

Agency Purpose

Minnesota statutes direct the Minnesota Public Utilities Commission (PUC) to ensure that Minnesota vendors of electric, natural gas, and telephone services provide safe, adequate, and reliable service at fair and reasonable rates (M.S. Chapters 216A, 216B and 237)

The commission's broad policy objectives are

- ◆ to foster effective competition in Minnesota's telecommunications markets; and
- ◆ to assure safe and reliable gas and electric services at reasonable rates.

Core Functions

The commission's key service is providing a disciplined decision-making venue to:

- ◆ resolve party-to-party disputes;
- ◆ establish just and reasonable rates and terms of service;
- ◆ approve energy infrastructure that enhances the public interest;
- ◆ establish broad utility and telephone industry policies;
- ◆ providing a public forum for examination of issues and policies pertaining to the utility and telephone industries; and
- ◆ mediating consumer complaints concerning services of telephone or energy utility providers.

Operations

The commission is a quasi-judicial and legislative body.

- ⇒ It uses its quasi-judicial powers when it sets rates and terms of service, or otherwise resolves issues related to an individual company or certain groups of companies.
- ⇒ It uses its legislative powers when it sets broad policies that affect all companies in an industry, as when it establishes rules.

In all cases, the commission must make its decisions on record evidence and in accordance with due process, including adherence to a strict code of conduct.

Primary stakeholders include ratepayers and the companies that provide electric, natural gas, and telephone services. In addition, commission stakeholders include a wide variety of interest groups representing the interests of low-income households, seniors, regional rate payer groups, environmentalists, large users, and alternative service providers.

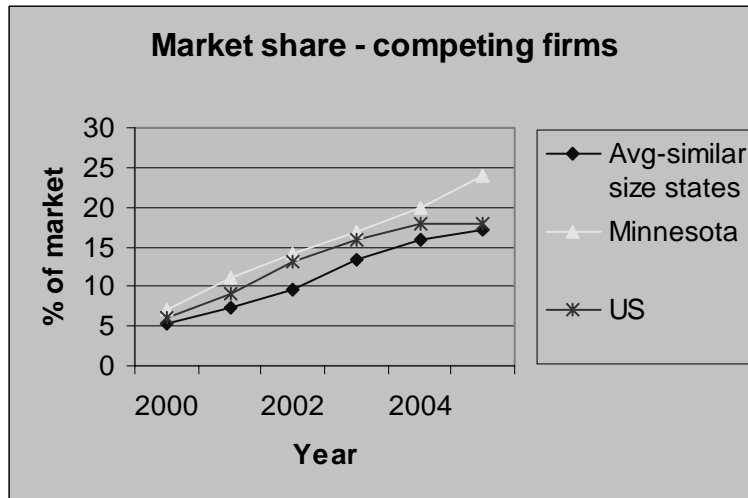
Key Measures

- ⇒ An increasing market share among telephone companies competing with the former regulated monopoly companies, like Qwest, is an important indicator of the competitive health of the telephone industry in Minnesota. Figure 1 shows that the collective market share of such competing firms in Minnesota increased nearly three and one-half times from 2000 to 2005, a pace exceeding states of comparable population size as well as the nation as a whole.

At A Glance

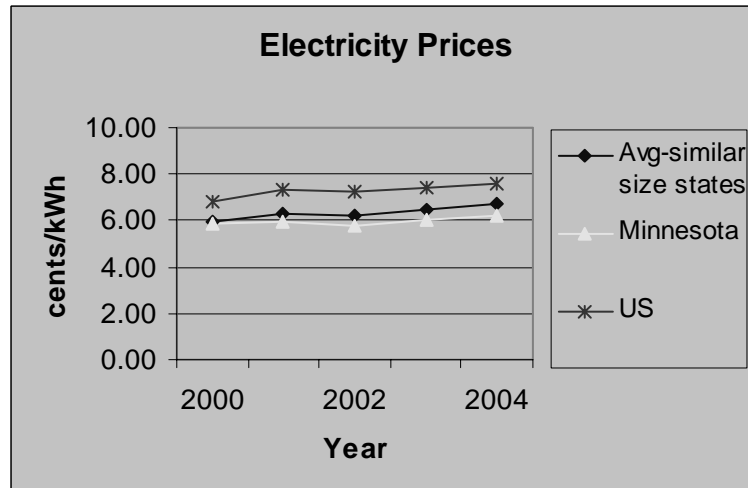
- ◆ **Focus is on cornerstone industries:** Adjudicates disputes, sets terms of service, and establishes policy for largest providers of electric, natural gas, and telephone services.
- ◆ **Disciplined decision-making:** Decision-making dictated by due process. Most cases cleared within 60 to 90 days.
- ◆ **Workload growth:** Over 4,000 filings in the 2004-2005 biennium; sustaining upward trend; Responsibility to approve the location of large energy facilities was added in 2005
- ◆ **Agency costs among the lowest:** Minnesota ranks 48th of the 50 states in terms of commission staff size per capita.
- ◆ **Consumer issues managed:** Continuing outreach efforts and improved information management reduce formal complaints.
- ◆ **Strategic use of technology:** Joint initiative with Department of Commerce lead to implementation of electronic filing; greater use of database technologies.

Figure 1



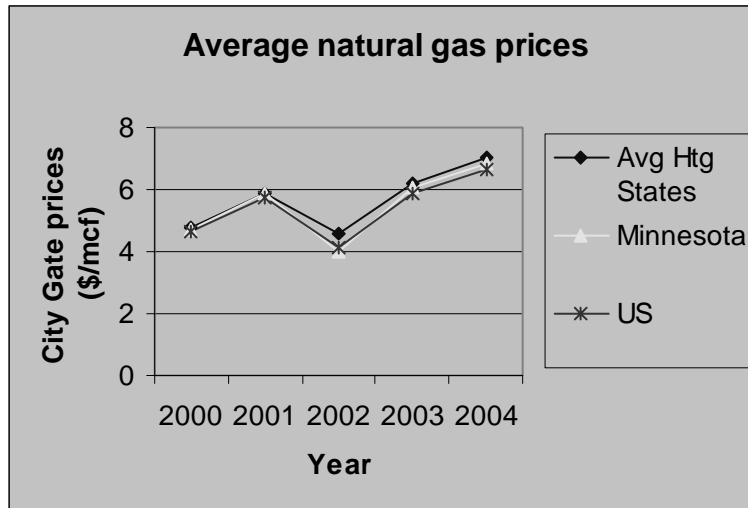
⇒ Energy prices in Minnesota compared to other states provides an indication of the Commission's effectiveness in securing reasonable utility rates. As shown on Figure 2, Minnesota's average retail electricity rates from 2000 through 2004 have consistently been lower than in states with comparable population size as well as the nation as a whole.

Figure 2



⇒ For natural gas, which must be totally imported, Minnesota's overall rates have been on par with national averages and have consistently been lower than other importing states that also heavily rely on gas for heating, as seen in Figure 3. Minnesota's residential rates have consistently been significantly lower than these heating states as well as the nation as a whole.

Figure 3



Budget

Nearly 90% of the biennial operating budget comes from the General Fund. The special fund for the reliability administrator provides the remainder of the operating budget. The agency consistently assesses about 97% of its expenditures to the companies it regulates; and returns to the General Fund well over 90% of what it spends. Approximately 93% of the operating budget covers salary and rent expenses. The Commission’s staff of 43 full-time equivalent employees (including five commissioners) is among the lowest on a per capita basis among all the states.

Contact

For more information about the commission and its operations please visit the commission’s web site at the following address: www.puc.state.mn.us. The web site allows access to all documents filed in docketed matters before the commission as well as the commission’s monthly calendar, recent filings, orders, notices, agendas for up-coming meetings, staff briefing papers, document reports, links to regulated companies and related agencies, as well as incorporating a refined site navigation system and enhanced Americans with Disabilities Act (ADA) features.

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Dollars in Thousands

	Current		Forecast Base		Biennium 2008-09
	FY2006	FY2007	FY2008	FY2009	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,163	4,163	4,163	4,163	8,326
Forecast Base	4,163	4,163	4,163	4,163	8,326
Change		0	0	0	0
% Biennial Change from 2006-07					0%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,844	4,666	4,163	4,163	8,326
Statutory Appropriations					
Misc Special Revenue	2,560	3,065	2,354	1,896	4,250
Total	6,404	7,731	6,517	6,059	12,576
<u>Expenditures by Category</u>					
Total Compensation	3,512	3,685	3,425	3,525	6,950
Other Operating Expenses	1,559	2,532	1,536	936	2,472
Local Assistance	1,333	1,514	1,556	1,598	3,154
Total	6,404	7,731	6,517	6,059	12,576
<u>Expenditures by Program</u>					
Public Utilities Comm	6,404	7,731	6,517	6,059	12,576
Total	6,404	7,731	6,517	6,059	12,576
Full-Time Equivalent (FTE)	41.6	41.6	41.6	41.6	

Dollars in Thousands

	Actual FY2006	Budgeted FY2007	Current Law		Biennium 2008-09
			FY2008	FY2009	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	4,930	5,131	4,645	4,645	9,290
Other Revenues:					
General	25,955	0	0	0	0
Total Non-Dedicated Receipts	30,885	5,131	4,645	4,645	9,290
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Misc Special Revenue	2,826	2,821	2,147	1,647	3,794
Other Revenues:					
Misc Special Revenue	195	190	190	190	380
Total Dedicated Receipts	3,021	3,011	2,337	1,837	4,174
Agency Total Revenue	33,906	8,142	6,982	6,482	13,464