill with a credit or debit card. Business customers have an additional option to pay their bills through Electronic Funds Transfer.

As shown in Figure 1 below, an increasing percentage of customers are submitting their payments through electronic payment options. In addition to being more convenient for a significant number of customers, this shift creates efficiencies for the Company as the use of any electronic channel helps reduce overall billing costs through reduced printing and postage as discussed in the next section of my testimony.

Figure 1
Customer Payments by Channel[1]



B. Test Year O&M Budget – Overall Customer Care

Q. HOW DOES THE CUSTOMER CARE ORGANIZATION DEVELOP ITS O&M BUDGETS?

A. We assess the needs of the Customer Care organization, and the various operating companies we support, and plan and budget at the business function level. This is necessary given the variety of services provided by the different business functions that make up the Customer Care organization.

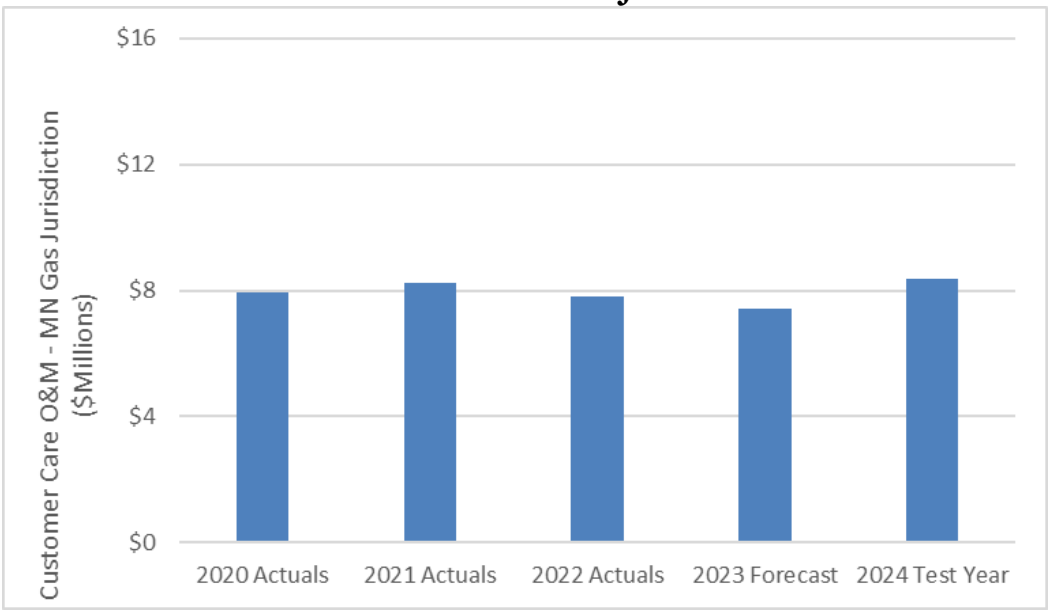
Q. PLEASE PROVIDE AN OVERVIEW OF THE CUSTOMER CARE O&M BUDGET.

A. Figure 2 below summarizes Customer Care's O&M expense levels since 2020. Please see Exhibit___(NCL-1), Schedule 2 for additional details regarding Customer Care O&M expense levels. Unless otherwise noted, this discussion relates to Customer Care O&M at the State of Minnesota Gas Jurisdiction level.[5]

Overall, the Customer Care 2024 test year O&M budget increases compared to O&M expense levels for the past four years. The total 2024 Customer Care test year O&M expense of $8.4 million is $0.6 million higher than 2022 actual O&M expense levels of $7.8 million mainly due to the waiver of credit card fees starting in 2024. This increase in O&M was offset in part by vendor contract renegotiation for meter reading activities that resulted in a lower cost per meter read, as I explain in greater detail below.

[5] Company witness Nicole L. Doyle explains how the Company allocates and assigns XES costs to NSPM. Company witness Benjamin C. Halama explains the utility and jurisdictional allocation process that assigns NSPM operating company costs to the State of Minnesota Gas Jurisdiction.

Figure 2
Customer Care O&M Expense Trends
State of Minnesota Gas Jurisdiction



Q. HAVE YOU COMPARED THE COMPANY'S HISTORICAL O&M EXPENSE TO OTHER COMPANIES' CUSTOMER CARE-RELATED O&M EXPENSES?

A. Yes. The Federal Energy Regulatory Commission (FERC) cost data from the S&P Global Intelligence Platform compares Customer Care-related O&M expenses for more than 100 regulated energy companies representing gas and electric utilities, including combination gas and electric utilities like NSPM. This data represents Customer Care-related O&M expense for all customers regardless of utility type. The total population, on average, consisted of approximately 130 companies annually in 2021 and 2022.

Q. HOW DOES NSPM'S HISTORICAL O&M EXPENSES COMPARE TO THAT OF OTHER COMPANIES?

A. Overall, NSPM continues to compare favorably when looking at mean performance in total costs captured in FERC accounts 901 through 905, which

include the majority of costs managed by Customer Care, Exhibit___(NCL-1), Schedule 7. Table 1 below shows total Customer Accounts Expense, including bad debt expense, per retail customer for FERC accounts 901 through 905. NSPM Total Company shows lower cost per retail customer than the Competitor Group (mean) during the last two years of reported data. The year of 2020 was an aberration, however, because the Company reserved higher potential bad debt expenses to mitigate pandemic-related risks of increased accounts receivable aging and potential customer bankruptcies. This incremental adjustment was put into place to increase reserve levels and protect against potential future pandemic-related bad debt expense.

Table 1
Customer Accounts Expense per Retail Customer
Comparison (FERC Accounts 901-905)

	2020	2021	2022
NSPM Total Company	$57.9	$45.3	$40.1
Competitor Group (mean)	$52.5	$54.9	$58.6

Q. IN LIGHT OF THE FACT THAT CUSTOMER CARE'S O&M EXPENSES WERE LOWER THAN OTHER UTILITIES' O&M EXPENSES OVER THE LAST TWO YEARS, WHAT INFORMATION DO YOU HAVE ABOUT CUSTOMER SATISFACTION WITH THE NATURAL GAS SERVICE PROVIDED BY THE COMPANY?

A. The Company's Voice of the Customer (VOC) Transaction Survey is the most direct measure of customer satisfaction with the services provided by the Customer Care organization. As seen in Table 2 below, VOC Transaction Survey results remain high; however, results in 2022 and 2023 are slightly lower than the preceding time period. The Company attributes this decrease to higher natural gas commodity costs during the same time period. As has been discussed

in other Commission dockets[6] and in the national media, natural gas prices in 2021 and 2022 were at historic highs and customers began to see the impact of these higher commodity costs on their bills in 2022 and 2023. The Company has taken every effort to work with our customers who were impacted with higher than expected natural gas bills.

Table 2
Voice of the Customer Transaction Survey – Minnesota Gas
(Percentage of Customers Providing a Positive Rating)[1]

	2020	2021	2022	2023
Overall Satisfaction with Transaction (IVR and Agent 2015-2016; Agent Only 2017 – 2018)	84%	85%	82%	80%
IVR Overall Satisfaction with Transaction	81%	81%	83%	84%

I provide more information regarding customer satisfaction in Exhibit___(NCL-1), Schedule 3. While customer satisfaction remains high relative to the work Customer Care performs, the Company continues to enhance its customer service in other areas, such as the Company's digital platform for customer information, which is discussed further in the Direct Testimony of Company witness Michael O. Remington.

Q. ARE THERE ANY SIGNIFICANT STRATEGIES OR INITIATIVES CUSTOMER CARE IS IMPLEMENTING TO INCREASE CUSTOMER SATISFACTION?

A. Yes. In the Company's most recent electric and gas rate cases (Docket Nos. E002/GR-21-630 and G002/GR-21-678), the Company proposed a credit card

[6] *See* Docket No. G-999/CI-21-135.

fee waiver for our residential customers starting in 2024. Currently, customers who pay their gas bill with a credit or debit card do so through a third-party vendor, with each transaction subject to a $1.80 processing fee paid by the customer to the third-party vendor. Such fees are a result of the processing charges levied by credit card companies (i.e., MasterCard, Visa, Discover, American Express) to merchants accepting credit card payments from their customers. Across multiple industries, and in day-to-day transactions such as purchasing groceries, credit card fees are invisible to the customer as the merchant incorporates this cost into their pricing and does not require the customer to make separate payment for the processing fee. Waiving this fee would align our customers' gas bill payment transactions with that of countless other transactions made each day. As part of the Settlement Agreement in the last gas rate case, the parties agreed to the implementation of this credit card fee waiver if it was approved by the Commission in the Company's pending electric rate case. As part of its decision on reconsideration in the electric rate case, Docket No. E002/GR-21-630, the Commission approved the Company's proposed credit card fee waiver.[7] As a result, the Company will begin implementing this credit card fee waiver on January 1, 2024.

Q. HAS THE COMPANY CALCULATED THE ESTIMATED COST OF THE CREDIT CARD FEE WAIVER PROGRAM FOR THE 2024 TEST YEAR?

A. Yes. We estimate the 2024 cost of such a waiver program to be $1.7 million on a State of Minnesota Gas Jurisdiction basis. Our calculation of this estimated cost is based on historical experiences with a similar program put into place in

[7] *In the Matter of the Application by Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E002/GR-21-630, ORDER DENYING PETITION FOR RECONSIDERATION, DENYING PETITION FOR CLARIFICATION, AND GRANTING CLARIFICATION at Order Point 4 (Oct. 6, 2023).

Xcel Energy's Northern States Power of Wisconsin (NSPW) jurisdiction, credit card utilization rates compiled from other utilities as provided by our vendor, and overall payment information collected for the Company's Minnesota customers.

We expect to see significant increases in credit card utilization with the program, as we will offer the credit card fee waiver not just for one-time payments, but also in conjunction with autopay functionality. Offering the fee waiver in conjunction with autopay functionality is expected to increase customer use of the program by just over four times in 2024, over what we would otherwise experience. Assuming a 0.5 percent growth in the total number of payments each year, this would account for 5.1 million transactions and a total cost of $8.3 million in 2024. Allocating that total cost of the credit card fee waiver between electric and gas operations results in the estimated gas cost of $1.7 million on a State of Minnesota Gas Jurisdiction basis. As discussed by Company witness Halama, because this program is new for Minnesota, the $1.7 million is a baseline amount and the Company will track actual credit card fee costs above or below the baseline amount for recovery or return to customers in a future rate case. As discussed above, this credit card fee waiver was also approved by the Commission for the Company's electric customers as part of the Company's most recent electric rate case.[8]

Q. PLEASE SUMMARIZE KEY FACTORS IMPACTING CUSTOMER CARE O&M EXPENSE LEVELS FROM 2020 THROUGH THE 2024 TEST YEAR.

A. Customer Care expects an overall increase in O&M expenses from 2020 through 2024 primarily due to the implementation of the credit card fee waiver

[8] *Id.*

starting in 2024, partially offset by anticipated reductions in meter reading expenses. Part of this reduction is the result of a successful contract negotiations with the Company's meter reading services vendor. These negotiations eliminated a contract cost escalation factor associated with economic indicators starting in January 2019 and continuing through the end of 2025. It also enabled reductions in meter reading services costs starting in 2022, partially offset by the elimination of credits for meters the vendor cannot read according to its contractual schedule. These negotiated contract changes also extended for the life of the contract, which will remain in effect until the end of 2025.

Q. PLEASE EXPLAIN THE KEY COST DRIVERS OF CUSTOMER CARE'S 2023 FORECASTED O&M EXPENSES FROM 2022 ACTUAL O&M EXPENSE LEVELS.

A. From 2022 to 2023, Customer Care's O&M expenses are forecasted to decrease by approximately $408,000. In Outside Services, we anticipate a decrease of approximately $550,000, mainly due to anticipated meter reading savings related to the vendor contract renegotiation. These savings are partially offset by a labor cost increase of approximately $116,000 due to a three percent annual performance-based wage increase in most business areas. A postage increase of approximately $51,000 is also anticipated due to rising postage rates.

Q. PLEASE EXPLAIN THE KEY COST DRIVERS ON CUSTOMER CARE'S 2024 TEST YEAR O&M EXPENSES FROM 2023 FORECASTED LEVELS.

A. From 2023 to 2024, we anticipate an increase of approximately $962,000 in Customer Care's O&M expenses. This increase is due in part to the credit card fee waiver which will start on January 1, 2024, and increase O&M expenses by approximately $1.7 million. The increase in O&M expenses in 2024 is also due

to an increase in labor costs of approximately $370,000 due to annual wage increases and increases in employee headcounts. This increase in headcount is needed to respond to the increasingly complex customer interactions related to relate to maintaining service levels addressing billing issues in addition to read meters performed by drivers due to AMR deployment. In addition, we anticipate an increase in postage costs of $80,000 associated with anticipated increases in postage rates for billing and customer outreach that will be partially offset by customer adoption of electronic billing and payment methods. These cost increases are offset by further anticipated cost reductions in meter reading costs, including a $1.1 million reduction due to the meter vendor contract renegotiation discussed earlier.

C. O&M Budgets by Business Function

Q. PLEASE SUMMARIZE CUSTOMER CARE O&M EXPENSE BY BUSINESS FUNCTION.

A. Table 3 below provides an overall view of Customer Care O&M expense levels since 2020. Please see Schedule 2 for additional details regarding Customer Care O&M expense. As I discussed above, overall Customer Care O&M levels declined from 2020 to 2023 and increased in 2024 primarily due to the Company's absorption of credit card fees on behalf of customers. I discuss below some of the variations that have occurred across the functional areas of Customer Care for the 2020 to 2024 period.

Table 3
Customer Care O&M Expense by Business Area –
State of Minnesota Gas Jurisdiction ($ millions)

	2020 Actuals	2021 Actuals	2022 Actuals	2023 Forecast	2024 Test Year
Billing Services	$1.5	$1.5	$1.6	$1.7	$3.5
Contact Center	$0.9	$0.9	$1.2	$1.1	$1.1
Credit and Collections	$0.4	$0.5	$0.6	$0.6	$0.6
Customer Care, Measurement, and Analytics	$0.2	$0.3	$0.3	$0.3	$0.4
Customer Policy and Assistance	$0.1	$0.1	$0.2	$0.2	$0.2
Meter Reading and Field Collections	$4.7	$4.8	$4.0	$3.5	$2.6
Total Customer Care O&M Expense	**$7.9**	**$8.2**	**$7.8**	**$7.4**	**$8.4**

Due to rounding, there may be differences between the sum of the individual category amounts and total amounts.

1. Billing Services

Q. PLEASE DESCRIBE ANY CHANGES IN THE BILLING SERVICES' O&M EXPENSES FOR THE 2024 TEST YEAR.

A. Billing Services O&M expenses will increase by $1.8 million compared to 2023 forecasted levels. This increase is primarily due to the absorption of credit card fees on behalf of customers, increased postage rates, and budgeted increases in annual wages.

2. Customer Contact Center

Q. PLEASE DESCRIBE ANY CHANGES IN CUSTOMER CONTACT CENTER O&M FOR THE 2024 TEST YEAR.

A. The Customer Contact Center O&M budget is budgeted to remain nearly flat from the 2023 forecast to the 2024 test year. From 2020 to 2024, Customer Contact Center O&M has increased. This increase is primarily due to annual wage increases offset by increased customer use of automated interaction channels, including the IVR system, which has helped to lower labor costs through reduced staffing needs.

3. Credit and Collections

Q. PLEASE DISCUSS ANY CHANGES IN CREDIT AND COLLECTIONS O&M EXPENSES FOR THE 2024 TEST YEAR.

A. The 2024 test year O&M budget for Credit and Collections is expected to remain nearly flat from the 2023 forecast level. From 2020 to 2024, the Credit and Collections O&M expenses have increased slightly primarily due to annual wage increases and increased headcounts to maintain service levels. This increase is offset by anticipated lower collection agency commissions due to better in-house collection efforts. In addition, this increase is offset by increased use of more cost-effective and efficient customer outreach methods, such as email and calls, for proactive outbound credit campaigns to the Company's past-due customers. These campaigns integrate with our IVR system to facilitate more automated customer payments. IVR functionality has also been expanded to enable disconnected customers to set up reconnection of their service through the IVR and to establish payment arrangements. Utilizing data analytics has also helped to further target cost-effective customer outreach efforts.

4. Customer Care, Measurement, and Analytics

Q. PLEASE DISCUSS ANY CHANGES IN CUSTOMER CARE, MEASUREMENT, AND ANALYTICS O&M EXPENSES IN THE 2024 TEST YEAR.

A. The 2024 test year O&M expenses for Customer Care, Measurement and Analytics are projected to increase slightly compared to the 2023 forecast. Overall, Customer Care, Measurement, and Analytics O&M expenses have increased from 2020 to 2024 primarily due to annual wage increases and increased automated customer notifications, which are used to keep customers informed of outage status and provide billing and payment reminders.

5. Customer Policy and Assistance

Q. PLEASE DISCUSS THE CHANGES IN CUSTOMER POLICY AND ASSISTANCE O&M EXPENSES FOR THE 2024 TEST YEAR.

A. The Customer Policy and Assistance 2024 test year O&M expense level is expected to remain nearly flat compared to the 2023 forecasted level. From 2020 to 2024, Customer Policy and Assistance O&M has increased primarily due to annual wage increases.

6. Meter Reading and Field Collections

Q. WHAT IS THE COMPANY'S CURRENT METER READING PROCESS?

A. The Company currently uses Automated Meter Reading (AMR) technology, which it implemented beginning in the mid-1990s. Meter readings are collected and provided to the Company via a proprietary network by our current meter reading services vendor. Informational meter readings are generally provided daily, and billing quality readings are provided once per billing cycle, with the billing quality readings used to generate the monthly customer bill. In addition to providing the meter readings, our vendor owns and maintains the

communication network and software used to transmit the readings. The vendor also owns and maintains gas meter communication modules, which refers to the radio interface that is installed as part of the gas meter. The Company's payments to our vendor for these services are reflected as O&M expense in our Meter Reading and Field Collection O&M budgets.

Q. PLEASE DISCUSS ANY CHANGES IN METER READING AND FIELD COLLECTIONS O&M EXPENSES FOR THE 2024 TEST YEAR.

A. In the 2024 test year, we expect that Meter Reading and Field Collections O&M expenses will decline as compared to the 2023 forecast. The Meter Reading and Field Collections O&M budget is projected to decline by 44.3 percent, or $2.1 million from 2020 to 2024. This decrease is due primarily to the successful contract renegotiations with our meter vendor that removed an annual cost escalation factor tied to economic indicators starting in 2019. These contract renegotiations also resulted in lower meter reading service fees starting in 2022 that continue through 2025 which is the end of the contract's term.

III. CUSTOMER AFFORDABILITY

A. Overview of Customer Affordability

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

A. This section of my testimony discusses how maintaining affordability, or the ability of customers to pay for the cost of natural gas service used, is a foremost consideration for the Company and factors into all aspects of our service to customers. This section of my testimony provides an overview of the Company's initiatives to assist customers facing affordability challenges, particularly those eligible for income qualified assistance.

Q. HOW DOES THE COMPANY DEFINE CUSTOMER AFFORDABILITY, BROADLY SPEAKING?

A. Customer affordability typically is defined in terms of a household's energy costs in relation to gross household income. In the United States, energy affordability is often defined as a household spending no more than six percent[9] of its gross income on energy costs, which is generally in alignment with definitions used by the Minnesota Department of Commerce (Department), which administers the state's version of the federal block grant Low-Income Home Energy Assistance Program (LIHEAP). Specific energy affordability thresholds can vary depending on which energy impact is being discussed and the participants of the conversation.

Q. IS AFFORDABILITY A SIMPLE FUNCTION OF AN INCREASE IN GAS SERVICE RATES TO CUSTOMERS?

A. No. Affordability is a function of not only utility costs and rates, but also customer income, expenses, and overall obligations. This is important because it is not uncommon that the same factors that affect customers' household budgets, such as inflation, to also increase the utility's costs. Similarly, factors like industry-wide labor competition can drive up wage increases that increase the utility's costs while also increasing customers' wages and ability to pay. Additionally, each individual customer's ability to pay is different; some customers experience challenges as natural gas service rates change and some do not. By viewing affordability this way the Company is able to target its efforts to those customers that are experiencing challenges with their ability to pay their natural gas bills.

[9] *Energy Policy and Conservation Quadrennial Report, 2020*, at p. 105, Minnesota Department of Commerce, Division of Energy Resources https://mn.gov/commerce-stat/pdfs/20210301_quad_report.pdf.

Q. HAVE THERE BEEN RECENT SIGNIFICANT EVENTS THAT HAVE HIGHLIGHTED THE ISSUE OF AFFORDABILITY FOR UTILITY CUSTOMERS?

A. Yes. Most recently, natural gas commodity costs were subject to significant increases. These increased costs, combined with recovery of costs related to pricing increases stemming from high natural gas prices, increased affordability challenges for specific customers of the Company, as well as customers of other electric and gas utilities across the country. These challenges were compounded by their proximity to the end of the COVID-19 pandemic's acute phase lasting from 2020 to early 2022, which impacted communities and customers across the United States. The macroeconomic conditions resulting from pandemic era restrictions created increased affordability challenges for our customers, which, in some instances, included lost wages if workplaces were closed and increased costs related to supply chain issues and inflation for necessary items including housing and groceries.

These challenges have abated in several ways as gas prices have declined, pandemic restrictions have eased, and labor market competition has pushed unemployment back down toward all-time lows, but the challenges of the past few years have served to heighten the awareness around customer affordability.

Throughout these economic challenges, the Company has remained committed to providing the highest levels of customer support and has worked diligently to ensure our customers in need are connected with available assistance and resources. The Company is constantly monitoring our customers' payment trends and works to ensure services are affordable, just as it works to make sure rates are reasonable.

B. Company Affordability Programs

Q. WHAT ARE SOME OF THE SPECIFIC ACTIONS THE COMPANY HAS IN PLACE AND HAS TAKEN RECENTLY TO HELP ADDRESS AFFORDABILITY FOR CUSTOMERS THAT MAY BE STRUGGLING TO PAY THEIR NATURAL GAS BILLS?

A. Some of the Company's programs and efforts have been ongoing for a long time, such as offering flexible payment plans, supporting assistance programs like our PowerON Electric Affordability (PowerON), Medical Affordability Program (MAP) and Gas Affordability Program (GAP), and partnering with government agencies, non-profits, and community organizations. Specifically, Xcel Energy has made significant efforts to identify potentially-qualified customers and connect those customers with available resources, such as the Energy Assistance Program (EAP) in Minnesota, which is funded by the federal block grant program called LIHEAP. The Company also coordinates closely with the Department, which administers EAP, along with various stakeholders and peer utilities to ensure that customers reaching out via one avenue receive support from other available assistance programs. This coordination has increased over the years, as evidenced by the Company's recently implemented automatic enrollment pathway created for GAP participants that resulted from close collaboration with multiple stakeholders. Qualified residential customers are now automatically enrolled in the program, with an option to opt out, without the administrative burden of an additional application which has resulted in just over 7,000 additional customers into our own GAP and PowerON program.

Q. HOW DOES THE COMPANY IDENTIFY CUSTOMERS THAT MAY BE IN NEED OF ASSISTANCE WITH PAYING THEIR NATURAL GAS BILL?

A. The Company uses census data, internal past-due account information, and algorithms that indicate customer propensity to enroll in available programs. The Company then uses this information to provide timely and relevant educational outreach to customers through multiple channels (including email, in-person community events, telephone calls, social media, direct mail, etc.) to encourage participation.

Q. DOES THE COMPANY KNOW HOW MANY OF ITS CUSTOMERS MEET THIS DEFINITION OF AFFORDABILITY?

A. No, not entirely. The Company does not have direct or complete access to household income information which is necessary to understand affordability at the individual customer level. The Company does know and track the number of customers being served by various income-qualified programs, including LIHEAP, and its own internal affordability programs (PowerON, GAP, MAP). In 2022, approximately 70,300 of the Company's customers across all service types participated in an income qualified energy assistance program such as LIHEAP. It is notable that not all customers meeting income thresholds for these programs also meet definitions of energy burden to become qualified for affordability programs. Of the 70,300 customers referenced above, approximately 40,900 also met the criteria to participate in one of the Company's internal affordability programs. The Company is broadly aware that not all qualified customers are participating in these programs and as discussed throughout this section of my testimony, the Company is taking steps to encourage participation through increased outreach efforts.

Q. WHAT ARE POWERON, MAP, AND GAP?

A. PowerON, MAP, and GAP are customer-funded energy assistance programs administered and supervised by the Company pursuant to Minnesota Statute, Commission Orders, and the Company's associated tariffs. As discussed above, they are available to residential customers who are qualified for and receive assistance from EAP. The PowerON and GAP programs are designed to provide supplemental assistance to households with the highest energy burden and lowest incomes, covering a portion of energy bills beyond what EAP may be able to provide by capping monthly payment amounts based on a percentage of the customers household income. Furthermore, these programs are designed so that customers who are enrolled stay connected and stay on the program with the intent to make a payment towards their utility bill and also reduce any arrearage they may have.

Q. HAS THE COMPANY TAKEN OTHER STEPS TO SUPPORT CUSTOMERS WHO MAY EXPERIENCE AFFORDABILITY CHALLENGES?

A. Yes. The Company has taken several steps to support customers who may be experiencing affordability challenges. This includes providing self-service access to flexible payment arrangements available any time of the day through our phone automated system (IVR) and MyAccount service available on XcelEnergy.com. Additionally, the Company's call center staff receive ongoing training during their employment on topics that reinforce the need to assess each customer's unique situation when discussing payment arrangement options. Recently, the call center received additional training specific to empathy and soft skills to assist in conversations with customers of all income levels who may be experiencing surprise or difficulty due to the higher than usual cost of natural gas. Further, for those customers with truly unique

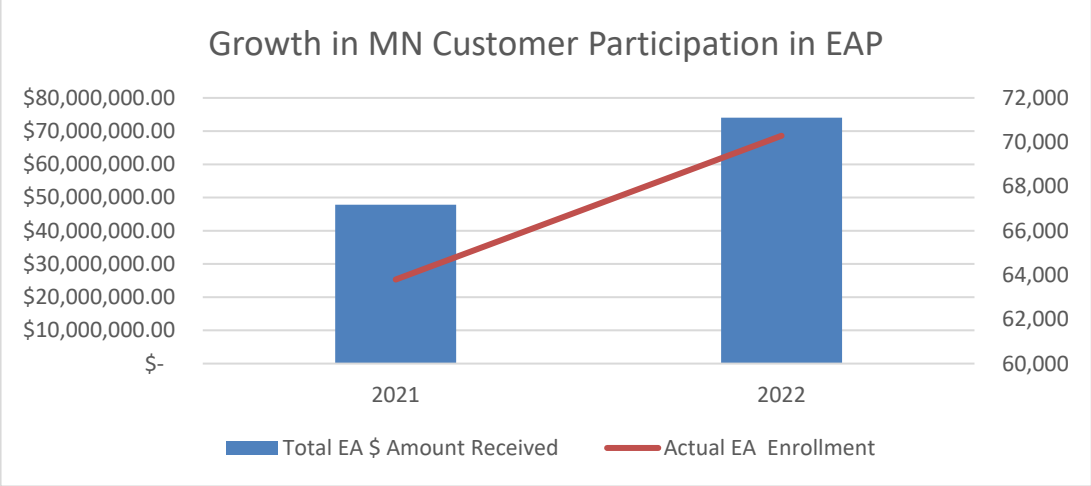
household circumstances related to income and medical needs, the Company has a dedicated team of subject matter experts known as Personal Account Representatives, or "PAR" for short. These employees help customers in navigating programs designed for those with medical equipment in the home, in addition to external and internal energy assistance programs. The team also interfaces regularly with nonprofit and community partners to ensure the ability to provide and receive referrals where necessary and contribute to comprehensive support of customers who may have needs beyond energy affordability.

Effectively connecting customers with energy assistance resources will help reduce their energy burden and assist the Company in keeping rates low by reducing arrearages and bad debt risk. I discuss this in more detail later in my testimony.

Q. HAVE YOU SEEN INCREASED PARTICIPATION IN AFFORDABILITY PROGRAMS AS A RESULT OF THE COMPANY'S INCREASED OUTREACH?

A. Yes, as Figure 3 below shows, as a result of significant increased customer outreach beginning in 2021, there has been an increase of approximately 5,100 customers of the Company participating in all available income-qualified EAP from 2021 to 2022 (number of customers is shown on the right side). This increased participation in EAP was a key driver in the $26M increase in the amount of energy assistance distributed to the Company's customers (EAP dollars is shown on the left side). Both figures relate to overall participation of the Company's customers regardless of service provided.

Figure 3
Minnesota Customer Participation in EAP



Q. HAS THE COMPANY OFFERED ANY DIRECT ASSISTANCE TO CUSTOMERS IN ADDITION TO THE INCOME QUALIFIED PROGRAMS DISCUSSED ABOVE?

A. Yes. In May of 2021, the Company began enrolling customers in the Payment Plan Credit Program as approved by the Commission in Docket No. E002/M-20-760. The program offers forgiveness of up to 75 percent of the overdue amount on eligible customers' balances, including combination gas and electric customers, and was provided $17.5 million in funding by Company shareholders. The Company has filed status reports related to this program in Docket No. E002/M-20-760. In its July 14, 2023 status report, the Company reported the success of the program and proposed a pathway to close the program with approximately 95 percent of the initial $17.5 million in funding now being applied to customer accounts or scheduled for payment. That proposal will be heard by the Commission on October 26, 2023.

Q. IS THE IMPACT OF INCOME-QUALIFIED PROGRAMS REFLECTED IN THE COMPANY'S 2024 TEST YEAR BAD DEBT EXPENSE?

A. Generally, yes. Income-qualified programs (i.e., LIHEAP and GAP) help low-income customers pay amounts due for energy services, thereby reducing outstanding receivables. To the extent the remaining balance of these customer accounts are later written off per the current Company write-off policy (Exhibit___(NCL-1), Schedule 4, low-income payment programs help reduce the amount of the write-off, and thus bad debt expense. As discussed, we work closely with our customers and agencies to try to maximize customers' participation in energy assistance funding and programs. While funding appears relatively consistent for the 2024 test year, federal funding is reviewed annually and subject to change. Table 4 below, shows historical customer participation in LIHEAP and other energy assistance programs from 2018 through 2022.

Table 4
LIHEAP and EAP
Historical Participation
($ millions)

Year	NSPM LIHEAP Households	NSPM GAP Program Participants	NSPM Gas Affordability Program Disbursement	Total Energy Assistance (LIHEAP, County Assistance, Fuel Funds)	Total
2018	21,094	11,284	$2,244,152	$30,140,172	$32,384,324
2019	19,963	9,675	$2,815,093	$25,272,837	$28,087,929
2020	18,280	7,683	$1,810,323	$26,300,592	$28,110,914
2021	19,745	7,395	$1,651,218	$34,388,753	$36,039,971
2022	22,026	7,668	$2,143,896	$45,837,349	$47,981,245

Note: The LIHEAP households, Company program participation and Total Energy Assistance columns are following the program year of October 1 to September 30. Discount and PowerON Disbursements are January to December. The first year of disbursements for the MN Xcel Energy Medical Program was 2018.
** Totals may not match sum of components due to rounding.*

Q. HAS THE COMPANY ALSO INCREASED OUTREACH RELATED TO PRODUCTS AND SERVICES FOR CUSTOMERS WHO MAY NOT MEET INCOME QUALIFICATIONS FOR EAP?

A. Yes, the Company recognizes that there are affordability challenges for some customers beyond those that meet the income qualifications for EAP. To assist our customers at those income levels, we have also increased outreach, including emails, calls (automated and personal calls), physical mailings and letters, and social media, for products and services that might assist them in managing their gas bill, including flexible payment arrangements, Average Monthly Payment or "Budget Billing," and the Company's Custom Due Date product.

Q. WHAT ARE THE FLEXIBLE PAYMENT ARRANGEMENT, BUDGET BILLING, AND CUSTOMER DUE DATE PRODUCTS?

A. Each of these programs provides a different option for customers based on their specific needs. Specifically:

- Flexible Payment: These plans allow customers who may need extra time to catch up on their bill to make a partial down payment towards their balance and spread the remaining balance out into monthly installments for up to 13 additional months.
- Budget Billing: A plan where customers pay an agreed-upon fixed amount each month, based on the average energy costs over 12 months. This makes it easier for some households to plan for and manage energy costs in the home and reduces the impact of seasonal variations due to hot and cold weather.
- Custom Due Date: An option that allows a customer to select the customer's own monthly due date, instead of the one assigned based on

the meter reading date. Some households find this option assists with planning for when expenses will be due.

Q. HOW HAVE THESE PROGRAMS ASSISTED CUSTOMERS EXPERIENCING AFFORDABILITY CHALLENGES?

A. These programs provide both flexibility and control to customers, allowing them to customize the billing experience to their individual needs. Budget billing is particularly suited to assisting customers in avoiding significant spikes during peak usage months. Additionally, it provides stability and predictability, making it easier for customers to plan and allocate funds for utility expenses. In regard to flexible payment plans, this approach is beneficial to customers who may be facing temporary financial hardships or unexpected expenses. Instead of facing immediate payment demands, they can work with the Company to develop a customized plan to get caught back up; these plans ensure that customers can maintain their utility services while working towards resolution of the past due balance. Custom Due Dates provide a high level of control to customers by providing the option of aligning utility bill payments with household cash flow. By selecting a due date that corresponds to income, customers are able to reduce the risk of missed or late payments.

IV. COMMODITY BAD DEBT EXPENSE

A. Overview of Commodity Bad Debt Expense

Q. WHAT IS COMMODITY BAD DEBT EXPENSE?

A. Commodity bad debt expense is billed commodity revenue for electric and natural gas service that is considered uncollectible from customers. Commodity revenue refers to the revenue billed to the Company's customers for the cost of

utility service, including fuel charges and all regulated charges to customers, such as riders. This definition represents virtually all of the Company's billed retail customer revenue. It does not include comparatively minor ancillary charges such as damage claims, which are considered "non-commodity" revenue, discussed in Section IV of my testimony. For this section, we are providing Total NSPM Company figures because commodity bad debt ratios for NSPM are calculated based on the Total Company, including both the electric and natural gas utilities.

Q. PLEASE SUMMARIZE THE COMPANY'S PROPOSED TEST YEAR COMMODITY BAD DEBT EXPENSE.

A. For the 2024 test year, we propose a 0.42 percent of revenue ratio. On a State of Minnesota Gas Jurisdiction level, this represents commodity bad debt expense of $2.7 million. I discuss the bad debt expense budget and forecast process in Section B; the methodology we use to determine our bad debt ratios and proposed bad debt expense levels and trends in Section C; and the allocation methodology for commodity bad debt expense between electric and gas operations in Section D.

Q. HOW DO THE 2024 PROPOSED TEST YEAR BAD DEBT EXPENSE LEVELS COMPARE TO PREVIOUS LEVELS?

A. As shown in Table 5 below, for the 2024 test year, the Company bad debt expense level is higher than 2022 actuals due to the exclusion of the COVID-19 reversals from the 2024 test year budget. However, the 2024 test year bad debt expense is lower than the 2023 forecast due to anticipated savings attributed to improved credit and collections performance by the Company.

Table 5
Commodity Bad Debt Expense Trend –
State of Minnesota Gas Jurisdiction
($ millions)

2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Test Year
$2.59	$2.64	$2.08	$3.05	$2.69

B. Bad Debt Expense Budget and Forecast Process

Q. HOW DOES THE COMPANY BUDGET AND FORECAST COMMODITY BAD DEBT EXPENSE?

A. In general, we recognize commodity bad debt expense through a combination of: (1) estimating an amount of accounts receivable reserve (or provision) associated with outstanding receivables that will be unrecoverable; and, (2) writing-off uncollectible accounts not previously reflected in this reserve. From the combination of these amounts, we derive a weighted average ratio of bad debt to overall billed commodity revenue. To determine a forecasted bad debt expense, as is necessary for budgeting purposes and for a rate case, the Company applies this bad debt ratio to forecasted commodity revenues and allocates it between its electric and natural gas operations.

Q. WHY IS IT REASONABLE TO ESTIMATE BAD DEBT EXPENSE BASED UPON A RATIO OF BAD DEBT EXPENSE TO COMMODITY REVENUE?

A. Using a ratio of billed commodity revenue is reasonable because there is a direct relationship between billed commodity revenue and bad debt expense. In particular, as billed commodity revenue increases and decreases, bad debt proportionately increases and decreases. This practice is commonly used by

industry groups, as verified by the Edison Electric Institute, and this trend is also supported by historical data.

Q. WHAT FACTORS IMPACT COMMODITY BAD DEBT EXPENSE?

A. All else being equal, commodity bad debt expense varies directly with billed commodity revenues. Other factors affecting bad debt expense include changes in credit policy, external considerations such as the economy, income qualified energy assistance programs, levels of business bankruptcies, as well as the efficiency of the Company's supporting processes and operations.

Q. HOW DOES THE GAS REVENUE FORECAST IMPACT COMMODITY BAD DEBT EXPENSE?

A. The gas revenue forecast is a primary input to the bad debt expense forecast, and the gas cost forecast is used in developing the revenue forecast. Therefore, the relationship of gas cost increases and decreases are directly correlated to changes in revenues, and ultimately bad debt expense budgets and forecasts. Once the revenue forecast is complete, the bad debt expense model uses that forecast as an input so that the bad debt expense forecast directly reflects forecasted changes in revenue.

Q. HOW DOES THE COMPANY CALCULATE THE ACCOUNTS RECEIVABLE RESERVE PORTION OF BAD DEBT EXPENSE?

A. We calculate the reserve by applying provisioning factors to various aging categories of outstanding arrears for both active and inactive customers. A provisioning factor is the percentage of the accounts receivable estimated to eventually prove uncollectible. In general, as arrears age, and as they move with our customers from active to inactive status, we apply a higher provisioning

factor to reflect the declining likelihood that we will collect the full outstanding balance. These reserve amounts are updated monthly and are combined with net write-offs to become the total bad debt expense for the period.

Q. HOW DOES THE COMPANY KNOW THAT ITS PROVISIONING FACTORS ARE REASONABLE?

A. The provisioning factors we apply to outstanding arrears are developed from annual reserve studies in which we analyze historical customer payment behavior data and consider contributing factors such as the sales forecast and underlying fuel forecast, any changes in credit policy, and external considerations such as the economy. Our most recent reserve study was completed in June 2023.

Q. WHAT DOES THE COMPANY DO TO MANAGE BAD DEBT EXPENSE, PARTICULARLY WHEN REVENUES ARE INCREASING?

A. We continue to use a combination of approaches to manage bad debt expense, including:

- Proactive contact of delinquent residential customers through targeted contacts, including emails and outbound calls.
- Close monitoring of commercial accounts and industry trends, and work to keep these customers as current as possible to minimize potential bankruptcy impacts.
- Focused management of collection agency practices to help improve collections from customers whose debt had previously been written off.
- Development of advanced analytical methods to ensure the most efficient and effective credit activities are used.

- Strong support of energy assistance programs that help the Company's most at-risk customers.

We continually monitor our level of bad debt expense and the factors that influence it and take action to respond. I discuss specific activities that Customer Care has implemented in an effort to manage bad debt expense in conjunction with my discussion of our bad debt expense trend in the following section of my testimony.

C. Test Year Bad Debt Calculation

1. Bad Debt Ratios and Trend

Q. HOW WAS THE 2024 TEST YEAR BAD DEBT RATIO CALCULATED?

A. As I have discussed, while the acute portions of the COVID-19 pandemic is now over, customers are still experiencing challenges with paying their utility bills. To calculate the 2024 test year bad debt ratio, the Company looked to 2022 actual bad debt ratios and included anticipated savings due to improved credit and collections performance by the Company, and excluded COVID-19 reversals which impacted 2022 performance. This cost was then proportionately allocated to the Company based on the actual bad debt experienced in 2022.

Q. ARE THE COMMODITY BAD DEBT RATIOS THE COMPANY PROPOSES FOR THE 2024 TEST YEAR REASONABLE?

A. Yes. As shown in Table 6 below, the 2024 test year bad debt forecast ratio of 0.42 percent is anticipated to be slightly lower than the average 2020-2022 bad debt actual ratio of 0.48 percent. This reflects savings from improved credit and collections performance that are anticipated for 2024.

Table 6
Commodity Bad Debt Ratio –
NSPM Total Company

Actuals				Forecast	Test Year
2020	**2021**	**2022**	**Average 2020-2022**	**2023**	**2024**
0.59%	0.54%	0.35%	0.48%	0.48%	0.42%

2. Bad Debt Expense and Trend

Q. WHAT IS THE PROPOSED 2024 COMMODITY BAD DEBT EXPENSE?

A. We propose a commodity bad debt expense of $3.1 million for NSPM Total Gas Company, which translates to a 2024 test year commodity bad debt expense of $2.7 million for the State of Minnesota Gas Jurisdiction. We provide detailed calculations supporting the 2024 test year commodity bad debt expense as Exhibit___(NCL-1), Schedule 5.

Q. HOW WAS THE TEST YEAR BAD DEBT EXPENSE CALCULATED?

A. We calculate the commodity bad debt expense level by applying the bad debt ratio for each year to each year's total Company forecasted commodity revenues. We then allocate the proposed bad debt expense to the State of Minnesota Gas Jurisdiction through an allocation process that I discuss in Section IV.D of my testimony.

Q. HOW DO 2024 BAD DEBT EXPENSE LEVELS COMPARE TO HISTORICAL BAD DEBT EXPENSE LEVELS?

A. Commodity bad debt expense was elevated in 2020 and 2021 due to increasing revenue and the economic impacts of the global COVID-19 pandemic. In 2020, bad debt as a percent of revenue peaked at 0.59 percent but then is

expected to decline to 0.42 percent in 2024. This is consistent with performance experienced in the Company's recovery following the 2008 Great Recession.

Q. PLEASE DISCUSS TRENDS IN THE COMPANY'S COMMODITY BAD DEBT EXPENSE SINCE 2020.

A. Table 5 above shows the Company's bad debt expense has generally increased since 2020. The primary reason for this is the increase of approximately $1.1 billion in NSPM Total Company billed commodity revenue from 2020 (approximately $3.9 billion) to 2024 (approximately $5 billion) as reflected in Schedule 5. This increase in revenue has been compounded by the increase in bad debt as a percent of revenue attributed to the lingering economic impacts of the COVID-19 pandemic as discussed throughout my testimony.

Q. HOW DOES THE COMPANY'S TOTAL BAD DEBT EXPENSE COMPARE TO OTHER UTILITIES?

A. The Company's bad debt expense compares favorably to other utilities as reflected in FERC account 904 expenses.[10] For the 2020-2022 period, which is the most current information available, the combination of the Company's total commodity and non-commodity bad debt expense has generally been below the mean expense level of other utilities. We provide a summary of this expense level comparison in Table 7[11] below.

[10] FERC account 904 is "charged with amounts sufficient to provide for losses from uncollectible utility revenues."

[11] Source: S&P Global, Market Intelligence Platform, https://www.spglobal.com/marketintelligence/en/

Table 7
Customer Records and Uncollectible Expense per Retail Customer Comparison

	2020	2021	2022
NSPM Total Company	$13.23	$14.45	$11.10
Competitor Group (mean)	$17.49	$12.95	$16.00

D. Allocation Methodology

Q. HOW DOES THE COMPANY ALLOCATE COMMODITY BAD DEBT EXPENSE BETWEEN ITS ELECTRIC AND NATURAL GAS OPERATIONS?

A. We allocate bad debt expense to our natural gas and electric operations consistent with the process by which debt is written off. Total bad debt expense is assigned at a total Operating Company level because customer payments and write-offs are recorded to the customer's overall account – not separately for electric and gas service. Therefore, because we have combined electric and gas customers who pay for utility service on an integrated basis, the bad debt expense is also integrated at a customer account level.

To differentiate bad debt expense between gas and electric service, we use an allocation to reasonably approximate the proportions of electric and gas utilities' bad debt expense. After applying the bad debt ratio to total NSPM commodity revenue, the resulting amount is allocated to the Minnesota jurisdiction and between the electric and gas utilities by using a rolling four-year total of revenues to utility and jurisdiction. The allocator in the 2024 test year is developed based on the four previous calendar years' actual operating revenues from the corporate income statement, which we update every April.

Using this methodology, the amount of bad debt expense allocated to the State of Minnesota Gas Jurisdiction for 2024 is 86.9 percent of the total bad debt expense for the NSPM Gas Company. Essentially, this reflects the fact that Minnesota gas commodity revenues equaled 86.9 percent of NSPM Gas commodity revenues during the January 2019 through December 2022 period.

Q. HAS THE COMPANY USED THIS ALLOCATION METHODOLOGY IN ITS PREVIOUS RATE CASES?

A. Yes. This is the same methodology used in all of the Company's recent rate cases, including the Company's most recent natural gas rate case (Docket No. G002/GR-21-678).

V. NON-COMMODITY BAD DEBT EXPENSE

Q. WHAT IS NON-COMMODITY BAD DEBT EXPENSE?

A. Non-commodity bad debt expense is billed revenue that is considered uncollectible for everything other than electric and natural gas service. The non-commodity bad debt budget categories align with functional business areas and include the miscellaneous charges such as returned checks and connection-related fees.

Q. WHAT IS THE 2024 TEST YEAR AMOUNT FOR NON-COMMODITY BAD DEBT?

A. The 2024 test year non-commodity bad debt expense for the State of Minnesota Gas Jurisdiction is $18,000. Detailed calculations supporting the test year non-commodity bad debt expense are provided in Exhibit___(NCL-1), Schedule 6.

Q. HOW DO THESE AMOUNTS COMPARE TO PAST YEARS?

A. Table 8 below provides actual non-commodity bad debt expense amounts for the 2020-2022 period, the 2023 forecast, and the 2024 test year.

Table 8
Non-Commodity Bad Debt Expense
State of Minnesota Gas Jurisdiction
($ millions)

	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Test Year
Customer Care	$0.02	$0.02	$0.02	$0.02	$0.02

Q. HOW DID THE COMPANY DEVELOP THE 2024 NON-COMMODITY BAD DEBT EXPENSE LEVELS?

A. The non-commodity bad debt for 2024 Test Year is calculated by using the average of actual non-commodity bad debt from 2019 to 2022.

VI. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The Customer Care organization continues to effectively manage its O&M expense levels. It continues to perform favorably to other gas utilities across the country in managing bad debt expense and the cost to perform overall Customer Care functions. Therefore, the Customer Care organization's overall O&M expenses, including commodity and non-commodity bad debt expense, are reasonable and should be approved. Finally, the Customer Care Organization is keenly aware of the importance of customer affordability and supports many functions and products specifically designed to assist customers of all income levels in managing their monthly utility expense.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Statement of Qualifications

Nora C. Lindgren

I received my Bachelor of Art degree in Biology, with an emphasis in Environmental Communication, in 2013 from Metropolitan State University. I have been employed with Xcel Energy for 14 years. Prior to 2013, I held various positions within Xcel Energy's Customer Contact Center and Credit and Collections Call Center as I completed my degree. From 2013 to 2018, I served as Supervisor, Credit and Collections, for Xcel Energy. From 2018 to 2020, I served as Manager, Credit and Collections, where I was responsible for developing, maintaining, and implementing policies and processes to ensure reductions of arrears, write-offs, and key financial metrics including management of bad debt for Xcel Energy. Beginning in July of 2020, I became the Senior Manager, Customer Policy and Assistance, and most recently I have assumed the position of Director, Billing and Regulatory Compliance, in October of 2022.

I have represented Xcel Energy in public and regulatory settings including filing of testimony, testifying before governmental organizations, and serving as spokesperson for media inquiries.

Customer Care O&M Expense Levels
($s)

Total NSP Gas					
Cost Element	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Forecast**	**2024 Test Year**
Labor	2,609,469	2,993,383	3,285,627	3,431,283	3,836,106
Contract Labor	14,183	12,640	12,352	15,100	13,753
Outside Services	5,239,405	5,181,762	4,209,214	3,608,741	2,281,788
Employee Expenses	51,330	32,374	47,646	45,350	54,259
O&M Credits	(294,691)	(295,939)	(24,290)		
Postage	875,327	896,902	973,870	1,034,311	1,124,451
Credit Card Fees					1,691,988
Net Other*	143,540	196,892	192,445	137,339	118,518
Grand Total	**8,638,563**	**9,018,016**	**8,696,863**	**8,272,124**	**9,120,864**

* All other accounts with less than $250,000 annually average for the years listed above

Total MN Gas Jurisdiction					
Cost Element	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Forecast**	**2024 Test Year**
Labor	2,317,297	2,651,459	2,908,281	3,024,487	3,394,815
Contract Labor	2,887	1,001	1,183	4,630	3,220
Outside Services	4,945,970	4,884,686	3,854,670	3,304,295	2,175,062
Employee Expenses	46,067	29,634	43,172	40,584	48,893
O&M Credits	(294,691)	(295,939)	(24,290)		
Postage	777,128	795,118	862,402	913,739	993,276
Credit Card Fees					1,651,988
Net Other*	131,426	180,353	171,828	121,109	103,818
Grand Total	**7,926,084**	**8,246,313**	**7,817,246**	**7,408,844**	**8,371,072**

Customer Care O&M Expense Levels
($s)

		Total NSP Gas					Total MN Gas Jurisdiction				
Sum of YE Amt											
Director	**Cost Element**	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Forecast**	**2024 Test Year**	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Forecast**	**2024 Test Year**
Billing Services	Labor	478,892	492,353	528,647	498,158	585,589	425,178	436,488	468,145	440,144	517,393
	Contract Labor	2,613	1,080		1,539	3,078	2,320	958		1,360	2,720
	Outside Services	353,118	298,919	326,341	379,112	338,354	313,512	265,003	288,992	334,962	298,950
	Employee Expenses	1,931	381	1,720	2,915	3,280	1,714	338	1,523	2,575	2,898
	Postage	873,997	892,399	958,425	1,030,819	1,122,474	775,968	791,143	848,737	910,773	991,754
	Credit Card Fees					1,691,988					1,651,988
	Net Other*	(10,164)	19,445	17,680	13,734	16,295	(9,024)	17,239	15,656	12,134	14,397
Billing Services Total		1,700,386	1,704,577	1,832,813	1,926,276	3,761,058	1,509,668	1,511,167	1,623,055	1,701,948	3,480,100
Contact Center	Labor	953,162	1,044,805	1,271,929	1,242,167	1,270,810	846,253	926,256	1,126,362	1,097,508	1,122,815
	Outside Services	13,011	15,876	16,177	10,342	7,726	11,552	14,074	14,326	9,138	6,826
	Employee Expenses	16,565	3,072	6,917	7,283	7,947	14,707	2,723	6,125	6,435	7,022
	Postage	663	618	597	937	1,067	588	548	528	828	943
	Net Other*	3,216	1,333	6,773	6,149	11,268	2,855	1,182	5,998	5,433	9,955
Contact Center Total		986,617	1,065,703	1,302,392	1,266,879	1,298,817	875,956	944,783	1,153,339	1,119,342	1,147,561
Credit & Collections	Labor	381,797	484,489	504,590	545,186	523,235	338,974	429,517	446,841	481,695	462,300
	Contract Labor	248					221				
	Outside Services	112,083	128,569	117,444	111,422	124,324	99,512	113,981	104,003	98,446	109,845
	Employee Expenses	4,896	1,266	5,465	3,326	4,351	4,346	1,123	4,840	2,938	3,845
	Postage	349	1,234	66	193	371	310	1,094	59	171	328
	Net Other*	6,935	4,279	3,171	5,434	8,272	6,157	3,793	2,808	4,801	7,309
Credit & Collections Total		506,309	619,836	630,736	665,560	660,553	449,520	549,506	558,551	588,051	583,627
Cust Care, Measurement & Analytics	Labor	232,100	292,593	294,076	296,412	310,001	206,068	259,394	260,420	261,893	273,900
	Contract Labor	17	50		325		15	44		287	
	Outside Services	26,162	38,767	69,043	53,985	67,011	23,228	34,368	61,141	47,698	59,207
	Employee Expenses	5,476	10,161	10,758	9,564	12,464	4,862	9,008	9,527	8,450	11,012
	Postage	46	54	3	43	76	41	48	2	38	68
	Net Other*	1,010	10,980	12,485	13,800	15,572	897	9,734	11,056	12,193	13,758
Cust Care, Measurement & Analytics Total		264,812	352,604	386,364	374,129	405,124	235,110	312,596	342,146	330,559	357,944
Customer Policy and Assistance	Labor	115,895	124,374	148,896	150,239	157,524	102,896	110,262	131,855	132,743	139,179
	Contract Labor				51	102				45	91
	Outside Services	10,786	12,217	12,156	12,028	11,767	9,577	10,831	10,764	10,627	10,396
	Employee Expenses	543	323	1,499	1,605	1,738	482	287	1,328	1,418	1,535
	Postage	2	2,429	14,305	2,029	21	1	2,154	12,668	1,793	18
	Net Other*	13,742	16,628	37,539	14,869	16,077	12,201	14,741	33,243	13,137	14,205
Customer Policy and Assistance Total		140,969	155,972	214,395	180,822	187,229	125,158	138,274	189,858	159,764	165,425
Meter Reading	Labor	447,622	554,769	537,490	699,121	988,947	397,928	489,543	474,658	610,505	879,228
	Contract Labor	11,305	11,510	12,352	13,185	10,573	331	-	1,183	2,938	410
	Outside Services	4,724,243	4,687,415	3,668,054	3,041,852	1,732,607	4,488,590	4,446,430	3,375,444	2,803,424	1,689,837
	Employee Expenses	21,919	17,171	21,286	20,657	24,480	19,955	16,157	19,829	18,767	22,582
	O&M Credit	(294,691)	(295,939)	(24,290)			(294,691)	(295,939)	(24,290)		
	Postage	270	168	474	289	441	219	132	407	136	165
	Net Other*	128,801	144,228	114,797	83,353	51,035	118,340	133,664	103,066	73,410	44,194
Meter Reading Total		**5,039,470**	**5,119,323**	**4,330,162**	**3,858,458**	**2,808,083**	**4,730,673**	**4,789,986**	**3,950,297**	**3,509,180**	**2,636,415**
Grand Total		**8,638,563**	**9,018,016**	**8,696,863**	**8,272,124**	**9,120,864**	**7,926,084**	**8,246,313**	**7,817,246**	**7,408,844**	**8,371,072**

* All accounts included in the "Net Other" category from Page 1

Measuring the Voice of our Customers with J.D. Power Satisfaction

Xcel Energy participates in the J.D. Power Electric Utility Residential Customer Satisfaction study to capture the voice of our customers across a broad spectrum of satisfaction categories.

J.D. Power is an independent global research firm that provides services to several industries, including the energy industry. As it pertains to the energy industry, J.D. Power performs ongoing benchmarking studies that assess how utilities have performed compared to one another in several customer service-related categories.

The Company does not retain J.D. Power to perform its surveys; rather, J.D. Power performs the surveys and makes the results available annually via subscription. The Company subscribes to the J.D. Power survey because the Company finds value in understanding the issues that are important to customers nationally and regionally, as well as how its customers rate its service performance compared to other utilities.

The J.D. Power study uses a ratings scale of 1 to 10, where 10 represents very satisfied and 1 represents very dissatisfied. J.D. Power uses an index to combine customer scores to create a single overall satisfaction score, which is on a 1,000 point scale.

J.D. Power has identified through ongoing analysis the top drivers of customer satisfaction. Utilities use this information to understand and prioritize activities to improve satisfaction. J.D. Power results are shared with business areas so they have timely information from which to make any necessary changes to better serve customers.

The table below summarizes our performance over the past five and a half years in these areas. It also includes some examples of what J.D. Power collects regarding each of these categories.

J.D. Power Utility Residential Study Results: Xcel Energy NSPM Index score on 1,000 point scale as calculated by J.D. Power

Factor	2018	2019	2020	2021	2022	2023 Q2 YTD
Price (i.e., total monthly cost, fairness, options, easy to understand, help in managing usage)	682	689	708	699	652	657
Power Quality & Reliability (i.e., quality power, avoiding outages, reliable during extreme weather, prompt restoration, outage communications)	789	802	807	797	784	787
Billing & Payment (i.e., reasonableness of billing cycle, clarity of bill, ease, variety of methods to pay)	786	793	806	801	781	792
Corporate Citizenship (i.e., community involvement, environmental stewardship, energy efficiency focused, develops future energy plans)	686	694	728	714	680	690
Communications (i.e., variety of communications used, safety, communicating changes, messages that get attention)	698	712	728	724	701	721
Customer Care (i.e., phone ease of use, rep clarity, promptness, courteousness, knowledge, concern, clarity, timeliness, online appearance, clarity, ease, timeliness, helpfulness, in-person promptness, courtesy, knowledge, concern, clarity, timeliness)	809	808	817	814	781	780

JD Power reports satisfaction performance based on region by utility. JD Power additional provides a summary capable of breakouts between NSPM and NSPW within the Midwest Large region.

As mentioned, the J.D. Power study measures customer satisfaction with utilities nationally, which includes over 149 utilities as of 2023. The table below provides a five and a half year history over our overall satisfaction index score and how that compares to the average score in our region as well as our quartile performance in the Midwest Large region. Note that the Midwest Large region contains fifteen brands; although scores can bunch together, quartile ranking forces the utilities apart by sorting.

J.D. Power Utility Residential Customer Satisfaction Study
Regional Benchmarks

J.D. Power Study	Indicators	2018	2019	2020	2021	2022	2023 Q2 YTD
Residential Customers[1]	Xcel Energy NSPM Quartile Achievement	1	1	1	2	4	1
	NSPM Customer Satisfaction Index Score	739	749	763	755	729	737
	Midwest Large Segment - Average Index Score	726	732	754	752	737	726

[1] This study includes electric customers and electric/gas combination customers.

Northern States Power Write-Off Policy

Once an account is finaled and has aged **139** working days past the final bill due date, the following events take place:

- Debtors with a balance of $1,000 or less go directly to write-off in Daily Processing in the Customer Resource System (CRS).

- Accounts with a balance of over $1,000 need to be worked manually.
  - A 'Pending Write-offs' report is created for all debtors that are ready to be written off but have not been written off by CRS. This report is reviewed by Revenue Assurance to search for an active account for the same debtor to transfer the past due amount to, and/or to collect money if possible. If they are unable to find a current account for the same debtor, the past due amount is manually written-off. (Refer to Write-off Requests, Manual Approval Procedures for process steps.)

- For debt meeting the criteria above for manual processing (**139** working days past the final bill due date over $1,000) items will be processed for up to 30 days from the Pending Write-Off report with one of the following actions taking place by day 30 of the item being in the queue:

  1) Transfer balance to new using account
  2) Collection of debt
  3) Write off

- Enforcement of the 30-day processing will be managed with a report to identify and track all accounts aged later than the **139** date and ensure any uncollectible account is written off by the cutoff date, unless there is evidence of collectibility to the contrary (collections incoming or a legitimate promise to pay in place). Changes will be minimized as much as possible, and any changes will require the approval of the Vice President of Customer Care.

Commodity Bad Debt Expense

Actual Bad Debt Gross Write-offs	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Test Year
Total Company NSP MN (MN, ND & SD)	$ 17,480,088	$ 15,109,155	$ 23,915,036		
Total Company NSP MN Gas(MN, ND & SD)	$ 2,221,219	$ 1,939,939	$ 3,129,414		
MN Jurisdiction Gas (MN only)	$ 1,956,894	$ 1,705,350	$ 2,737,038		

Gross Recoveries of Bad Debt & Other	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Test Year
Total Company NSP MN (MN, ND & SD)	$ (4,451,210)	$ (4,508,461)	$ (4,683,797)		
Total Company NSP MN Gas(MN, ND & SD)	$ (565,621)	$ (578,864)	$ (612,901)		
MN Jurisdiction Gas (MN only)	$ (498,313)	$ (508,864)	$ (536,053)		

Reserve for Bad Debt	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Test Year
Total Company NSP MN (MN, ND & SD)	$ 10,068,859	$ 12,806,053	$ (1,020,444)		
Total Company NSP MN Gas(MN, ND & SD)	$ 1,279,464	$ 1,644,233	$ (133,531)		
MN Jurisdiction Gas (MN only)	$ 1,127,208	$ 1,445,402	$ (116,788)		

Total Bad Debt Expense	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Test Year
Total Company NSP MN (MN, ND & SD)	$ 23,097,736	$ 23,406,748	$ 18,210,795	$ 24,483,587	$ 20,824,706
Total Company NSP MN Gas(MN, ND & SD)	$ 2,935,061	$ 3,005,309	$ 2,382,983	$ 3,508,767	$ 3,099,237
MN Jurisdiction Gas (MN only)	$ 2,585,789	$ 2,641,889	$ 2,084,197	$ 3,049,539	**$ 2,693,609**

Billed Commodity Revenue	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Plan Year
Total Company NSP MN (MN, ND & SD)	$ 3,928,093,615	$ 4,340,771,162	$ 5,249,301,436	$ 5,102,794,211	**$ 4,993,340,120**

Bad Debt Expense / Commodity Revenue	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Plan Year
Total Company NSP MN (MN, ND & SD)	0.59%	0.54%	0.35%	0.48%	**0.42%**

NSP MN Commodity Bad Debt Jurisdictional Allocators	2020 Actual	2021 Actual	2022 Actual	2023 YE July Forecast	2024 Plan Year
Minnesota Gas	88.1%	87.9%	87.5%	86.9%	86.9%
North Dakota Gas	11.9%	12.1%	12.5%	13.1%	13.1%
Total	**88.1%**	**87.9%**	**87.5%**	**86.9%**	**86.9%**

Non-Commodity Non-Energy Bad Debt Information
(Amounts in $'s)

	2020 Actual		2021 Actual		2022 Actual		2023 July Forecast		2024 Test Year	
	Total Gas	Mn Jurisdiction	Total Gas	Mn Jurisdiction	Total Gas	Mn Jurisdiction	Total Gas	Mn Jurisdiction	Total Gas	Mn Jurisdiction
Customer Care Non-Commodity (1)	18,026	15,881	23,761	20,887	21,285	18,616	21,046	18,292	21,087	18,327
Distribution Operations (2)	160,700	141,577	146,643	128,910	276,303	241,660	17,895	15,553	-	-
	178,726	157,458	170,404	149,797	297,588	260,276	38,941	33,844	21,087	18,327

(1) Miscellaneous charges such as returned check and connection-related fees

(2) Distribution Contributions In Aid Of Construction, and charges for requests made by customers for non-standard equipment or set-up; claims against third parties that damage the Company's electric and gas facilities

(904) Uncollectible Accounts per Retail Customer		
	Mean	NSPM
2008	$ 14.50	$ 13.95
2009	$ 13.66	$ 10.52
2010	$ 12.98	$ 8.49
2011	$ 12.24	$ 9.04
2012	$ 11.44	$ 6.33
2013	$ 12.36	$ 7.96
2014	$ 13.35	$ 9.97
2015	$ 12.90	$ 8.33
2016	$ 12.70	$ 8.61
2017	$ 10.11	$ 8.87
2018	$ 11.74	$ 9.28
2019	$ 11.14	$ 7.83
2020	$ 17.49	$ 13.23
2021	$ 12.95	$ 14.45
2022	$ 16.00	$ 11.10

(901-905 less 904) Customer Care Accts Exp per Retail Customer		
	Mean	NSPM
2008	$ 38.33	$ 34.11
2009	$ 38.62	$ 34.09
2010	$ 39.08	$ 34.58
2011	$ 39.34	$ 33.29
2012	$ 38.26	$ 31.82
2013	$ 37.75	$ 31.02
2014	$ 38.06	$ 30.64
2015	$ 38.86	$ 30.06
2016	$ 37.92	$ 29.90
2017	$ 38.07	$ 28.91
2018	$ 37.35	$ 28.45
2019	$ 37.35	$ 30.36
2020	$ 36.24	$ 44.72
2021	$ 41.94	$ 30.84
2022	$ 42.62	$ 28.99

(902) Meter Reading Exp per Retail Customer		
	Mean	NSPM
2008	$ 8.16	$ 15.15
2009	$ 8.36	$ 14.90
2010	$ 8.14	$ 15.41
2011	$ 7.93	$ 14.18
2012	$ 7.37	$ 12.95
2013	$ 6.83	$ 12.96
2014	$ 6.51	$ 13.00
2015	$ 6.66	$ 13.23
2016	$ 6.35	$ 13.42
2017	$ 6.11	$ 13.48
2018	$ 5.84	$ 14.36
2019	$ 5.64	$ 14.64
2020	$ 5.53	$ 19.06
2021	$ 5.37	$ 15.52
2022	$ 5.03	$ 13.06

(903) Customer Records & Collection Exp per Retail Customer		
	Mean	NSPM
2008	$ 26.98	$ 18.68
2009	$ 27.05	$ 18.94
2010	$ 28.12	$ 19.00
2011	$ 28.26	$ 18.97
2012	$ 27.80	$ 18.73
2013	$ 27.68	$ 17.93
2014	$ 28.31	$ 17.54
2015	$ 28.95	$ 16.75
2016	$ 28.57	$ 16.39
2017	$ 28.74	$ 15.35
2018	$ 28.69	$ 14.04
2019	$ 28.82	$ 15.64
2020	$ 27.94	$ 13.85
2021	$ 32.91	$ 15.15
2022	$ 32.68	$ 15.66

(901 - 905) Total Customer Accounts Expense per Retail Customer		
	Mean	NSPM
2008	$ 52.82	$ 48.06
2009	$ 52.39	$ 44.61
2010	$ 52.22	$ 43.07
2011	$ 51.57	$ 42.33
2012	$ 49.70	$ 38.15
2013	$ 50.11	$ 38.98
2014	$ 51.41	$ 40.61
2015	$ 51.76	$ 38.39
2016	$ 50.62	$ 38.50
2017	$ 48.18	$ 37.78
2018	$ 49.08	$ 37.73
2019	$ 51.68	$ 38.20
2020	$ 52.50	$ 57.95
2021	$ 54.89	$ 45.29
2022	$ 58.62	$ 40.09

* 2019 data was not impacted by the pandemic

Data Source:

Company – S&P Global (www.spglobal.com/en)
Product – S&P Global Market Intelligence (https://www.spglobal.com/marketintelligence/en/)
Solution – S&P Capital IQ Pro (www.capitaliq.spglobal.com/web/client?auth=inherit#news/home)

Data Methodology:

Regarding the data contained within this schedule. The Company uses the "Screener" application found in the above referenced solution to compile and export publicly available date for regulated energy companies at the operating company level. To provide the most relevant peer set the Company excludes gas-only companies and parent company level aggregate results, in addition to exclusions for compannies with no reported results.

Uncollectible Accounts per Retail Customer (904)

	Mean	NSPM	MN Power	Otter
2008	$ 14.50	$ 13.95	$ 2.13	N/A
2009	$ 13.66	$ 10.52	$ 5.02	$ 6.70
2010	$ 12.98	$ 8.49	$ 3.65	$ 6.40
2011	$ 12.24	$ 9.04	$ 4.90	$ 3.14
2012	$ 11.44	$ 6.33	$ 4.67	$ 4.62
2013	$ 12.36	$ 7.96	$ 4.28	$ 5.85
2014	$ 13.35	$ 9.97	$ 5.12	$ 5.83
2015	$ 12.90	$ 8.33	$ 5.10	$ 5.96
2016	$ 12.70	$ 8.61	$ 6.55	$ 7.08
2017	$ 10.11	$ 8.87	$ 6.12	$ 5.69
2018	$ 11.74	$ 9.28	$ 5.83	$ 8.59
2019	$ 11.14	$ 7.83	$ (2.40)	$ 7.53
2020	$ 17.49	$ 13.23	$ 12.67	$ 22.51
2021	$ 12.95	$ 14.45	$ 4.80	$ 0.08
2022	$ 16.00	$ 11.10	$ 8.83	$ 5.17

Customer Care Accts Exp per Retail Customer (901-905 less 904)

	Mean	NSPM	MN Power	Otter
2008	$ 38.33	$ 34.11	$ 39.36	N/A
2009	$ 38.62	$ 34.09	$ 38.57	$ 79.56
2010	$ 39.08	$ 34.58	$ 41.09	$ 84.48
2011	$ 39.34	$ 33.29	$ 43.98	$ 87.71
2012	$ 38.26	$ 31.82	$ 35.31	$ 91.91
2013	$ 37.75	$ 31.02	$ 36.00	$ 97.41
2014	$ 38.06	$ 30.64	$ 33.50	$ 96.65
2015	$ 38.86	$ 30.06	$ 32.64	$ 91.81
2016	$ 37.92	$ 29.90	$ 33.29	$ 87.90
2017	$ 38.07	$ 28.91	$ 38.78	$ 92.24
2018	$ 37.35	$ 28.45	$ 35.31	$ 90.81
2019	$ 37.35	$ 30.36	$ 33.49	$ 93.44
2020	$ 36.24	$ 44.72	$ 26.29	$ 90.66
2021	$ 41.94	$ 30.84	$ 32.49	$ 91.26
2022	$ 42.62	$ 28.99	$ 33.18	$ 98.96

Meter Reading Exp per Retail Customer (902)

	Mean	NSPM	MN Power	Otter
2008	$ 8.16	$ 15.15	$ 4.01	N/A
2009	$ 8.36	$ 14.90	$ 3.70	$ 37.41
2010	$ 8.14	$ 15.41	$ 4.37	$ 39.36
2011	$ 7.93	$ 14.18	$ 4.59	$ 41.72
2012	$ 7.37	$ 12.95	$ 4.12	$ 43.19
2013	$ 6.83	$ 12.96	$ 4.60	$ 46.61
2014	$ 6.51	$ 13.00	$ 3.36	$ 45.57
2015	$ 6.66	$ 13.23	$ 2.59	$ 43.43
2016	$ 6.35	$ 13.42	$ 2.22	$ 43.72
2017	$ 6.11	$ 13.48	$ 3.68	$ 45.33
2018	$ 5.84	$ 14.36	$ 3.73	$ 46.53
2019	$ 5.64	$ 14.64	$ 3.32	$ 47.10
2020	$ 5.53	$ 19.06	$ 2.26	$ 44.63
2021	$ 5.37	$ 15.52	$ 2.10	$ 45.33
2022	$ 5.03	$ 13.06	$ 1.86	$ 44.91

Customer Records & Collection Exp per Retail Customer (903)

	Mean	NSPM	MN Power	Otter
2008	$ 26.98	$ 18.68	$ 35.34	N/A
2009	$ 27.05	$ 18.94	$ 34.86	$ 38.83
2010	$ 28.12	$ 19.00	$ 36.72	$ 41.67
2011	$ 28.26	$ 18.97	$ 39.39	$ 42.41
2012	$ 27.80	$ 18.73	$ 31.20	$ 45.23
2013	$ 27.68	$ 17.93	$ 31.40	$ 47.25
2014	$ 28.31	$ 17.54	$ 30.14	$ 47.41
2015	$ 28.95	$ 16.75	$ 30.06	$ 44.53
2016	$ 28.57	$ 16.39	$ 31.07	$ 39.82
2017	$ 28.74	$ 15.35	$ 35.10	$ 42.31
2018	$ 28.69	$ 14.04	$ 31.58	$ 39.92
2019	$ 28.82	$ 15.64	$ 29.98	$ 41.97
2020	$ 27.94	$ 13.85	$ 23.72	$ 42.04
2021	$ 32.91	$ 15.15	$ 29.66	$ 42.06
2022	$ 32.68	$ 15.66	$ 30.51	$ 47.50

* 2019 data was not impacted by the pandemic