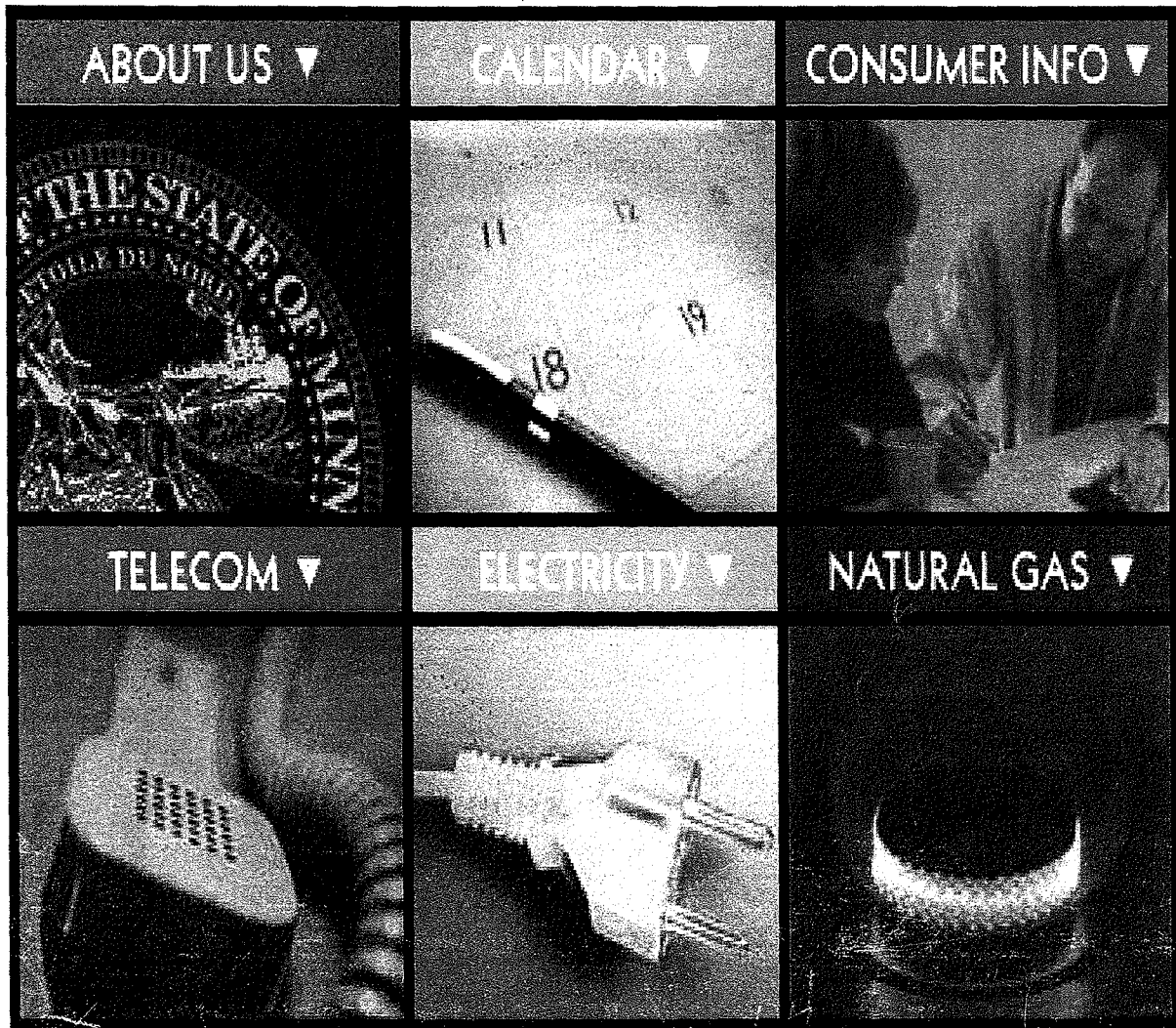


State of Minnesota

04 - 0582

Public Utilities Commission



2001 Annual Report

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State of Minnesota Public Utilities Commission

2001 ANNUAL REPORT

March 1, 2002

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Special thanks to Mary Swoboda for making this report readable, well organized and attractive

THE BASICS

WHAT DOES THE MINNESOTA PUBLIC UTILITIES COMMISSION DO?

The Minnesota Public Utilities Commission (PUC) regulates three cornerstone service industries in Minnesota's economy: i.e., electricity, natural gas, and telephone. It is the Commission's responsibility to ensure that vendors of these services provide safe, adequate, and reliable service at fair, reasonable rates (M.S. Chapters 216A, 216B and 237).

WHAT KEY SERVICES DOES THE COMMISSION PROVIDE?

- Disciplined decision-making for resolving party-to-party disputes and establishing broad industry policies
- A public forum for examination of policies pertaining to regulated industries
- Investigations, hearings, prescription of rules and issuance of orders regarding the provision of utility and telephone services
- Mediation of consumer complaints concerning services of telephone or energy utility providers

WHAT ARE THE COMMISSION'S BROAD POLICY OBJECTIVES?

- Guiding the transition to effective competition in telecommunications markets
- Assuring safe and reliable gas and electric services at reasonable rates

WHAT IS THE COMMISSION DOING TO ACCOMPLISH ITS OBJECTIVES?

Guiding the transition to effective competition in telecommunications markets

- Resolved complex issues related to telecommunications service quality and anti-competitive behavior
- Evaluating Qwest's readiness to enter the long-distance market
- Established policies and rates which allow competing providers to share facilities of incumbent telephone providers and to resell services
- Implemented rules to guide competition by new telephone companies
- Working to inform consumers of options available to them

Assured reliable gas and electric services at reasonable rates

- Implemented provisions of the Energy Security and Reliability Act of 2001 which relate to standards for distributed generation, consumer protection, distribution reliability, transmission planning, and development of renewable energy
- Approved tariffs and other programs related to development of renewable energy
- Investigated various innovative pricing options for energy services
- Approved measures needed for implementation of regional transmission coordinating entities

ABOUT THE COMMISSION

HISTORY SNAPSHOT

The Minnesota Public Utilities Commission's predecessor agency was the Railroad Commission which was established in 1871. Over the years the name was changed to the Railroad and Warehouse Commission, the Public Service Commission, and ultimately, the Public Utilities Commission. During this period, the agency's authority has included setting rates and terms of service for railroads, trucks and buses, warehouses, grain elevators, weights and measures, telephone and telegraph, and electric and natural gas utilities. In addition to its date of creation in 1871, there are several other key dates to note in reviewing PUC history:

- 1915** ▶ Minnesota telephone companies are placed under state regulation.
- 1975** ▶ Investor-owned gas and electric companies are placed under state regulation.
- 1980** ▶ Administrative separation of Public Service Commission into Department of Public Service and Public Utilities Commission. The separation created clear demarcation between the advisory and advocacy roles of professional staff.
- 1983** ▶ PUC given authority of Certificate of Need approval process for large energy facilities. In the same year, the PUC's authority over railroad, bus and truck rates was transferred to the newly created Transportation Regulation Board.

Today the PUC has authority to set rates and terms of service for gas, electric and telephone utilities operating in Minnesota (Appendix A), as well as mediate and otherwise resolve disputes between utility service providers and consumers.

COMMISSION'S STATUTORY ROLE

The Commission is somewhat unique in that its statutory responsibilities involve elements of all three branches of government. In resolving specific disputes, the Commission acts like a court (quasi-judicial function; M.S. § 216A.02, Subd. 4). In setting broad industry policies through investigations or rule-making, the Commission is a policy-making, or legislative, body (legislative function; M.S. § 216A.02, Subd. 2). In enforcing statutes and rules, the Commission is an administrative body (administrative function; M.S. § 216A.02, Subd. 3).

LOOKING AHEAD

The Commission recognizes it must be attentive to its rapidly changing environment and that it must adapt. Consequently, in carrying out its statutory responsibilities the Commission strives to be open and engaged, flexible and adaptable, while preserving a credible and disciplined approach to decision-making, as well as efficiency of operation. A brief summary of how the Commission strives to accomplish these goals is provided below.

Open and Engaged

It is a policy of the Commission to encourage parties with particular interests as well as the general public to participate in the decision-making process. To that end, in 1998 the Commission conducted a self-evaluation of its decision-making abilities through a Delphi study. This review laid the foundation for operational changes to implement a less formal and more open decision-making process: e.g., a much less formal meeting protocol, allowing freer participation by interested parties.

To accent its desire to be accessible, the Commission substantially upgraded its web site and now provides stakeholders much greater access to critical Commission information: e.g., consumer information and complaint forms, past Commission orders, Commission calendars, staff briefing papers, and a host of other information about Commission activities. In this effort, the Commission also has experimented with providing copies of *all* parties' filings and other documentation in a designated pilot proceeding. Providing web access to public filings by *all* parties in *all proceedings* is a longer term goal of the Commission.

While the Commission is very careful to abide by statutory restrictions on *ex parte* communications, open meetings, conflicts of interest, etc., it also strives to obtain credible information from all legitimate sources. For example, the Commission has held more general public forum discussions on topics of wide-spread interest and importance: e.g., electric pricing mechanisms that impact on system reliability, natural gas price trends, energy futures markets, local telephone service access charge reform, and lessons learned since passage of the Telecommunications Act of 1996 on the occasion of the 5th anniversary of the Act.

PUC Commissioners and staff have been actively engaged in activities of regional, national and international interest. Some examples are as follows:

United States Energy Association - Partnership with the Philippine Energy Regulatory Board with discussion here and in Manila [Commissioners Johnson and Scott]. Also, discussions with representatives of the South Asia Energy Executive Exchange (India, Bangladesh, Nepal, Sri Lanka) in Washington, D.C., Katmandu, and New Delhi [Scott].

National Association of Regulatory Utility Commissioners (NARUC) - Board of Directors and NARUC point person on climate change [Commissioner Garvey]. Chair of the Committee on Strategic Issues, Committee on Electricity [Commissioner Koppendraye]. Committee on Gas [Commissioner Johnson]. Committee on Energy and Renewable Energy [Commissioners Garvey and Reha]. Various staff members are also active in NARUC staff subcommittees.

National Regulatory Research Institute (NRRI) - Board of Directors [Commissioner Garvey]. Staff has also been active on the NRRI Research Advisory Council.

Nuclear Waste Strategy Coalition (NWSC) - Chairman of the NWSC [Commissioner Koppendraye]

Gas Research Institute - Advisory Committee [Commissioner Johnson]

Mid-America Regulatory Commissioners - Members [Commissioners Garvey, Johnson, Koppendraye, Reha and Scott]

Qwest Regional Oversight Committee - Chairman [Commissioner Garvey]

Flexible and Adaptable

The Commission obtained and has utilized authority from the Legislature to increase efficiency and control costs: e.g., assignment of lead commissioners, commissioner subcommittees, and approval of certain filings by operation of law. Most recently, the Commission used its authority to create subcommittees to revise its handling of consent calendar items to allow the growing volume of cases to be processed without unnecessary delays.

The Commission also has made greater use of other non-traditional measures of inquiry, like technical conferences and mediation, when warranted. In addition, in response to concerns expressed by the telephone industry and public advocates, the Commission developed and implemented a more stream-lined process to ensure that anti-competitive complaints among telephone service providers are brought before it without undue delay.

In response to changes occurring in regulated industries, the Commission reallocated staff resources to meet shifting case loads. The Commission strives to maintain a balance between enhancing the industry expertise of its staff and preserving the flexibility needed to meet often rapidly changing priorities.

The Commission is actively evaluating the costs and benefits of an expanded electronic management system to enhance its ability to manage needed information and to make it more readily available to all stakeholders. As noted, a longer term goal is to provide internet access to all public information submitted to the Commission in the course of proceedings coming before it.

Credible and Disciplined

The Commission is deliberately structured to have a significant degree of independent decision-making autonomy. Minnesota statutes require a Code of Conduct. The tone of that Code is reflected in the following phrase:

Commissioners shall not be swayed by partisan interests, public clamor, or fear of criticism.

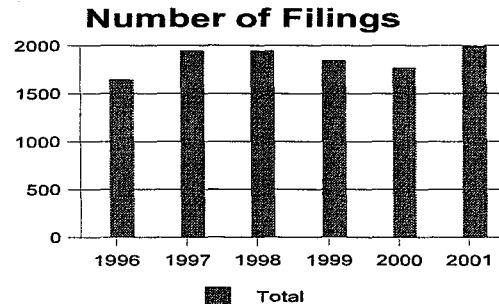
There are some additional noteworthy factors that preserve the integrity of the Commission's decision-making process:

- The Commission's Standards of Conduct (Rules of Minnesota, Chapter 7845) include specific restrictions on employment, investments and gifts; strict prohibitions regarding *ex parte* communications and conflicts of interest.
- Commissioners are appointed by the Governor with the advice and consent of the Senate for six year staggered terms; no more than three of the members can be from any political party; commissioners must satisfy certain requirements relating to professional background and residency; and can be removed only upon a showing of cause.
- All decisions relating to docketed matters must be made on the basis of record evidence and must be made in an open meeting.
- All decisions relating to docketed matters are recorded in written orders which must incorporate the rationale for the decision and are subject to appeal.

Efficient

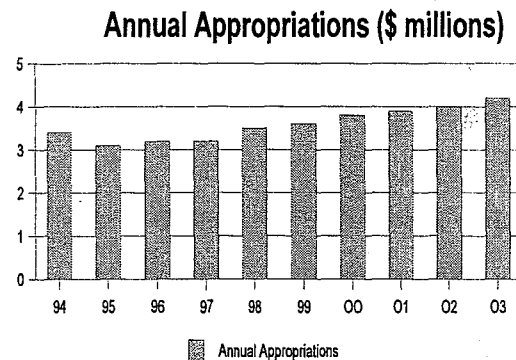
The Commission received nearly 2000 filings during calendar year 2001. This level of filings sustains a trend which began in 1997, in the wake of passage of the federal *Telecommunications Act of 1996* and represents a nearly 22% increase over five years ago.

The vast majority of cases coming to the Commission are disposed of in 60 to 90 days. This amount of time reflects the minimum needed to satisfy basic due process requirements under Minnesota law. While particularly complex or controversial cases take longer, many are resolved in a matter of months.



As the foregoing suggests, not only has the quantity of cases increased, but the complexity of cases has increased as well. For the year beginning on July 1, 2000 through June 30, 2001, the Commission rendered decisions on 108 cases involving complex or unique new issues or disputed formal petitions. This amounts to approximately two such cases per week. The annual number of such cases over the previous two years averaged 70.

Despite these increases in activity, the Commission's operating budget has been stable over the last several years, showing a very gradual increase. Moreover, the Commission's budget size and staff size both are well below the average for states of comparable size, even if the relevant budget and staff from the Department of Commerce is included in the tally.



The number of consumer complaints filed with the Consumer Affairs Office has likewise increased in number and complexity. During 2001 there were over 5,100 new cases opened. During this same period, the Consumer Affairs Office worked aggressively to resolve consumers' problems and to close out case files. As a result, the office has been able to reduce the number of active complaint files. In addition, implementation of improved telecommunications technology has greatly enhanced the consumers' ability to get the information they seek with minimal delay and has reduced the turn-around time for responding to consumers' inquiries. For more information on consumer related activities please refer to page 22 of this report.

In addition, the Commission is pursuing its strategic information management plan. In this regard, the Commission has greatly enhanced its web site capabilities, including electronic access to Commission orders going back to 1987, a weekly updated calendar of Commission activities, electronic access to staff briefing papers, links to other key regulatory entities, and more. In addition, we are investigating the feasibility of allowing the filing of documents electronically and making public information contained in these documents readily available on the web site. For more information on technology improvements at the Commission please refer to page 23 report.

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COMMISSIONERS

Gregory Scott

Chairman ■ Independent



St. John's University, B.A.; William Mitchell College of Law, J.D. magna cum laude; practiced law at the law firm of Messerli & Kramer, specializing in corporate transactions, health care litigation and regulation, and products liability litigation and regulation; formerly with Popham, Haik, Schnobrich & Kaufman, Ltd. and Rinke, Noonan, Grote & Smoley, Ltd.; Member, American Bar Association and International Bar Association; Chairman, International Law Subcommittee, Product Liability Litigation Committee, American Bar Association; appointed Commissioner August 29, 1997; reappointed March 31, 1999; appointed Chairman January 3, 2000; term expires January 3, 2005.

Edward A. Garvey

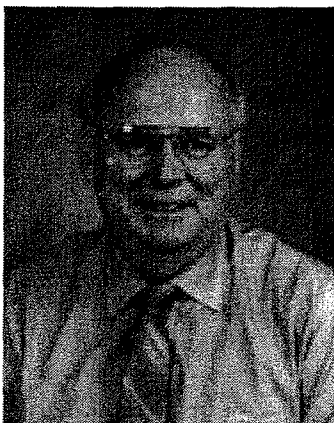
Commissioner ■ Republican



University of Minnesota, B.A.; University of Minnesota Law School, J.D.; University of St. Thomas Business School, M.B.A.; Director of the Minnesota Office of Environmental Assistance; served as an environmental and health care policy advisor to former U.S. Senator Durenberger; practiced law at the Minneapolis law firm of Gray, Plant, Mooty, Mooty and Bennett, specializing in environmental and health care issues; former Chair of the MN Pollution Control Agency Citizens' Board; serves on the boards of Minnesota Environmental Initiative, Jefferson Center Citizens' Jury; EPRI Advisory Council; Vice-Chair, NARUC Energy Resources & the Environment; appointed Commissioner January 17, 1997; appointed Chairman February 1, 1997 to January 3, 2000; term expires January 6, 2003.

R. Marshall Johnson

Commissioner ■ Republican



Duke University, Duke in Brazil Summer Program, 1987; University of Minnesota, B.A.; CEO and Chair of Anchor Gas and Fuel, Inc., and Anchor Transport, Inc.; NARUC Gas Committee; Gas Research Institute (GRI); appointed Commissioner August 11, 1993; reappointed December 11, 1995; term expired January 7, 2002.

COMMISSIONERS

**LeRoy
Koppendrayer**

Commissioner ■ Republican



Vermillion State Junior College; Course work at Anoka Vocational Technical Institute; Dunwoody Institute, Minneapolis; 1990 elected to Minnesota State Legislature and served through 1998; served as Assistant House Minority Leader and House Republican Whip; 1986-91 self-employed international agriculture consultant, lived in Indonesia for three years, also worked in South America, Africa, Jamaica, Philippines and former U.S.S.R. Countries; 1974-86 dairy farmer; 1969-1974 manager, Fingerhut Corp. in Princeton, Alexandria, Sauk Center and Mora, MN; 1960-69 heavy equipment operator, truck driver, Reserve Mining Company; currently serves on NARUC Committee on Electricity, NARUC Regulatory Advisory Committee to the Institute of Public Utilities; chairs the NARUC Subcommittee on Strategic Issues and is a liaison on the NARUC International Relations Committee; also serves on Minnesotans for School Choice; appointed Commissioner

January 6, 1998; term expires January 5, 2004.

Phyllis A. Reha

Commissioner ■ Democrat



University of Minnesota, B.A.; University of Minnesota Law School, J.D.; Administrative Law Judge, Minnesota Office of Administrative Hearings where she specialized in public utility, telecommunications and environmental regulation; Assistant Professor, Hamline University Graduate School of Public Administration and Management; Free Lance Mediator and Arbitrator specializing in employment contract and discrimination disputes; Administrative Appeals Referee, Appellate Section and Supervisor, Complex Case Unit, Minnesota Department of Economic Security; Attorney, Michigan Migrant Legal Assistance Project; Past Chair, Administrative Law Section, Minnesota State Bar Association; Member, Public Utilities Section, Environmental and Natural Resource Section, Conflict Management and Dispute Resolution Section and Public Law Section, Minnesota State Bar Association; Member, Hennepin County Bar Association; Member and past Chair,

Administrative Judiciary Section, national Association of Women Judges; Member, National Association of Conflict Resolution, Inc.; Past President, Minnesota Society of Professionals in Dispute Resolution; appointed Commissioner May 16, 2001; term expires January 1, 2007.

EXECUTIVE SECRETARY

The Executive Secretary is appointed by and serves at the pleasure of the Commission. The Executive Secretary is responsible for properly recording Commission transactions and proceedings, coordinating information for Commission decision-making, managing agency staff and budget, organizational planning, and acting as spokesperson for the Commission.

Burl W. Haar
Executive Secretary



Winona State University, B.A.; Mankato State University, M.A.; University of Nebraska, Ph.D. (Economics); Served as Deputy Commissioner and, later, Assistant Commissioner for the Minnesota Department of Public Service (1988-92); Special Projects Manager (1992-93) and Telecommunications Manager for the Minnesota PUC(1987-88); Economist for the Residential Utilities Division of the Minnesota Attorney General's Office (1984-87); Assistant Professor of Economics at Baylor University in Waco, Texas (1982-84); served as an antitrust investigator for the Minnesota Attorney General's Office and a police officer and criminal investigator in the metropolitan Twin Cities area.

COMMISSION STAFF AND ORGANIZATION

The Commission staff consists of approximately 45 staff members organized into the general groups listed below. A chart detailing the Commission's organizational structure is provided on page 10.

Administrative Management

The Commission is driven by legal process and by the flow of information from parties (see Appendix C). The Administrative Management Unit must ensure that the flow of information is properly managed so all staff, commissioners and stakeholders are informed in a timely manner as to Commission activities. In addition, the

Unit coordinates the agency's backbone functions related to budget, human resources, and general coordination of inter-related activities among units.

Consumer Affairs

The Consumer Affairs Office (CAO) provides dispute resolution assistance to consumers filing complaints against utilities under Commission jurisdiction. For the most part, consumer complaints represent customer appeals to the Commission resulting from the inability of the utility and the customer to reach a mutually acceptable resolution to a dispute. The CAO also fields questions about utility industry practices and collects public comments and opinions regarding issues pending before the Commission. The CAO also administers the Cold Weather Rule and Link-Up Minnesota programs. CAO staff are in constant contact with ratepayers and key Commission stakeholders.

Energy

The Energy Unit reviews all matters relating to natural gas or electricity coming before the Commission. Cases investigated by the Unit fall into several broad categories: rate changes, energy resource planning and certification, service area matters, mergers and acquisitions, and formal complaints. The Unit has also been actively engaged in monitoring the structural changes occurring in these industries.

Executive Office

The Executive Office encompasses all functions related to the activities of the individual five commissioners.

Information Technology

The Information Technology Unit is responsible for maintaining the agency's information resources as well as planning and developing the agency's proficiency in the use of technologies.

Legal

The Legal Unit provides legal perspective to assist the commissioners in their decision-making process. They review summary orders in non-controversial cases; review and summarize policy precedents for cases under consideration; write orders to describe the decisions made by the Commission, and prepare minutes from Commission agenda meetings. The Unit also has responsibility for coordination of rule-making.

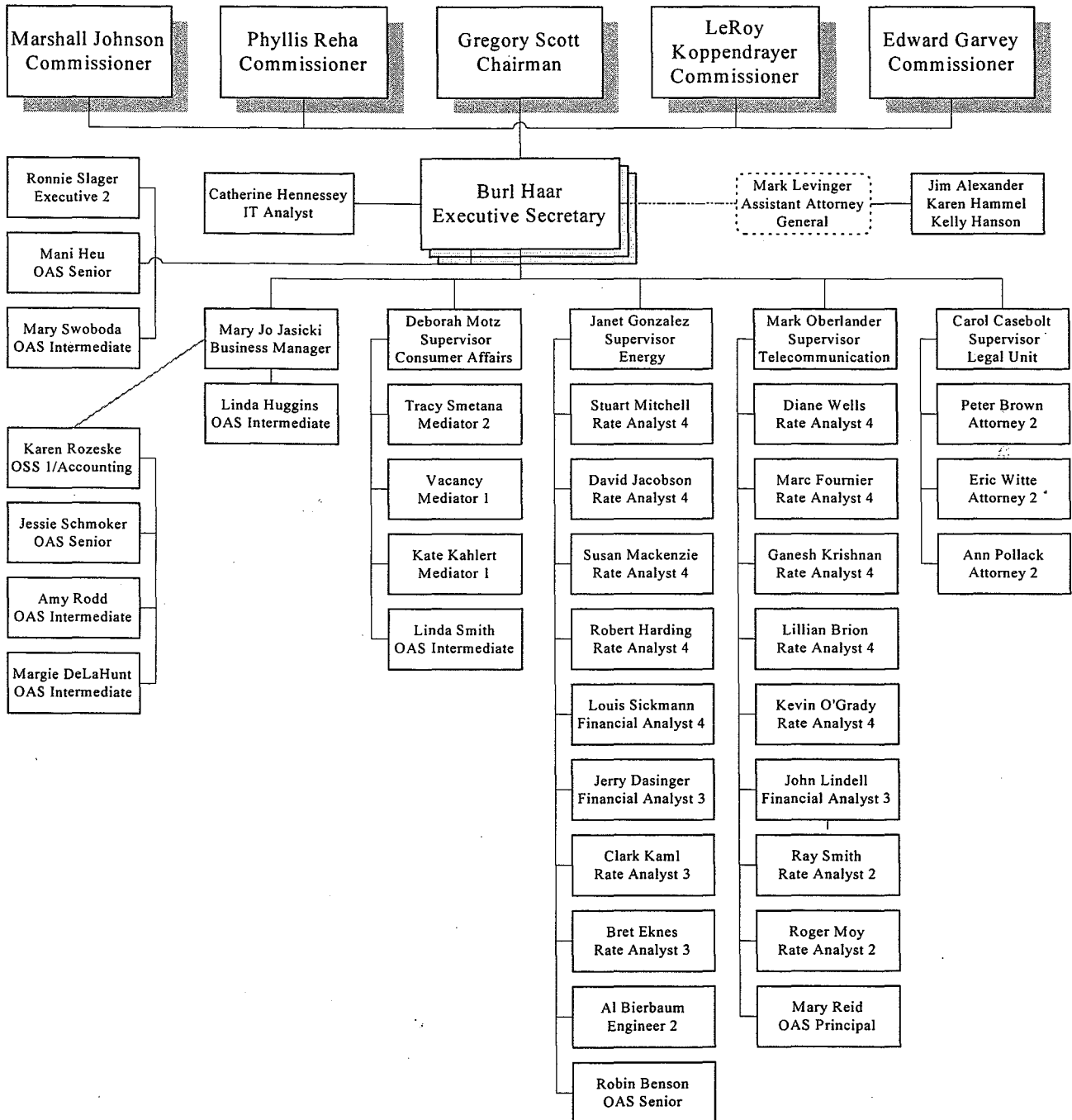
Telecommunications

The Telecommunications Unit reviews matters relating to rates and services of telephone companies. In addition to the more traditional types of cases under regulation, the Unit also has had to assist the Commission in carrying out ground-breaking policy changes as the telecommunications industry has been moved toward deregulation.

COMMISSION ORGANIZATIONAL CHART

Minnesota Public Utilities Commission

February 21, 2002



COMMISSION ACTIVITIES DURING THE CALENDAR YEAR 2001

TELECOMMUNICATIONS

The primary duties of the Commission regarding the regulation of telecommunications are as follows:

- ☐ Setting rates and regulation of service quality for large local exchange carriers (e.g., Qwest)
- ☐ Review of rates upon complaint and setting service quality standards for independent, municipal and cooperative carriers (of which there are more than 100)
- ☐ Certification and service quality regulation for long distance carriers (e.g., ATT, MCI and hundreds more)
- ☐ Arbitration of interconnection contracts under the Federal Telecommunications Act of 1996
- ☐ Administration of the extended area service process
- ☐ Rule-making to guide the transition to deregulated market
- ☐ Approval of alternative regulatory plans (e.g., price cap plans)
- ☐ Approval of mergers and sales of exchanges
- ☐ Setting the surcharge for various specialized telephone programs; e.g., Telecommunications for Communications-Impaired Persons and the Telephone Assistance Program
- ☐ Administration of the Link-Up America program for Minnesota
- ☐ Approval of 911 plans and cost recoveries
- ☐ Mediation of consumer complaints regarding telecommunications services

Major Telecommunications Projects

Qwest Line Sharing Cost Study

Docket Nos. P-999/CI-99-678 and P-5692, et al/CI-99-1665

New technology applied to existing copper wiring for homes and businesses has made it possible for a single line to carry both traditional voice traffic and high-speed internet traffic at the same time. This is accomplished by "splitting" the frequency spectrum on the copper line into two parts; the lower frequency portion carries voice messages while the high frequency portion carries internet traffic.

The Commission opened a docket in 1999 to investigate whether it was technically and operationally feasible for Qwest to share its copper lines with competitors who seek to provide high speed data services, the goal being to allow competitors into the market for such service. After an initial study the Commission approved an agreement by the parties under which Qwest would make the high frequency portion of the loop available to competitors. That initial agreement asked the Commission to undertake a detailed study of the rates appropriate for the provision for such service. The Commission opened a cost study docket and by July of 2001 set rates for all the relevant elements necessary for the provision of line sharing service.

**Qwest End User Service Quality
Docket No. P-421/AR-97-1544**

Qwest's service quality obligations to retail customers are incorporated in Qwest's 5-year Alternative Form Of Regulation (AFOR) Plan. The plan includes service measurements and standards, as well as provisions for penalties and customer remedies. The flexibility to increase prices under the AFOR Plan are subject to Qwest's compliance with these service quality standards.

Qwest paid a penalty amount of \$1,085,000 for deficient service performance for the year 2000. The Commission directed Qwest to issue bill credits amounting to approximately \$750,000 to affected customers, and to add approximately \$335,000 to the telecommunications fund.

Qwest also filed service quality reports for the first three quarters of 2001. The reports show that the Company improved its service performance in 2001, but still has difficulties meeting service quality standards, particularly for repair and service center response times. The Commission will consider further action regarding Qwest's service and the 2001 penalty in 2002.

**Qwest Carrier-to-Carrier Service Quality
Docket No. P-421/M-00-849**

In October 2000, the Commission opened this case to determine whether and what wholesale service quality standards, if any, should be established for Qwest as it interconnects, leases, or resells its local network to other telecommunication service providers. The Commission conducted several mediation sessions, but the parties were not able to reach an agreement resolving the issues in this case. Consequently, the Commission will hold further hearings and decide the case in early 2002.

**Qwest's Entry into the Minnesota Long Distance Market - OSS Testing/Verification
Docket No. P-421/CI-96-1114**

The Commission is participating in a test of Qwest's Operations Support Services (OSS) as part of its investigation into the company's entry into the Minnesota long distance market pursuant to Section 271 of the federal Telecommunications Act of 1996. The OSS test is being conducted by independent third parties on behalf of 13 state commissions. Operations Support Systems are the collection of information technologies that a telephone company uses to provide retail services to its own customers or to provide wholesale services to competing telephone companies. Providing non-discriminatory access to OSS is a critical element in enabling workable competition in the marketplace, and is also one of the key requirements Qwest must satisfy if it is to be allowed to provide in-state long distance service by the Federal Communications Commission (FCC). The Commission also established the procedures and time line of the final review of this case. This final review is a multi-part investigation with the parties submitting testimony and hearings beginning in late 2001. The Commission expects to make its recommendation to the FCC on whether Qwest has satisfied all of the federal requirements in early 2002.

**Qwest Termination of Liability Case
Docket No. P-421/AM-00-1165**

This case involved consideration of the termination provisions of Qwest's long term contracts for retail telephone services. The Commission determined that these provisions were detrimental to customers and the development of competition in the local telephone service market.

Qwest Avoided Cost Discount Case

Docket No. P-999/CI-99-776

In this case, the Commission determined the rates new Competing Local Exchange Companies (CLECs) should pay when they buy services from Qwest for resale to their own customers. After hearings and court review, the Commission determined that CLECs should be able to purchase Qwest services for resale at a discount of 17.66 percent.

AT&T Complaint Against Qwest Over UNE-P Test

Docket No. P-421/C-01-391

New telecommunications service providers can offer local service by reselling the service of another local provider, by leasing all or part of another provider's network, or by building their own facilities and interconnecting with other local providers. AT&T was interested in leasing all the network parts that it needed to provide service from Qwest. However, prior to making a final decision to offer service in this manner, AT&T wanted to conduct a market entry test. As the details of the test were negotiated, both AT&T and Qwest accused the other of acting in bad faith. Hearings were held in this case by an ALJ. The Commission expects to receive the ALJ's report soon and would then decide the matter in early 2002.

DeskTop Complaint Case

Docket No. P-421/C-01-235

DeskTop is a new telecommunications services provider. As such, it rents various lines and services from Qwest. DeskTop filed a complaint saying it was having difficulty obtaining planning information and installation services from Qwest. After a number of Commission hearings, DeskTop and Qwest reached a settlement of their issues.

Interconnection Between Traditional Telephone Companies and New Competitive Carriers

Since passage of the federal Telecommunications Act of 1996, the Commission has received approximately 500 petitions for review and approval of interconnection agreements between traditional telephone companies and new competitive carriers. These agreements specify the terms and conditions for completing calls that begin on one company's network and end on the other company's network. Approximately 160 of these petitions were filed and processed in 2001 alone.

Universal Service Cost Case

Docket No. P-999/CI-00-829

The Commission has opened an investigation to determine the current cost of providing basic telephone service for telephone companies operating in all parts of Minnesota. This cost information will be used in determining what support, if any, is needed to provide reasonably priced telephone service everywhere in Minnesota when competition is more prevalent. The Commission issued a notice soliciting comments in this case. Parties are to file updated cost information in the first quarter of 2002.

Universal Service Rulemaking

Docket No. P-999/R-97-609

The Commission previously convened a task force to advise the Commission on universal service rules. During 2001, the Commission asked the parties to submit additional information that would quantify the financial and rate impacts of various policy decisions regarding Universal Service. The Commission will be considering further action on this case in 2002.

CLEC Regulation Rulemaking Docket No. P-999/R-98-1081

The Commission has adopted final rules defining the details of competition involving competitive local exchange companies. The rules became effective on April 30, 2001.

Extended Area Service

Extended area service (EAS) allows communities to expand their local toll-free calling area. Communities pay increased monthly local service rates to offset the reductions in their long distance call charges. The Commission processed applications for EAS from ten communities in 2001. Almelund voted to establish EAS with the Twin Cities Metropolitan Calling Area. Nicollet voted to establish EAS with Mankato. Osakis voted to reject EAS to Alexandria. Boyd, Cerro Gordo and Dawson voted to establish EAS to each other. Finally, Gatzke, Greenbush, Middle River and Strathcona voted to establish EAS to each other. The Commission will be processing EAS requests for other communities in 2002.

Frontier Alternative Form Of Regulation Plan Docket No. P-405/AR-00-394

The Commission established new requirements for Frontier Communications of Minnesota, Inc. under the Alternative Form Of Regulation (AFOR) statute. The approved AFOR plan will promote competition in Frontier's local service market, protect consumers by ensuring the provision of quality services at affordable rates, and promote universal service goals by compelling and expediting the deployment of advanced telecommunications services to Frontier customers.

Global Crossings Sale of Exchanges to Citizens Docket No. P-407,405,3131/PA-00-1109

Global Crossings LTD is the parent company of Frontier Communications of Minnesota, Inc. which provides telephone service in 45 communities in Minnesota. In this case, the Commission approved Global Crossings' sale of Frontier Communications of Minnesota, Inc. to Citizens Communications Company, the parent company of Citizens Telephone Company of Minnesota, Inc. which provides telephone service in over 100 communities in Minnesota. Citizens will operate Frontier Communications of Minnesota, Inc. as a separate company, and must satisfy all of the requirements of Frontier's AFOR plan.

Telephone Assistance Plan

The telephone assistance plan is designed to help low income, disabled and senior customers defray the monthly cost of telephone service. This year, over 35,000 customers received more than \$1,700,000 in assistance under this program. Individual eligible customers received a monthly credit of up to \$1.75 or \$6.98, depending on whether the customers also receive federal Lifeline support. The state credits were funded by a surcharge of five cents per month on all local telephone lines in Minnesota.

ENERGY

The primary duties of the Commission regarding the regulation of energy are as follows:

- ☐ Setting rates and regulation of service quality for large electric and natural gas companies
- ☐ Approving resource plans for large electric utilities, including consideration of environmental affects of energy use
- ☐ Granting Certificates of Need for large energy facilities, including power plants and transmission lines
- ☐ Establishing depreciation and accounting procedures for electric and natural gas utilities
- ☐ Approving appropriate financial incentives for energy conservation
- ☐ Serving as board of appeals for the Conservation Improvement Program
- ☐ Setting appropriate incentive for gas purchasing programs
- ☐ Encouragement and approval of co-generation and small power generation resources
- ☐ Handling complaints related to stray voltage and currents in the earth; has included a large study by an independent board of scientific advisors
- ☐ Approving mergers, acquisitions and transactions between affiliates
- ☐ Approving securities issuances, stock purchases and other major financial transactions with rate impacts
- ☐ Administering assigned service areas
- ☐ Administering the Cold Weather Shut-off Rule
- ☐ Mediating consumer complaints regarding energy utility services

Major Energy Projects

Implementing 2001 Energy Legislation (The Act)

Minnesota Laws 2001, Chapter 212 [the Energy Security and Reliability Act] covers a wide range of energy issues. The Act is essentially an attempt to assure electric reliability in Minnesota. The Act gives the Commission several new responsibilities. This section will summarize the main provisions of the Act that relate to the Commission.

■ Development of Distributed Generation

The Act strives to encourage distributed generation and facilitate connecting it into electric utility distribution systems. "Distributed generation" involves establishing smaller scale generation facilities at various points throughout a utility service territory, generally closer to where the electricity is used. The Commission's main task is to establish generic standards for interconnection and operation of distributed generation which uses renewables and other "clean fuels" of no more than 10 megawatts. Utilities must then file specific tariffs to implement these standards. The Commission has initiated a proceeding, collected comments from interested parties, and expects to meet on establishing standards by Spring 2002.

■ Consumer Protection

The Act expands consumer protections by, among other things, requiring amendments to the Commission's Cold Weather Rule. This rule generally limits heat-related disconnections during the Winter. The Act requires utilities to offer revised budget billing plans and payment agreements to customers, unless the customer has the financial resources to make full payment. The Commission utilized a special expedited process to incorporate the Act's changes into its rule. The rule changes became effective in late November 2001.

- **Distribution Reliability**

The Act strives to establish safety and service performance benchmarks for the distribution of electricity. The Commission must adopt standards for safety, reliability and service quality for distribution utilities. The Commission has begun research on safety and service performance standards and has initiated a rule-making process.

- **Certificate of Need for Large Energy Facilities**

The Act lowers the need threshold on generating plants to 50 MW for all types of facilities, lowers the need threshold for transmission lines to 100 kV and 10 miles in length, and eliminates any length threshold if they cross state lines. The Commission is expecting at least 3, possibly more, transmission line certificates of need to be filed in the next 12 to 18 months that would not have gone through the Commission's process before the amendments.

- **State Transmission Plan**

The Act creates a new state transmission planning process that requires transmission owners to file a transmission projects report with the Commission every 2 years. The Commission is then to adopt a list of certified high voltage transmission line projects that, once on the list, would require no further need evaluation. This option is in addition to the current process which allows for petitions for approval as the need arises.

The first deadline for filings under the revised approach was November 1, 2001. No new transmission projects were proposed by utilities for certification under this option; however, a number of projects were identified that will be filed as separate certificates of need. On December 28, 2001, Xcel filed a Certificate of Need for transmission projects in Southwestern Minnesota. The Commission and its staff have held several meetings with interested parties and is considering whether to adopt new rules to implement this process; it has asked the Department of Commerce to meet further with parties and make a report to the Commission in mid-January 2002.

- **Renewable Energy and High Efficiency Rate Options**

The Act requires utilities to give customers options to purchase power from renewable or high-efficiency energy facilities and requires them to file an implementation plan for these rate offerings with the Commission. The utilities have all filed such plans and comments have been received. The Commission expects to consider these plans in late January 2002.

- **Renewable Energy Objectives**

The Act establishes renewable and high-efficiency generation goals for the state and requires utilities to include information on these programs in its resource plans. The Commission is required to report to the Legislature in January 2002 on the progress of utilities in reaching those goals. The Commission has collected information from utilities and is in the process of drafting its report to the Legislature.

NSP (Xcel) Small Wind Tariff E-002/M-00-1747

In August 2001, the Commission approved a Small Wind Energy Tariff for NSP whose purpose is to facilitate the development of small, distributed wind generation projects, including a simplified process for interconnection of facilities. This tariff was intended to fulfill part of NSP's agreement as part of its merger with New Centuries Energy to develop a tariff for small distributed generation. NSP has also filed a more general distributed generation tariff, which the Commission intends to examine when it considers the generic distributed generation standards for all utilities required by the 2001 energy legislation discussed above.

NSP (Xcel) Renewable Development Fund E-002/M-00-1583

Under legislation passed in 1994, NSP is required to establish a renewable development account to which it transfers \$500,000 each year for each dry cask containing spent nuclear fuel at its Prairie Island facility. NSP and other interested parties engaged in a long, collaborative process to develop a proposal for the oversight and operation of the renewable development fund. The Commission approved the proposal in April 2001. NSP issued a request for proposals for projects and the Advisory Board established as part of the process has made initial selections for some categories and is working on evaluating others.

Rate Design Investigation for NSP (Xcel) E-002/CI-01-1024

In July 2001, the Commission opened an investigation into NSP's rate design and how it can be adjusted to promote energy efficiency, conservation, load-shifting, and other customer energy use responses. The Commission asked for and received comments on goals and objectives of rate design, time-of-use rates, real-time pricing, interruptible tariffs, load control, possible fuel clause changes, and other related matters.

Transfer of Electric Transmission Operations to the MISO

The Federal Energy Regulatory Commission (FERC) has jurisdiction over the rates, terms, and conditions of electricity sold at wholesale and for transmission services provided in interstate commerce. The FERC has, through a series of decisions, encouraged the formation of regional transmission organizations and independent transmission system operators to facilitate electricity reliability and markets. The Midwest Independent System Operator (MISO) is one such organization that has been approved by the FERC to carry out these functions. NSP, Minnesota Power, Otter Tail Power, and Interstate Power Company (Alliant) all have petitions before the Commission regarding transferring operational control of certain of their transmission facilities to the MISO. The Commission is expected to make a decision on these petitions early in 2002.

Refunds to Natural Gas Customers for Kansas Ad Valorem Taxes G-999/AA-98-332

As of the beginning of 2001, natural gas distribution utilities in Minnesota were holding more than \$20 million related to a refund of Kansas ad valorem tax monies. As a result of several federal court and regulatory proceedings over a number of years, it was found that these monies were improperly charged to natural gas pipelines, and ultimately consumers, from October 1983 through June 1988. In August of 2001, the Commission approved a refund plan that required the utilities to refund most of the monies as bill credits to current customers, but set aside 25% of the monies for energy assistance to low-income natural gas users.

Certificate of Need for Lakehead Petroleum Pipeline PL-9/CN-01-1092

In July 2001, Lakehead Pipe Line Company filed an application with the Commission for a certificate of need to construct approximately 97 miles of new pipeline in Clearwater, Beltrami, Cass, Itasca, St. Louis, and Carlton counties in northern Minnesota, in order to increase its ability to deliver its products from shippers to refineries in Minnesota and Wisconsin. It will parallel the existing pipeline in that area and use existing rights-of-way for most of its length in Minnesota. The Commission granted the certificate of need on December 18, 2001.

CONSUMER AFFAIRS

The Consumer Affairs Office (CAO) provides information and dispute resolution aid to consumers seeking assistance. The CAO also administers the Cold Weather Rule and Link-Up Minnesota programs. CAO staff are in constant contact with ratepayers and other Commission stakeholders, including consumer advocacy agencies and other state agencies.

Complaints and inquiries are received by telephone, letters, or e-mail. In many cases, the request is handled within CAO. Complaints are often forwarded to the utility for review and response to CAO staff. Under Commission rules, utilities must respond within a specified period or provide interim reports pending further investigation. In most cases, these complaints are handled informally. However, in some cases the complaint is forwarded to the Commission for resolution. Commission rules require utilities to file annual reports summarizing the total number and type of complaints, among other things.

Through the end of December, 2001, the CAO received over 5,000 complaints; closed over 5,000 complaints and produced more than \$370,000 in ratepayer credits. Appendix D provides a more detailed summary of CAO's activities over the years.

Enhanced Call Processing

On August 30, 2001, the Consumer Affairs Office implemented a new enhanced call processing (ECP) system to handle incoming call routing. The planning and implementation of this system included a two year study involving CAO, the Minnesota Department of Administration's InterTechnologies Group, the local service provider, and several equipment and software vendors. The menu connects callers with the resources (both in and outside the Commission) most qualified to address a wide array of consumer problems or questions. It includes a convenient means of filing a consumer complaint with the Commission. Implementation of the ECP system dramatically reduced the number of callers who abandoned (i.e., hung up) their calls before getting the information they sought and, along with the current Automatic Call Distribution system, has greatly enhanced the turn-around time for responding to consumers. Call traffic data for 2001 can be seen in Appendix E.

Consumer Contact Database

The Consumer Affairs Office (CAO) is the Commission's primary link to the public. CAO's tracking system for recording public opinions and consumer inquiries and complaints was originally maintained through handwritten reports and has since graduated to electronic recording. This database enhances CAO's record keeping system as well as their ability to respond to the public's needs and to the Commission's timely knowledge of public opinion. The Consumer Affairs Office rolled out a new database on July 1, 1999, for tracking consumer inquiries, public comments or complaint investigations. The database is designed to allow common access to all case files in order to track utility responses and more thoroughly respond to customer progress report inquiries.

Cold Weather Rule (CWR)

The CWR regulates the conditions under which gas and electric utilities may disconnect residential service in the winter (from October 15 to April 15). The Rule requires that ratepayers who have difficulty paying heating bills contact their utility to work out a mutually acceptable payment plan and, thereby, preserve service. The type of plan available depends on family income level. Appendices F and G provide more detailed information about the Cold Weather Rule.

Link-Up Program

The Link-Up Minnesota program was established by the Minnesota Public Utilities Commission in May 1988. All local service telephone companies participate in the Link-Up Minnesota program. The program is designed to provide eligible individuals with a reduction of one-half of the local telephone service connection and installation charges, up to \$30. Customers who participate in social service programs may apply directly with their telephone company. Appendix H provides more detail on the Link-Up program.

TECHNOLOGY USE AND PLANNING

The State of Minnesota has identified the delivery of Electronic Government Services (EGS) as a priority. Agencies have been encouraged to launch initiatives to provide the new technologies required for improved citizen access.

Key Information Resource Themes

- ☐ Enhance understanding of issues, procedures and Commission actions by internal and external stakeholders
- ☐ Streamline operations and increase productivity
- ☐ Integrate all information resources

New Web Site

During the past year, the Commission successfully launched a new web site, implementing the first phase of its strategic resource information management plan (SIRMP), formulated in 2000 under the guidance of the Office of Technology.

In our first major reworking since the Commission went on line in 1997, we have added a great deal of information. Below are several resources our web site offers. For more information please visit our web site at www.puc.state.mn.us

Access to PUC Orders Dating Back to 1987

Formal orders are in PDF (portable document format) files, which are readable with the free Adobe Acrobat reader on a wide variety of platforms. Informal orders are available in HTML files that are directly readable by any text browser. The Inktomi search engine, licensed by the state of Minnesota, allows the orders to be retrieved by searches on docket numbers, key words, or text sequences.

Calendar Links to Scheduled Agenda Dates

Where available, the agenda links to log sheets and staff briefing papers. The log sheets track the receipt of documents by the Commission on an individual case basis.

Other Web Site Features

- A refined site navigation system, including a site map
- Links to regulated companies and other agencies to provide assistance in areas where we cannot
- Enhanced ADA compliance throughout the site

Work in Progress

While we are proud of the accomplishments reflected in the site as of today, we do not consider it finished by any means.

We anticipate adding services and content as we gain the ability to do so over the coming months and years. Our provision of EGS is greatly enhanced by what we have done, but it is really a beginning. Two major goals included in last year's SIRMP are yet to be fulfilled:

Electronic Filing

We hope to enable any party to file all documents electronically. With the amount of paper that flows through our office, this should substantially reduce the cost of participation in our proceedings, the cost to the environment of our proceedings, and the cost of storage. Further, having documents in electronic form may enhance our ability to analyze and render decisions.

Content Management

We envision a time when any filing of public data by any party can be reviewed and downloaded by authorized individuals within a very short time of its filing. This goal, seen as a service to the public and our stakeholders, goes hand in hand with the electronic filing of documents.

We are working closely with the Office of Technology and the Minnesota Department of Administration's InterTechnologies Group to move forward with the design and implementation of

technologies to serve the business needs of all our stakeholders.

APPENDIX A

Telephone Companies and Utilities Serving Customers in Minnesota

Telecommunications

There are four Local Exchange Companies serving customers in Minnesota which are regulated by the Commission. Those companies are:

- Citizens Telecommunications Company of Minnesota
- Frontier Communications Company of Minnesota, Inc.
- Qwest Corporation
- Sprint Minnesota

There are also 91 competitive Local Exchange Companies with authority to provide service in Minnesota. There are over 400 long distance carriers with authority to provide service in Minnesota. The extent of Commission authority over these different categories of carriers varies with the category.

Electric

There are five investor-owned electric utilities serving customers in Minnesota which are subject to Commission regulation. Those companies are:

- Allete (formerly Minnesota Power)
- Alliant Energy - Interstate Power Company
- Northwestern Wisconsin Electric Company
- Otter Tail Power Company
- Xcel Energy (formerly Northern States Power)

One cooperative association, Dakota Electric Association, also has opted to be rate regulated by the PUC. There are also six generation and transmission cooperatives, 44 distribution cooperatives and 126 municipal electric utilities serving customers in Minnesota. The Commission does not have primary jurisdiction over these entities.

Natural Gas

There are six investor-owned natural gas utilities serving customers in Minnesota which are subject to Commission regulation. Those companies are:

- Alliant Energy - Interstate Power Company
- Great Plains Natural Gas Company
- Northern States Power Company - Gas
- Reliant Energy Minnegasco
- UtiliCorp United - Peoples Natural Gas
- UtiliCorp United - Northern Minnesota Utilities

There are also seven small privately-owned and 25 municipal gas utilities serving Minnesota customers. The Commission does not have primary jurisdiction over these entities.

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For more information please visit our web site at www.puc.state.mn.us

APPENDIX C

Docket Comparison Report FY 1996-2001

Type of Filing	1996	1997	1998	1999	2000	2001
Affiliated Interest	10	16	19	16	12	15
Alternative Miscellaneous	213	300	312	324	214	355
Alternative Regulation	16	3	3	2	5	1
Automatic Fuel Adjustment	207	232	226	216	203	204
Certificate of Need	0	0	2	3	0	5
Change in Election Status /Elected	0	0	0	0	0	0
CIP Complaint	0	0	0	0	0	0
Citizen Petition	33	30	12	5	9	3
Cogeneration	0	0	0	0	0	0
Coin Telephone	61	97	81	51	0	0
Complaint	18	26	22	20	8	4
Conservation Improvement Programs	24	45	27	31	33	4
Depreciation	57	70	61	50	7	7
DOC Initiated Investigation	11	6	15	10	11	5
Elected Miscellaneous	174	171	186	51	64	120
Election	4	0	1	0	0	0
Emergency System (911)	24	27	57	92	74	163
Federal Docket	0	0	0	0	0	0
Fuel Clause Adjustment/Refund	2	2		1	2	
General Rate Case	2	2	0	0	2	1
Interconnection	0	0	0	0	84	168
Miscellaneous Changes	267	335	362	350	373	615
New Authority	116	121	103	111	112	67
Nuclear Waste Strategy Coalition	0	0	0	0	0	0
Periodic Reports	5	3	4	4	4	3
Property Acquisition	34	56	54	58	58	45
PUC Initiated Investigation	11	9	9	16	12	14
Resource Planning	3	6	5	4	6	6
Railroad Right of Way	0	0	1	3	1	2
Rule Making	0	4	2	2	1	2
Securities	9	7	7	5	4	5
Service Area	40	39	22	20	20	22
Tax Exemption	0	0	0	0	3	1
Telecom Carrier	301	338	351	399	445	154
Transmission Line	0	0	0	0	0	1
Total Dockets Opened	1,642	1,945	1,944	1,844	1,767	1,992

Consumer Affairs Office Summary of Activities

Calendar Year	Opened Complaints	Closed Complaints	Incoming Calls	Outgoing Calls	\$ Credits to Customers
1983	NA	5,258	NA	NA	NA
1984	NA	4,345	NA	NA	NA
1985	NA	3,225	NA	NA	NA
1986	3,797	3,786	9,907	16,661	NA
*1987	3,276	3,306	13,174	17,669	NA
*1988	9,385	9,464**	18,795	17,524	NA
1989	3,188	3,211	11,817	13,341	NA
1990	2,954	2,994	15,924	14,048	38,734
1991	4,346	4,393	16,234	16,449	55,986
1992	4,916	4,899	15,304	21,278	59,352
1993	5,256	5,260	20,449	8,548 ***	36,835
1994	4,420	4,327	19,221	9,896	162,029
1995	5,584	5,867	17,425	5,501	72,856
1996	4,343	4,558	13,536	6,711	39,800
1997	3,607	3,945	13,100	3,387	64,554
1998	3,058	3,149	17,100	4,152	120,451
1999	6,047	4,919	18,846	3,372	286,243
2000	6,675	4,996	13,663	3,030	481,247
2001	5,138	5,393	13,800	5,510	373,126

* Partial year due to equipment failure and/or service interruptions

** Telephone Assistance Plan program commenced

*** Began faxing and e-mailing complaints to utilities decreasing outgoing calls

This information does not include call traffic received on mediator private lines. That line is used strictly for utility company contacts and not new, incoming consumer contacts. A new telephone system was installed February 2000. During the installation period, the total number of calls processed was not captured.

APPENDIX E

Consumer Affairs Office Call Distribution Report January 1, 2001 - December 31, 2001

	Jan	Feb	March	April	May	June	July	Aug	Sept*	Oct	Nov	Dec	Total
Calls Offered	2,153	1,512	1,159	1,149	1,248	1,222	1,378	1,518	577	708	641	535	13,800
Answered by Agent	1,189	793	682	653	712	707	782	843	516	626	554	477	8,534
Abandoned	966	652	477	496	536	515	596	675	61	82	87	58	5,201
Abandoned Before RAN	523	450	168	360	388	367	463	481	17	4	18	18	3,257
Abandoned After RAN	443	262	168	136	148	148	237	300	44	78	69	36	2,069
% Delayed	59	53	38	43	36	36	44	60	43	47	51	47	46
% No Delay	41	47	62	57	64	64	56	40	57	53	49	53	54
% Abandoned	45	48	41	43	43	42	43	44	11	12	14	11	33
Avg. Speed of Answer(Sec.)	92	86	64	66	60	47	64	88	71	77	86	82	73
Avg. Talk Time (Sec.)	289	285	267	258	276	245	242	233	227	248	272	285	260
Outgoing Calls	531	368	460	415	382	382	381	587	445	513	583	463	5,510
Faxes Sent	340	212	279	231	202	196	197	257	234	265	199	141	2,753
Faxes Received	94	72	103	57	50	34	24	47	47	76	56	81	741

Abandoned Before Recorded Voice Announcement (RAN) = calls before or during opening announcement prior to queue

Abandoned After Recorded Voice Announcement (RAN) = calls while waiting in queue or opting out of queue to voicemail

*New ECP system activated 8/30/01

Consumer Affairs Office Cold Weather Rule (CWR) Fact Sheet

What is the CWR and who is it for? It is a set of regulations with one simple and important goal: To provide options that protect residential households from disconnection of their primary heat source from October 15 through April 15.

Who must follow the Rule? All gas and electric utilities regulated by the PUC. Even though Municipal and Cooperatives are not regulated by the PUC, they are required to have a Cold Weather Law which mirrors the Inability To Pay (ITP) Plan (explained below). Fuel oil, LP or propane gas dealers are not covered under any cold weather legislation.

Fallacy My heat can not be turned off during the winter.

Fact Your heat CAN be turned off during the winter.

Background

- **1974** Public Utilities Act required rules defining Customer Service Standards for regulated gas and electric utilities.
- **1976** Temperature-based CWR Rule established providing protection from disconnection of heat source when temperatures dropped below 0 degree Fahrenheit
- **1978** Congress passed the Public Utility Regulatory Policy Act (PURPA) requiring adoption of service termination standards similar to Minnesota's CWR. The Commission determined that the freezing point is a more reasonable guideline and customers should be protected when temperatures fall below 32 degrees. The CWR time period was selected because of the National Weather Service statistics on average statewide temperatures.
- **1979** Commission changed CWR from temperature-based (0 degrees F) to date-based (Oct. 15 - Apr. 15) beginning with the 1980-81 heating season.
- **1989** MN Legislature directed Commission to amend CWR to offer more options. New rules became effective during 1990-91 heating season.
- **2001** MN Legislature directed the Commission to amend its CWR to incorporate a change in the household income limit from 185% of federal poverty income level to 50% of the state median income, automatically extending inability to pay status to all federal energy assistance recipients and removing the budget counseling requirement. This same legislation modified requirements for municipal utility companies and cooperative electric associations by applying the same income guidelines.

Consumer Affairs Office Cold Weather Rule (CWR) Fact Sheet (continued)

What options are available, what are the requirements and what happens if the customer does not follow through on their agreement with the utility?

The CWR offers four types of protection each with their own unique requirements.

- 1. Payment Schedule (PS)** is available to a customer at any income level. The customer must pay any outstanding bill plus the current bills through next October 15 (unless the customer and the utility agree on a different date) under the plan. These installments need not be equal each month, but may be based on other factors such as lump sum payments or payments that reflect expected income.
- 2. Inability to Pay (ITP)** status is available to an income-qualified, heat-affected residential customer that establishes a payment schedule for the remainder of the heating season. Customers who are fully paid up or making reasonably timely payments under a payment schedule as of October 15 qualify for the greatest protection. But even customers who have fallen behind on their payments may qualify for some protections.
- 3. Ten Percent Plan (TPP)** status is available to those who meet income requirements. Customers pay 10% of their monthly household income, OR the full amount of the current bill, whichever is less. If the customer misses a payment, they may be disconnected.
- 4. Reconnect Plan** status is available to customers who are disconnected as of October 15, apply for reconnection under this plan, meet income requirements, pay the current month's bill AND arrearages in monthly installments of not more than 10% of the monthly household income until April 15. Any outstanding balance as of April 15 must be paid or new payment arrangements negotiated to retain service. If the customer misses a payment, service may be disconnected.

General information that pertains to all CWR plans

If a customer is subject to disconnection, the utility must send the customer a CWR packet explaining protections available and sources for financial and weatherization assistance. If the utility and customer reach a mutual agreement, the process is over. If a mutually acceptable agreement is not reached, the utility or the customer can submit an appeal to the PUC. During the appeal process, a customer is protected from shut off until a decision on the appeal is made. All household income requirements are based on total household income of all persons residing in the household. Household income does not include any amount received from energy assistance. The total household income must be less than 50 percent of the state median income.

Appeals

- All appeals are submitted to the PUC for determination
- Appeals are processed within 30 days
- Most common reasons for appeals are exceeding income guidelines and inability to agree on payment schedules

Questions? Call 651-296-0406

Consumer Affairs Office Cold Weather Rule ITP/TPP/BC/PS Appeals as of December 31, 2001

Heating Season	Number of Appeals
1982/83	2,324
1983/84	967
1984/85	908
1985/86	1,284
1986/87	999
1987/88	1,051
1988/89	642
1989/90	563
1990/91	825
1991/92	512
1992/93	385
1993/94	240
1994/95	384
1995/96	300
1996/97	335
1997/98	177
1998/99	120
1999/00	5
2000/01	1
2001 (Oct. - Dec.)	1

Consumer Affairs Office Link-Up Minnesota Fact Sheet

Link-Up America is a national consumer education and outreach program designed to help many Americans without telephone service get into the telephone network. Specifically, Link-Up America is a cooperative effort of federal, state and local telephone regulators, consumer groups, telephone companies, and other participating organizations to educate eligible individuals about the program's availability; and assist in defraying costs for those qualifying for Link-Up services.

- On March 12, 1987, the concept of Link-Up America was federally initiated to the Federal Communications Commission (FCC).
- The FCC adopted the Link-Up America program on April 16, 1987.
- In March, 1988, a recommendation for a Minnesota Link-Up America plan and a Proposed Link-Up America tariff was sent by a joint Commission Telephone Assistance Plan (TAP) Advisory Task Force-TAP Research Work Group to the Minnesota Public Utilities Commission for its review and approval. This task force consisted of representatives from state agencies, local telephone companies and citizens groups.
- On April 22, 1988, the Commission issued the Order Adopting Plan and Approving Link-Up America Tariff. The Commission endorsed the Link-Up America implementation group and directed it to begin promotion of the Link-Up America program and make program applications available by May 2, 1988, or as soon after that date as was practical. The Link-Up America implementation group was a subcommittee of the Task Force-Research Work Group and consisted of representatives from the House of Regulated Industries Committee, the State Organization of Active Retirees, the United Handicapped Federation, the Minnesota Telephone Association and the Minnesota Public Utilities Commission.
- Link-Up Minnesota applications became available on May 2, 1988. Applications are available from local telephone company business offices and at various social service and community organizations throughout the state.
- On February 27, 1989, the FCC eliminated two limitations on the eligibility of potential beneficiaries of the Link-Up America program. The FCC determined it would be easier for low income households to obtain telephone service if program requirements were relaxed. The eliminated criteria were: the applicant must have lived at an address where there has been no telephone service for at least three months prior to the date assistance was requested; and the applicant must not have received this assistance (Link-Up) within the last two years.
- On July 14, 1989, the Commission issued the Order Amending Uniform Link-Up America tariff removing the above two referenced eligibility requirements from the Link-Up America/Minnesota program.

Consumer Affairs Office Link-Up Minnesota Fact Sheet (continued)

- In 1992, the Commission published advertising material to increase use of connection assistance. The Commission's Consumer Affairs Office conducts an annual mailing to local telephone companies, social service agencies, mayors' offices and county commissioners. This mailing consists of an updated Link-Up Minnesota application, income guideline changes, and notification of any changes to the program.
- In January, 1994, Commission staff made application to the FCC requesting recertification of the Link-Up Minnesota program.
- The financial assistance offered under the Link-Up America program is funded entirely with federal monies generated from interstate access charges. No state monies are required to obtain the federal funding. However, before Link-Up America funds can be used at the state level, each state must develop a Link-Up America plan for its area and obtain FCC certification and approval of the plan.
- Telephone companies file reports with the National Exchange Carrier Association (NECA) and are reimbursed by this agency.

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