Agency: Department of Public Service

Part 1: Agency Summary

Mission Statement:

The mission of the Minnesota Department of Public Service (DPS) is to provide leadership for Minnesota consistent with the goals of enhancing the environment and quality of life. As a consumer protection agency, we accomplish this goal through developing, advocating and implementing equitable policies regarding energy, telecommunications and standards for weights and measures, and providing education, information and programs to the public.

The DPS has diverse responsibilities relating to energy and telecommunications regulation, energy policy and commercial weighing and measuring transactions. It is the lead agency in developing, advocating and implementing policies affecting these areas. DPS strives to accomplish its mission by intervening before the Minnesota Public Utilities Commission (PUC), the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission (FCC), the U.S. Department of Energy (DOE), and the Nuclear Regulatory Commission (NRC). The Department is also responsible for enforcing PUC Orders, testing and inspecting commercial weights and measures, testing the quality of petroleum products, analyzing and authorizing energy conservation programs, and promoting efficient development and use of energy and telecommunications resources through public information, education and technical assistance programs.

By assuming the roles identified above, the agency is placed in a rather unique position. one the one hand, it must serve the consumer by engaging in advocacy, education and protection activities. On the other hand, to ensure adequate telecommunications and energy supplies to the consumer, it must also serve the providers of these services.

Part 2: Program Information

Agency: **Department of Public Service**
Program: **Energy**

The program's purpose is to ensure reliable, affordable and environmentally sound energy supplies for Minnesotans now and into the future. The department strives to achieve this mission by meeting the following goals that:

- protect consumers from unreasonable or unfair utility rates and practices through intervention and advocacy before the Minnesota Public Utilities Commission (PUC).

- ensure that gas and electric utility companies provide adequate and reliable services to their customers.

- provide fair and non-discriminatory treatment for residential, commercial and industrial utility customers.

- avoid unnecessary power plant construction with its high cost and adverse environmental effects by investigating and intervening in electric supply plans, focusing on such topics as: the achievable amounts of conservation and load management; the implementation of renewable resources; the accuracy of forecasted customer demand; and the reliability and cost-effectiveness of proposed supply-side resources, such as new power plants and life-extension of existing plants.

- mandate appropriate utility investment in Conservation Improvement Programs (CIP).

- assure the state's ability to cope with supply and price issues by actively monitoring and maintaining statewide data on energy supplies, demand, price, forecasts, trends and technologies.

- enable consumers to use energy economically by providing unbiased, accurate information on energy use and by providing guidance and technical assistance to local governments, community organizations, utilities and others in designing conservation and other energy programs.

- ensure that Minnesota consumers receive the benefits of new technologies improving the efficient use of energy, including renewable sources.

- ensure that Minnesotans benefit from efficient and safe building construction by training the professionals who implement these technologies and by designing and enforcing energy codes, lighting standards, and insulation product standards.

- provide financial assistance through state and federal programs to encourage schools, hospitals, cities and counties to become more energy-efficient.

- intervene on the state's behalf in energy matters at the federal level with Congress and agencies such as the U.S. Department of Energy, the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission. This advocacy role is carried out in coordination with the Public Utilities Commission (PUC), the Minnesota Attorney General's Office, the Environmental Quality Board (EQB), and other state agencies both within and outside Minnesota.

- provide for the financial needs of utility companies so that they qualify for low interest financing for needed equipment and plant improvement to provide adequate and reliable service.

Performance Objectives and Measures:

1. The dollar value of reductions made to utility companies requests for rate increases is one indication of the Department's success in consumer protection. The DPS goal is to achieve PUC approval of at least 75 percent of DPS recommended rate increase reductions. The following charts show information based on the fiscal year in which the case was filed.

	Actual F.Y. 1992	Actual F.Y. 1993
1) Company Requested Increase	15,520,764	162,005,000
2) DPS recommended $ reductions	(6,750,940)	(117,845,903)
3) $ reductions ordered by PUC	(5,442,108)	(85,874,000)
4) % of DPS recommended Reductions sustained by PUC	80.6%	72.8%

Statutory References: M.S. Chapters 216, 216B, 216C and 237

Fiscal Year	Number of Rate Cases	Increase Requested	Department Recommendations	Amount Allowed
92	4	15,520,964	8,770,024	10,078,656
93	4	162,005,000	44,159,097	76,131,000

2. Total renewable energy use will double by the year 2020, increasing to approximately 8 percent of Minnesota's total primary energy use.

	1992 Btu	1994 Btu	1996 Btu	2000 Btu	2010 Btu	2020 Btu
MN Renewable Energy Production (in trillions)	65	69	74	82	103	122
MN Total Energy Production Renewable Energy as % of Total Energy Use						

3. The goal is to stabilize per capita energy consumption at 1990 levels through conservation. Per capita energy consumption in 2020 will stay at 1990 levels. This level compares to a 25 percent increase in per capita energy consumption under baseline forecasts.

	1988	1989	1990	1991	1992	1993
1990 Per Capita Energy Consumption			257.1			
Actual Per Capita Energy Consumption MBTU/person	257.1	257.1	257.1	249.6	247.8	250.8

4. Improve the efficiency of our energy use per real dollar of gross state product by 30 percent, by the year 2020, while maintaining or improving our comfort and productivity.

	1988	1989	1990	1991	1992	1993
1990 Energy Use per GSP			22,586			
Actual Energy Use per GSP thousand Btu/dollar	22,065	22,522	22,586	22,285	23,590	24,010

5. Ensure that investor owned utilities meet statutorily required Conservation Improvement Program (CIP) spending levels by the end of 1995.

	1991 $(000,)'s	1992 $(000,)'s	1993 $(000,)'s	1994 $(000,)'s	1995 $(000,)'s	1996 $(000,)'s
Required utility CIP investment*	0	24,284	26,593	28,901	31,209	
Actual utility CIP investments*	21,976	41,569	46,033			

* Investor owned utility companies which comprise approximately 70 percent of electric sales and almost all gas sales.

6. Promote and increase the amount of actual energy savings and energy efficiency measures implemented through the Conservation Improvement Program (CIP). Measure: Comparison of kWh (kilowatt hours) and Mcf (thousand cubic feet) savings annually.

	1991	1992	1993	1994
CIP Kwh savings*	210,277,913	181,522,240	**	
CIP Mcf savings*	5,032,382	4,927, 961	**	

* Investor owned utility companies which comprise approximately 70 percent of electric sales and almost all gas sales.
** Project evaluation requires a two year time lag in order to compile and review reported program data.

7. To increase energy conservation building investments by Minnesota's public institutions by $5,000,000 per year through loans which are paid back through energy savings within a ten year period.

DPS Conservation Loans by Fiscal Year

	1991 (000s)	1992 (000s)	1993 (000s)	1994 (000s)	1995 (000s)	1996 (000s)
Actual	$2,200	$3,200	$5,100	$2,000*	NA	NA
Goal	$3,000	$3,000	$4,000	$5,000	$5,600**	$5,700**
Annual Dollar Saving	$428	$428	$571	$714	$800	$814
Annual Energy Saving (MMBTU)	71.300	71.300	95.166	119.0	133.3	135.7

* to date
** contingent on receiving new bonding authority

The effect of loan programs for institutions is well-documented, especially for schools. They are the largest group of participants in our loan program, with adequate sample sizes in both the participant and non-participant categories. Our data for the 1991 school year shows:

Indicator	Participant	Non-Participant	Percent Difference
Heat Energy per Sq. Ft.	73.0 M BTUs	78.0 M BTUs	-7.0%
Electric Energy per Sq. Ft.	16.13M BTUs	17.91M BTUs	-10.0%
Heat Cost per Sq. Ft.	$.24	$.29	-17.2%
Electric Cost per Sq. Ft.	$.30	$.33	-9.0%

8. To maintain the utilities' allowed return on equity within a range deemed to be reasonable for comparable utility companies so that the utility companies will be able to attract capital at reasonable cost.

Return on Equity Comparison

Company Name and Year	Company Requested ROE	DPS Recommended Range	PUC Approved ROE
1992			
Interstate Power	12.90%	10.53-11.56%	10.90%
Western Gas	13.22%	11.00%*	11.00%
Peoples Gas	13.75%	11.5-11.7%	11.60%
1993			
Minnegasco	13.00%	11.00-12.00%	11.50%
Midwest Gas	13.00%	11.00-11.90%	11.50%
NSP Gas/Electric	12.50%	10.00-12.00%	11.00%

* Stipulated Settlement

Part 3: Substantiating the Performance Measures

Agency: **Public Service**
Program: **Energy**

Objective 1: The DPS goal is to achieve PUC approval of at least 75% of DPS recommended reductions in rate increases.

Measures: The reductions ordered by the PUC to the utility company's requests for rate increases.

Definition: Utility companies file petitions to raise customer rates for services provided by the utility company. The DPS analyzes the filings and make recommendations to the PUC regarding the magnitude of the need for rate increases.

Rationale: The dollar value of reductions made to utility company requests for rate increases is an indication of consumer protection.

Data Source: This information comes from the utility rate case filing, the DPS testimony, and the final Public Utility Commission Order.

Factors Beyond Agency Control: The DPS is not the only intervenor in utility rate filings. In some instances some of the reduction may be the result of issues by other intervenors. Other factors beyond the agency control include withdrawn petitions and other legal factors, such as misconduct, which may cause the PUC to totally reject the companies case.

Objective 2: Total renewable energy use will double by the year 2020, increasing to approximately 8 percent of Minnesota's primary energy use.

Measures: Gross renewable energy consumption in BTUs
Percent of primary energy use derived from renewable sources.

Definition: BTU stands for British Thermal Unit and is a recognized standard of energy measurement.

Rationale: Each energy source, though measured in different physicals units -- gallons or kilowatt hours – can be converted to BTUs. Once converted to these units, equitable comparison such as percent of energy use and price per unit can be more accurately compared. The DPS in the *1992 Energy Policy Report* set out a goal of doubling renewable energy use by the year 2020. We can also measure progress toward this goal by examining the percentage of the total state energy use that comes from renewable energy. The two measures are not identical, but they are very similar.

Data Source: The Department collects energy use data from several sources including annual utility reports, annual reports from the petroleum industry, petroleum tax records, U.S. DOE. This information is collected, processed and entered into a historical database. This database, maintained for over fifteen years, is called the Regional Energy Information System or REIS. Most data to measure progress toward this goal, will come from REIS data.

Factors Beyond Agency Control: Certainly progress toward this goal will be critically influenced by factors outside the Department's control. The major factors include price of traditional fuels, price of alternative fuels, new technology advances and new state and federal regulations.

Process Used: Prior to developing the *1992 Energy Policy Report* and after its publication, the Department held public meetings to receive citizen and industry input on state energy policy. While some people and groups disagreed with the specific doubling goal, but all parties agreed that increasing renewable energy use was in the best interest of the state and that it was important to use a quantifiable measurement of progress toward that goal.

Objective 3: Stabilize per capita energy consumption at 1990 levels.

Measures: BTUs per person

Definition: BTU stands for British Thermal Unit and is a recognized standard of energy measurement. If we divide the state's total energy use by the state's population, we get per capita energy use.

Rationale: To examine how efficiently energy is used as a society, we must use an indicator beyond gross energy use. One common societal basis is a per capita consumption comparison. By using a per capita test, we eliminate the energy use effects caused by growing or declining population that are hidden in gross energy consumption numbers.

Data Source: The Department collects energy use data from several sources including annual utility reports, annual reports from the petroleum industry, petroleum tax records, U.S. DOE. This information is collected, processed and entered into a historical database. This database, maintained for over fifteen years, is called the Regional Energy Information System or REIS. Most data to measure progress toward this goal, will come from REIS data. Population data used for this indicator comes from census data and the demographer's office.

Factors Beyond Agency Control: Statewide population trends are certainly outside the control of the department.

Process Used: Prior to developing the *1992 Energy Policy Report* and after its publication, the Department held public meetings to receive citizen and industry input on state energy policy. While some people and groups disagreed with the specific stabilizing

goal, all parties agreed that reducing per capita energy use was in the best interest of the state and that it was important to use a quantifiable measurement of progress toward that goal.

Objective 4: Improve the efficiency of our energy use per real dollar of gross state product by 30 percent by 2020, while maintaining or improving our comfort and productivity.

Measures: BTUs per real dollar of gross state product.

Definition: BTU stands for British Thermal Unit and is a recognized standard of energy measurement. When we divide the state's total energy use by the real gross state product, we achieve a measurement of how efficiently we produce goods and services.

Rationale: To examine how efficiently energy is used in our economy, we must use an indicator beyond gross energy use. One standard economic basis commonly used is gross state product. By using this combined energy and economic statistic, we eliminate the energy use effects caused by significant swings in the economy that are hidden in gross energy consumption numbers. We can also monitor whether we are achieving energy use reductions by reducing economic output or through true efficiency.

Data Source: The Department collects energy use data from several sources including annual utility reports, annual reports from the petroleum industry, petroleum tax records, U.S. DOE. This information is collected, processed and entered into a historical database. This database, maintained for over fifteen years, is called the Regional Energy Information System or REIS. Most data to measure progress toward this goal, will come from REIS data. Gross state product data and deflators for determining real value come from standard econometric forecasting sources such as GRI, the Department of Revenue, Department of Finance and the State Economist.

Factors Beyond Agency Control: National and international supply and demand level, which affect the prices of Minnesota goods and services is outside of Department control. Some of this variation is accounted for by modifying nominal values to real values to remove the influences of inflation.

Rationale: In recent years, laws have been passed which direct utilities to spend specific portions of their revenues on conservation and load management activities. The legislature believes that as conservation programs are expanded, energy demand will be reduce. This will lead to both environmental and economic benefits for Minnesota consumers. The legislature has charged the DPS with oversight of this utility investment process.

Data Source: Data for monitoring this goal is supplied to us by the utilities. In the case of regulated utilities, this self-reported figure is eventually verified and reconciled in rate proceeding before the PUC.

Objective 5: Ensure that investor owned utilities meet statutorily required Conservation Improvement Program (CIP) spending levels by the end of 1995.

Measure: Comparison of actual performance (by year) against Commissioner's required budget goals.

Definition: Spending levels required under the statute are 1.5 percent of gross revenue for electric utilities and .5 percent for gas utilities. Required spending levels were determined by using 1991 gross revenues for each utility. Actual spending for 1991 was used as a baseline. The difference between the baseline and the 1995 target was determined in proportionate increments per year in order to reach the required spending goal.

Rationale: The CIP statute specifically states that the commissioner of the Department of Public Service must insure that investor owned utilities meet certain spending levels by the end of 1995. In order to do so, the Commissioner, along with Department staff, review each utilities CIP biennial filing.

This measure directly demonstrates whether the Commissioner has followed the law in meeting the objective stated above. Additionally, the Commissioner reviews biennial filings for balance in meeting the needs of its customers, the ability of the utility to implement the projects proposed, and probably most importantly, the ability of the program to be implemented in a cost-effective manner.

Although this stated measure does not discuss any of the qualitative skills necessary to administer the CIP program, it does demonstrate the ability of the Department to ensure that utilities meet their statutory spending goals.

Data Source:

1. Individual project filings as submitted by participating utilities.
2. Individual analysis done by Department of Public Service analysts.
3. Department Public Service data base.
4. Rate case filings.

Factors Beyond Agency's Control That Affect Performance: None

Objective 6: Promote and increase the amount of actual energy savings and energy efficiency measures implemented.

Measure: Comparison of kWh (kilowatt hours) and Mcf (cubic feet) savings annually.

Definition: Electric utilities produce and sell power in kilowatt hours. Natural gas companies sell power in cubic feet. The measure will be a quantifiable estimate of energy savings based on program filings.

Rationale: The CIP statute, in general terms, requires that the Department of Public Service review each investor owned utilities CIP filing (filed every two years) for any number of qualities, including the ability of the utilities' programs to delivery cost-effective, energy saving programs. Although the direct measurable outcome required by the law is a spending level, the underlying intent of the statute is to reduce energy consumption, thereby reducing the damaging effects of power generation to the environment.

The Department, therefore, has interpreted the statutory requirement to also measure the benefits of meeting the law's spending requirements.

Each individual project within a utilities' overall CIP program is analyzed for its potential to save energy. An estimated kWh or Mcf target is determined at the outset of implementation of the project. Once a project has been in effect for at least one year, an evaluation is performed and estimates are recalculated to determine whether goals have been met or exceeded, and whether there are roadblocks to reaching the goals.

The results of our review of this information are necessary and prudent in determining whether a specific project is performing adequately, whether that project needs to be improved, or whether the project needs to be dropped from the overall CIP program. The information also allows us to make a determination as to where more emphasis may be placed so that more substantial energy savings can be captured. The ultimate goal is to spend the required budgets in a balanced and cost-effective manner.

Data Source:

1. Individual project filings as submitted by participating utilities.
2. Individual analysis done by Department of Public Service analysts.
3. Department of Public Service data base.

It should be noted that the Department initiated a data base in 1992 to collect information on expenditures by each utility for each individual CIP project. As a continuing improvement of that data base, the Department is working on expanding that data base to include the resulting outcome of budget expenditures. The data base has preliminary data on energy savings, although not complete, and will provide a baseline to compare future energy savings into the rest of the decade.

Factors Beyond Agency's Control That Affect Performance: Regardless of how much evaluation and monitoring is done on a specific project, it is impossible to quantify actual energy savings. It is impossible to measure what an individual or a business would have done had the energy improvement or energy education not taken place. The very nature of demand-side management evaluation is that the preliminary estimates will be improved upon though monitoring and evaluation, and therefore, will be better estimates, but will very rarely be quantifiable. Nonetheless, the Department sees this factor as a concern, but not an overriding deficiency in our attempt to measure progress.

Objective 7: To reduce the energy use and energy cost of local government buildings and services by providing low cost financing for energy efficiency projects.

Measure: BTUs per square foot of building space.

Definition: BTU stands for British Thermal Unit and is a recognized standard of energy measurement. To determine how efficient a given building is and compare it to others, gross energy use in BTUs is divided by the buildings area in square foot.

Rationale: We measure the success of our energy conservation financing programs by looking for changes in the energy use patterns of the building we serve. If our loans are having their desired or expected impact, the actual energy use in the school or public facility will decrease. The best measure of this performance measure is the energy use of a building measured in BTUs per square foot. As this number gets lower, the building is becoming more efficient, cheaper to operate, and less environmentally damaging. This building measure is very similar in concept to our *1992 Energy Policy Report* goal of increasing energy efficiency measure in BTUs per dollar of gross state product.

Data Source: This data comes directly from the utility bills and fuel records of the participating facility. We annually direct mail standard reporting forms to program participants in the fall of each year. The clientele fill out these forms using their own utility bills. Once returned, this information in entered into a large, historical energy use database. Analysis is done as necessary. We can easily track the progress of a single building over time. In the past we have also collected this data from non-participants to form a comparison group. We could, therefore, compare energy use characteristics of a sample of both participant and non-participant buildings.

Factors Beyond Agency Control: Some factors influencing this measure are beyond our control. For example, if a building significantly changes its operation pattern – more students, more hours of operation, adds air conditioning – this will reflect in the energy use per square foot calculation and mask part of the efficiency gains achieve by our financing programs. Survey research methods to eliminate this variation from program evaluation are very difficult and expensive.

Agency: DEPARTMENT OF PUBLIC SERVICE
Program: WEIGHTS AND MEASURES DIVISION

Part 2: Program Information

Mission Statement: The mission of the Department of Public Service Weights and Measures Division is to protect consumers and businesses in Minnesota's free enterprise markets by providing inspection and calibration services that promote and ensure equity and accuracy in weighing and measurement, that ensure petroleum product quality, and that provide precision physical measurement services to industry. The Division must recover the full cost of these activities by charging direct inspection fees for some services, and by charging a per-gallon petroleum inspection fee for petroleum related services.

The Weights and Measures Program has three primary purposes. Each is described below with program objectives and measures.

[**NOTE**] Statistical data presented in this report have been derived from information extracted from an accounts receivable data base that is no longer in use. Statistics on weighing and measuring inspections and petroleum inspections had to be derived from the data base because the data base was designed only to track accounts receivable. Much of the information up through FY93 is our best estimate of the work performed by the Division. Development of a new data base is partially completed. When the new data base is complete, the Division will be able to provide accurate management information on all activities for FY94 and future years.

Program Purpose A:

Provide physical measurement services to businesses, at the highest levels of precision available in the United States, so that businesses can verify the accuracy and quality of manufacturing processes and manufactured products, and to enable businesses to export to European Economic Community Nations. Minnesota Statutes, Section 239.011, Subdivision 2:

- Maintain the traceability of state standards of mass, length, volume, temperature and density to the national standards held by the National Institute of Standards and Technology.

- Register the DPS metrology laboratory under ISO 9000 guidelines so that the laboratory can provide precision physical measurement and quality consultation services to companies that export products in the European Economic Community.

- Reduce statistical uncertainty of all measurements to the lowest levels attainable.

Performance Objectives and Measures A:

1. Physical standards used in the laboratory must remain traceable to NIST standards. This unbroken chain of valid calibrations defines the value of the services provided by the laboratory. Continued traceability is dependent on meeting a wide range of NIST performance standards. Outcome will be measured by continued certification.

   Measure: Maintain NIST certification of the metrology laboratory.

2. Under a statutory mandate, the Division's metrology laboratory must become registered as a qualified ISO 9000 service provider. Outcome will be measured by achieving and maintaining ISO 9000 registration.

   Measure: Achieve and maintain ISO 9000 registration.

3. The Division's services have value to industry only if measurements are extremely precise.

   Measure: Maintain the lowest attainable statistical uncertainties for all measurement processes.

Program Purpose B:

Protect Minnesota businesses and consumers from financial losses due to inaccurate measurement. Minnesota Statutes, Section 239.011, Subdivisions 1 and 2:

- Ensure the accuracy, stability, suitability, and correct use of commercial weighing and measuring equipment in Minnesota by regular inspection and testing of commercial scales, meters, gasoline pumps, etc. The goal is to protect businesses and consumers from losses due to measurement inaccuracy.

- Ensure accurate net contents in prepackaged consumer, agricultural and industrial products by regularly inspecting representative samples of packaged commodities. The goal is to protect businesses and consumers from losses due to packaging errors.

- Train and register individuals who install and repair weighing and measuring equipment. Authorize registrants to repair commercial equipment and return it to service quickly and efficiently. The goals are: 1) to leverage the Division's minimal staff resources by using private industry to follow up enforcement actions; and, 2) to reduce expensive downtime for businesses by allowing repair and use of equipment without waiting for recertification by the Division.

Performance Objectives and Measures B:

1. Increasing numbers of commercial weighing and measuring devices will be inspected annually and the compliance rate will improve.

Measure: Annually inspect all commercial weighing and measuring equipment in Minnesota, and improve compliance rates.

	Actual					Objectives	
	1990	1991	1992	1993	1994	1995	2000
Gasoline Pumps	20,000	22,000	25,000	30,000	34,000	35,000	40,000
Compliance	92%	92%	93%	93%	95%	95%	96%
Retail Scales	8,000	10,000	10,000	12,000	12,000	13,000	15,000
Compliance	92%	93%	94%	95%	95%	96%	97%
LPG Meters	1,100	1,200	1,200	1,200	1,300	1,400	1,500
Compliance	60%	65%	65%	70%	70%	75%	75%
Vehicle Scales	2,800	2,900	3,000	3,200	3,400	3,500	3,500
Compliance	85%	87%	90%	90%	90%	90%	90%

Performance Objectives and Measures B: (continued)

2. Inaccuracy causes financial losses to businesses or consumers. It is important to note that errors are rarely random - they are consistent and systematic for a given type, make, and model of equipment. Inaccuracy in some types of equipment harms only the seller. For example, inaccurate LPG meters and fertilizer scales almost always cause a financial loss for the business owner. In other types of equipment the loss could favor either the buyer or seller. One make of gasoline pump, when inaccurate, will consistently measure in favor of the seller. Another make will consistently favor the buyer. The Division treats all of these errors as losses without regard for the direction of the error.

Measure: Financial losses to consumers and businesses will be limited by improved compliance.

	Actual					Objectives	
	1990	1991	1992	1993	1994	1995	2000
Petro (gals x 1000)		3,200,000	3,232,000	3,264,000	3,296,000	3,301,000	3,466,000
Estimated Loss							
Grain (bu x 1000)	2,557,000	2,894,000	3,040,000	2,150,000	3,560,000	3,701,000	4,021,000
Estimated Loss	$7,282,000	$5,891,000	$6,327,000	$3,468,000	$5,737,000	$5,551,000	$5,629,000
LPG (gals x 1000)		278,000	292,000	307,000	322,000	338,000	507,000
Estimated Loss		$2,910,000	$2,610,000	$2,760,000	$2,400,000	$2,028,000	$3,042,000
Fertilizer (tons)	2,070,000	2,100,000	2,231,000	2,355,000	2,675,000	2,815,000	3,023,000
Estimated Loss	$1,451,000	$1,585,000	$1,395,000	$1,259,000	$1,175,000	$1,095,000	$1,028,000

Program Purpose C:

Protect Minnesota businesses and consumers by employing a wide range of techniques to ensure the quality of motor, heating and industrial fuels distributed in Minnesota. Promote air quality improvement by ensuring that motor fuels meet state and federal standards. Minnesota Statutes, Section 239.011, Subdivision 2 and Sections 239.75 through 239.80:

- Test samples of motor and heating fuels in the Division's central laboratory. The goal is to ensure that contaminated fuels are not sold in Minnesota.

- Test gasoline octane, oxygenation, and volatility in gasoline stations by on-site spectrophotometric methods. The goals are to ensure that consumers receive adequate octane, to ensure that state and federal air quality goals are met, and to take immediate enforcement action when problems are found.

- Inspect petroleum storage tanks at wholesale and retail petroleum outlets. The goal is to ensure that products are not contaminated with water.

- Provide a quality control service to petroleum distributors. The goals are to assist distributors in meeting federal standards, and to encourage distributors to maintain product quality.

Performance Objectives and Measures C:

1. Improve petroleum quality in Minnesota by testing a significant number of fuel samples. The Division will encourage compliance by maintaining an effective enforcement presence in the petroleum industry.

2. Meet federally mandated requirements for oxygenated gasoline enforcement by testing gasoline samples during annual carbon monoxide control periods, and by maintaining high compliance rates.

3. Assure Minnesota businesses and consumers that gasoline octane meets or exceeds levels posted on gasoline pumps.

4. Reduce water contamination in motor fuels by regularly inspecting retail storage tanks and by enforcing statutory quality requirements.

5. Use immediate enforcement techniques when problems are found during on-site testing. Immediately prohibiting the sale of non complying products is an extremely effective means of gaining compliance.

Performance Objectives and Measures C: (continued)

6. Provide a cooperative quality control service for petroleum distributors. The goals of this statutorily mandated activity are: 1) to assist distributors in meeting federal gasoline requirements relating to air quality standards; and, 2) to provide an alternative approach to improving product quality by assisting, encouraging and educating distributors.

Measures: Increase numbers of samples tested, and improve compliance rates.

	Actual					Objectives	
	1990	1991	1992	1993	1994	1995	2000
Samples Tested	6,000	6,000	6,000	7,000	7,000	8,000	9,000
Compliance	97%	97%	97%	98%	99%	99%	99%
Oxy Gasoline (x 1000)	n/a	n/a	293,000	320,000	323,000	1,320,000	2,421,500
Compliance			99%	99.5%	99.5%	99.5%	99.5%
Octane Tests	0	135	700	1,000	1,500	2,000	2,000
Compliance	?	73%	90%	95%	99%	99%	99%
Consumer Loss		$62,208,000	$23,270,400	11,751,552	2,397,552	2,421,527	
Tank Inspections	3,000	3,500	4,000	4,500	5,000	5,000	5,000
Compliance	78%	80%	80%	85%	90%	95%	97%

Part 3: Substantiating Performance Measures

Objective A1. Maintain NIST certification of the metrology laboratory.

Objective A2. Achieve and maintain ISO 9000 registration.

Objective A3. Maintain the lowest attainable statistical uncertainties for all measurement processes.

Definitions: NIST certification and ISO 9000 registration are external recognition of the precision, reliability and quality of the metrology laboratory measurement capabilities and services.

Uncertainty is a definitive statistical statement of measurement precision. The metrology laboratory, by using the most modern high quality equipment, and by maintaining tight process controls, can reduce measurement uncertainty to a minimum.

Rationale: Minnesota Statutes require the Division to maintain NIST certification, to achieve ISO 9000 registration, and to provide measurement and consultation services to businesses.

ISO 9000 registration will allow the metrology laboratory to provide "one-stop" measurement services to businesses that export products to European Economic Community nations. Under ISO 9000 requirements, any manufacturing process that involves a measurement of mass, dimension, volume, temperature, or density must be verified by an unbroken chain of calibrations tracing back to national standards. The metrology laboratory will provide this service without the need for expensive, time consuming audits performed by the client.

Statistical uncertainty is the most concise measurement of the quality of service provided by the metrology laboratory. Focused efforts involving standards surveillance and instrument performance monitoring reduce uncertainties to a predicted minimum. The minimum is based on the uncertainties of the state standards, as assigned by NIST, and on the use, design and construction of the measurement instruments employed in the laboratory. The predicted minimum is the goal for this objective.

Data Source: Weights and Measures Division statistical process control records and equipment control charts.

Factors Beyond Agency's Control That Affect Performance: Misapplication of ISO 9000 standards by a qualified registrar would prevent registration of the metrology laboratory.

Objective B1: Annual inspection of all commercial weighing and measuring equipment to improve compliance rates.

Objective B2: Reduction of financial losses due to inaccurate measurement.

Definitions: Annual inspection is the unannounced inspection and test of every commercial weighing and measuring device in Minnesota. Compliance rates represent the percentage of weighing and measuring equipment that is found to be accurate and correct upon inspection. Financial losses are estimated by multiplying the absolute value of the cumulative errors of a specific type equipment by the approximate total value of the product sold annually through the equipment.

Rationale: The purpose of the program is to protect businesses and consumers from financial loss caused by inaccurate weighing or measuring. This goal is most easily achieved by frequent testing and inspection to ensure that weighing and measuring equipment is accurate.

Data Source: Weights and Measures Division inspection records.

Factors Beyond Agency's Control That Affect Performance: Commercial weighing and measuring equipment has a practical performance limit. Accuracy and loss reduction cannot improve beyond this limit.

Inflation, or other uncontrollable factors that increase prices, will increase financial losses even if accuracy remains stable or improves.

Objective C1: Improve petroleum quality compliance.

Objective C2: Meet federal and state mandates for oxygenated gasoline.

Objective C3: Enforce gasoline octane requirements.

Objective C4: Reduce water contamination in motor fuels.

Objective C5: Use immediate enforcement techniques to gain compliance.

Objective C6: Assist distributors by providing a quality control service.

Definitions: Compliance is measured by determining the number of samples found to be in compliance and dividing by the total number of samples tested.

Rationale: The purpose of the program is to protect businesses and consumers from poor quality petroleum products. Approximately 3.2 billion gallons of petroleum products are sold in Minnesota each year. It is impossible to test every load of petroleum delivered to every retail outlet. To improve compliance, the Division leverages its minimal staff resources by using a variety of enforcement and assistance approaches to gain maximum compliance.

The Division employs a traditional approach by maintaining a significant enforcement presence in the industry. This is accomplished by testing a large number of samples and regularly inspecting all petroleum storage tanks throughout the state.

One of the Division's non traditional approaches to enforcement involves the use of immediate enforcement actions. This method provides a strong impetus to maintain product quality because the immediate penalty, temporary cessation of business, is very costly. Division inspectors have authority to shut down equipment and prohibit sale of a non complying product until the product is replaced or brought into compliance.

In another alternative approach, the Division cooperates with petroleum distributors by providing a quality control service, and education and encouragement to assist them in meeting federal gasoline standards relating to air quality standards.

Data Source: Weights and Measures Division inspection records.

Factors Beyond Agency's Control That Affect Performance: Extreme weather conditions can increase water contamination in storage tanks. Conflicting federal standards can hinder compliance efforts - under some conditions, it may be impossible for a distributor to meet all federal standards for a specific petroleum product.

Part 2: Program Information

Agency: **Department of Public Service**
Program: **Telecommunications Regulation**

Program Purpose: The purpose of this program is to represent and protect Minnesota consumers in all aspects of the regulation of the provision of regulated intrastate monopoly telecommunications services. The Department achieves this goal through its intervention on behalf of the general public in all telecommunications matters taken up by the Minnesota Public Utilities Commission. Regulated telecommunications services are those defined in Minn. Stat. § 237 and in decisions rendered by the Public Utilities Commission or the Courts. The telecommunications regulation program has four *primary goals:*

- Ensure that reliable monopoly telephone service is provided at just and reasonable rates in a non-discriminatory manner throughout the state of Minnesota.
- Promote general economic welfare of Minnesota citizens through the development and advocacy of sound regulatory policies in proceedings before the Public Utilities Commission, in hearings conducted by the Minnesota Legislature and/or before the general public.
- Collect, monitor, develop and distribute information that allows consumers of telephone services to make informed decisions concerning the telecommunications services that they purchase.
- Enforce the Orders of the Public Utilities Commission and Minnesota Statutes Chapters 237 and 216.

In 1993, Minnesota's citizens will spend more than $ 3 billion in the purchase of telephone services from companies regulated by the Minnesota Public Utilities Commission. Further, providers of competitive services, such as long-distance companies, subject to fewer regulatory requirements, will collect hundreds of millions of dollars for the provision of intrastate services. Federal regulations and state laws result in the reduction of government regulation in markets that demonstrate competitive tendencies. Services provided by monopoly service providers continue to require formal regulatory scrutiny.

Performance Objectives and Measures:

1. Minnesota will continue to rank among the top five states in the nation in the percentage of households that have at least one working telephone.

   Measure: Minnesota's ranking in the Monitoring Report of the Federal Communications Commission in CC Docket No. 87-339.

2. The rate of increase in average price for basic local telephone service will not exceed general inflationary factors.

   Measure: A comparison of the average annual price change for Minnesota residential and business telephone access lines with the rate of increase in the Telephone Price Index.

	1992	1993
Actual MN Rate for largest 4 companies		
USWC		
One-party Residence & TT (touchtone)		
Outstate	15.21	15.21
Metro	16.78	16.78
One-party Business & TT (touchtone)		
Outstate	34.73	34.73
Metro	45.95	45.95
TDD (Central office trunk or/Hunting)		
Outstate	38.29	38.29
Metro	43.75	43.75
Contel		
One-party Residence & TT (touchtone)		
Outstate	14.85	14.85
Metro	23.22	23.22
One-party Business & TT (touchtone)		
Outstate	31.10	31.10
Metro	52.48	52.48
PBX Trunk (PBX TK)		
Outstate	66.15	66.15
Metro	78.43	78.43
United		
One-party Residence & TT (touchtone)		
Outstate	14.98	14.98
Metro	16.21	16.21

One-party Business & TT (touchtone)		
Outstate	29.99	29.99
Metro	32.42	32.42
Trunk		
Outstate	37.55	37.55
Metro	40.55	40.55
Vista		
One-party Residence & TT (touchtone)		
Outstate 1	9.42	9.42
Outstate 2	11.82	11.82
Metro	12.07	12.07
One-party Business & TT (touchtone)		
Outstate 1	19.27	19.27
Outstate 2	24.62	24.62
Metro	32.82	32.82
Trunk		
Outstate 1	26.02	26.02
Outstate 2	35.77	35.77 (1)
Metro	47.52	47.52
Rotary Hunt	1.00	1.00

(1) Mileage charges of approximately 50¢/$^1/_8$ mile also apply.

	1991	1992	1993
Construction Eqpt.. Index	324	332	345

3. Advocacy of responsible telecommunication policies before the Public Utilities Commission will continue.

Measure: Number and percentage of completed dockets per year.

	1992		1993	
	Coin Telephone	All Other	Coin Telephone	All Other
Filings Received by PUC138	138	572	399	705
Completions	135	481	391	496
Percentage Completed	91%	84%	98%	71%

Measure: **Percentage of Department recommendations accepted by PUC shall equal or exceed 75% of all Department recommendations.**

	1992		1993	
	Coin Telephone	Other	Coin Telephone	Other
Recommendations sent to PUC	122	302	275	382
Accepted Recommendations	122	296	275	370
Percentage Completed	100%	98%	100%	97%

Measure: **Bond ratings of largest four regulated monopoly providers shall remain investment grade.**

	1990	1991	1992	1993
U S WEST Communications, Inc.	Aa3	Aa3	Aa3	Aa3
GTE Corp.	A3	A3	A3	A3
Sprint/United Telecommunications	Baa3	Baa3	Baa3	Baa3
Vista*				
Rochester Telephone	Aa2	A2	A2-A3	A3

* Vista, previously Central Telephone of MN, was purchased by Rochester Telephone in June 1991 for 100% equity. Vista issued debt in a private placement in February 1993. This debt is not rated, however, est. @ mid to low Aa.

4. Minnesota's consumers will continue to receive information about the provision of and purchase of telecommunications services in Minnesota.

Measure: Number of consumer brochures issued annually

Objectives		
1993	1994	1995
2	2	2

5. Competitive service providers will receive expedited analysis of requests for operating authority in Minnesota.

   Measure: At least 80% of all applications for authority from Coin-telephone companies, telecommunications carriers and competitive access providers will be reviewed and sent to the PUC for action within 60 days.

Part 3: Substantiating the Performance Measures

Agency: **Department of Public Service**
Program: **Telecommunications Regulation**

Objective 1. Minnesota will continue to rank among the top five states in the nation in the percentage of households that have at least one working telephone.

Measure: Minnesota's ranking in the Monitoring Report of the Federal Communications Commission in CC Docket No. 87-339.

Definition: The proportion of households contacted in a federal survey that indicate there is at least one working telephone available for use at the time the survey is conducted.

Rationale: State law designates the Department of Public Service as the agency that represents consumers who purchase regulated telephone service. Other states also have agencies that bear this responsibility. While the population of the United States enjoys widespread access to telephone services, there are significant differences among states as to the extent to which every citizen has a telephone in his or her residence. This outcome measure directly assesses the extent to which initial hook-up fees and monthly rates are affordable; furthermore, it includes the effectiveness of the agency to investigate and settle specific consumer complaints made against regulated telephone companies.

Data Source: Annual reports of the staff of the Federal Communications Commission.

Factors Beyond Agency's Control that Affect Performance: Survey flaws; legal appeals to decisions made by the Public Utilities Commission.

Objective 2. The rate of increase in average price for basic local telephone service will not exceed general inflationary factors.

Measure: A comparison of the average annual price change for Minnesota residential and business telephone access lines with the rate of increase in the Telephone Price Index.

Definition: The annual price change for Minnesota residential and business telephone access lines will be defined as the average price of the monthly rate for a one-party line provided in Minnesota by US WEST Communications, GTE Minnesota, United Telephone Company of Minnesota, and Vista Telephone Company of Minnesota. The Telephone Price Index (TPI) is a regional index of the cost of labor and materials borne by telephone companies for the installation of new telephone plant.

Rationale: The economic costs of operating a telephone company are largely affected by interest rates, computer technology, and various taxes. Changes in these costs are not necessarily associated with general price inflation. In recent years, economic costs measured by an industry-specific index (TPI) have declined while general inflation has been positive. A better measure of the effectiveness of the agency to maintain reasonable rates is to compare changes in basic telephone rates with industry-specific costs.

Data Source: Annual industry expense reports provided by Handy-Whitman, tariffs filed with the Department of Public Service..

Factors Beyond Agency's Control that Affect Performance: Legal appeals to decisions made by the Public Utilities Commission.

Objective 3. Advocacy of responsible telecommunication policies before the Public Utilities Commission will continue.

Measure: Number and percentage of completed dockets per year.

Definition: The number of reports and recommendations sent to the Public Utilities Commission, divided by the number of new filings assigned a docket number.

Rationale: This measure is one indicator of the effectiveness of the agency to complete its work in a timely fashion.

Data Source: Docket book of the Public Utilities Commission.

Factors Beyond Agency's Control that Affect Performance: Number of filings generated by regulated telephone companies.

Measure: Percentage of Department recommendations accepted by PUC shall equal or exceed 75% of all Department recommendations.

Definition: The proportion of reports and recommendations sent to the Public Utilities Commission each year which are adopted by that agency.

Rationale: This measure is one indicator of the effectiveness of the agency to complete its work in a timely fashion.

Data Source: Docket book and Orders of the Public Utilities Commission.

Factors Beyond Agency's Control that Affect Performance: Errors of law made by the Public Utilities Commission.

Measure: Bond ratings of largest four regulated monopoly providers shall remain investment grade.

Definition: The year-end bond rating of each regulated telephone company's parent, as given by Moody's Bond Rating Service. Moody's defines "investment grade" as any bond rated Baa or higher.

Rationale: This measure is one indicator of the regulatory risk borne by bondholders of a telephone company.

Data Source: Moody's Investor Service.

Factors Beyond Agency's Control that Affect Performance: rating changes attributable to corporate mismanagement or regulatory decisions made in other states.

Objective 4. Minnesota's consumers will continue to receive information about the provision of and purchase of telecommunications services in Minnesota.

Measure: Number of consumer brochures issued annually.

Definition: The number of brochures or reports issued by the Department of Public Service that address telephone consumer interest issues.

Rationale: This measure is one indicator of the agency's efforts to inform consumers of changing regulatory or market conditions that affect telephone service or prices.

Data Source: The agency.

Factors Beyond Agency's Control that Affect Performance: None.

Objective 5. Competitive service providers will receive expedited analysis of requests for operating authority in Minnesota.

Measure: At least 80% of all applications for authority from Coin-telephone companies, telecommunications carriers and competitive access providers will be reviewed and sent to the PUC for action within 60 days.

Definition: The proportion of new authority capsules or reports sent to the Public Utilities Commission by the Department of Public Service within 60 days of the filing date.

Rationale: This measure is one indicator of the agency's efforts to respond quickly, yet provide thorough analysis to the Public Utilities Commission, whenever competitive service providers request authority to operate in Minnesota.

Data Source: The agency.

Factors Beyond Agency's Control that Affect Performance: Incomplete or inaccurate applications made by telephone service provider; delays in the agency's investigation caused by the provider requesting authority.

Part 2: Program Information

Agency: Department of Public Service
Program: Information and Operation Management

PROGRAM PURPOSE:

The purpose of the Information and Operations Management Division is to provide for the efficient operation of the department, facilitate the smooth flow of information among divisions and to the public, and coordinate department activities with other governmental agencies and the private sector.
Programs and services in the division are designed to:

- Educate and inform the public regarding energy, weights and measures and telecommunications.

- Work with the Governor's Office, legislators and other government entities to produce and advance legislative initiatives regarding energy conservation, energy and telecommunications regulation and such Weights and Measures issues as petroleum testing, scale inspections, etc.

- Deliver general support services to the entire department by providing management, accounting, personnel, word processing, docket control, central files and computer support services. In general, centralized support services improve government efficiency by providing department-wide services that would require duplication of effort if performed individually by each division.

Performance Objectives and Measures:

1. Management's objective is the overall policy development, coordination and development of annual and long-range objectives, overall resource allocation and program evaluation. The measure of this objective is the degree to which the performance objectives of the three program divisions are accomplished.

2. Educate and inform the public regarding energy, weights and measures, and telecommunications. To review, edit, update when necessary over 90 DPS publications annually.

	FY 1990	FY 1991	FY 1992	FY 1993
Number of Publications distributed per year	175,505	184,687	178,990	163,477

3. To educate the adult public through print news media by reaching each adult in the state six times per year or the equivalent of 12 million contacts each year.

	Contacts Through Print Media Coverage	
	FY1993	FY1994
Number of Print Media Contacts		

4. To restore all computer network failures within eight work hours. The DPS has established a logging system to track performance from FY93 forward.

Track Record:

Network Failures FY'93	No. of Failures	Restoration Time
Equipment failures	0	0
Electrical power outage	3	20 minutes each outage

5. To design, develop, and implement a docket control and assessment data base system to simplify the process of recording, documenting, and billing regulated utility companies for the cost of regulation by July 1, 1994.

6. To pay 98 percent of accounts payable within 30 days.

Accounts Payable Tracking	CY 1991	CY 1992
Annual % of accounts payable paid within 30 days	98.3	99.4

7. To accelerate the billing process from semi-annual to quarterly for the direct charges billed to regulated utility companies. This will result in a one time revenue windfall by collecting six quarters of revenue in FY94. In successive years it will recover the costs faster allowing more interest to be earned by the general fund.

	Total Utility Assessment Cost Recoveries		
Cost Recovered DPS & DPS/Ag's	FY92	FY93	FY94 Est.
Telephone	1,663,000	1,422,000	1,429,000
Gas & Electric	2,220,000	3,066,000	3,575,000
Total	3,383,000	4,488,000	5,004,000

Part 3: Substantiating the Performance Measures

Agency: Department of Public Service
Program: Information and Operating Management

Objective 1: Management's objective is the overall policy development, coordination and development of annual and long-range objectives, overall resource allocation and program evaluation.

Measures: The measure of this objective is the degree to which the performance objectives of the three program divisions are accomplished.

Definition: Management is getting work done through other people.

Rationale: In essence the success or failure of management is measured by the cumulative affect of the successes and failures of the department's program delivery units.

Data Source: The data source will be the content of the annual performance reports filed by the department.

Factors Beyond Agency Control: In Weights and Measures, Gas, Electric, and Telephone regulation market forces, inflation, new technology, and changes in state and federal laws have an impact on the DPS's ability to effectively regulate.

Process Used: The goals for the program units were developed by holding program wide staff meeting to acquire staff recommendations for measurable objectives. Information was also collected from the general public, legislators, and regulated companies through state-wide gas, electric, and telephone conferences, and alternative fuel vehicle hearings.

Objective 2: To inform and educate the public through distribution of brochures, builders shows, and the Energy Information Center.

Measure: To review, edit, update when necessary over 90 DPS publications annually.

Definition: The DPS publishes over 90 brochures which inform the public about energy, telecommunications and weights and measures policies, issues, services, and conservation measures.

Data Source: Publications list and inventory distribution records from the Energy Information Center.

Factors Beyond Agency Control: The agency cannot control attendance at builders shows, retailers conventions and the state fair, which constitute the major distribution sites for DPS publications.

Process Used: The DPS keeps an inventory record of publications printed and distributed to the public. These records document the number of publications distributed to consumers, schools and local community energy groups.

Objective 3: Educate and inform the public regarding energy, weights and measures and telecommunications.

Measures: To reach each adult Minnesotan approximately six times per year.

Definition: Earned media refers to coverage by print and broadcast media.

Data Sources: Measuring the level of success of our earned media (news) efforts is not an exact science but we have developed systems for tracking our effectiveness.

For measuring print media (newspapers, magazines, specialized newsletters, etc.) exposure, we have reached approximately 12 million Minnesotans (in other words, we have reached each adult in the state approximately six times) in the past year through print media coverage of news conferences, news releases and media advisories. Calculations are based on clipping service results, circulation data and repeated exposure in large and small media markets across the state. In many instances, information is intentionally targeted toward particular communities with a strong emphasis on non-metro Minnesota.

Measuring coverage in broadcast mediums (television and radio) is more difficult without specific data on a particular stations Area of Dominant Influence, market cumulative totals and shares, and household penetration. The cost of obtaining and evaluating the information is beyond the scope of our budget. Experience indicates that stories carried by newspapers are also often carried by broadcast entities. An exact measurement of message penetration due to broadcast coverage would greatly increase the audience level of 12 million previously mentioned.

Rationale: The only way the public can participate and influence regulation is if they are informed regarding the consequences of energy and telephone service choices, benefits of energy conservation, availability and effectiveness of energy conservation grant and loan programs, availability and range of weights and measures services, availability of alternative energy technologies and the range and cost of telecommunications services.

Factors Beyond Agency Control: The agency can provide educational information to newspaper and broadcast media, but has no control over its final disposition or circulation.

Process Used: The information used to evaluate this objective comes from the publication clipping files of the DPS and from inventory distribution records of the DPS information office.

Objective 4: To restore all computer network failures within eight work hours. The DPS has established a logging system to track performance from FY93 forward.

Measure: The measure is the time lost in restoring, computer operations following a computer network failure.

Definition: A computer network failure is the loss of ability for staff to access and process data on the DPS computer system file servers.

Rationale: Almost all of the gas, electric, and telephone regulatory matters require extensive use of computer data bases and analytical program model simulation. Most regulatory matters must be processed on a tight schedule in a timely manner in order to meet statutory and rule based processing deadlines. Loss of access to the computer network and associated data bases even for a few hours can seriously affect the ability of the DPS to meet its regulatory obligations.

Data Source: The DPS is currently maintaining a log of the number of network failures and the time required to restore network services.

Factors Beyond Agency Control: Time lost due to electrical company power failures and restoration of electrical service is beyond the control of DPS computer maintenance staff.

Process Used: The DPS has established a number of procedures to limit computer network downtime. Battery power control units have been installed to provide time for automatic orderly shutdown of the system in the event of power failures. The DPS has a service contract to completely replace file servers within four hours for file server mechanical or logical failures. The DPS periodically screens for computer viruses and backs up the information on the computer file servers on a daily basis. All DPS PC's have a minimum of 40 megabytes hard drives so in the worst case, backup data can be retrieved from the back up source and put on the staff PC hard drives within eight hours.

Objective 5: To design, develop, and implement a docket control and assessment data base system to simplify the process of recording, documenting, and billing regulated utility companies for the cost of regulation by July 1, 1994.

Measure: The measurement is that the new computerized assessment system be completed to the point of being able to accept data and process on schedule fiscal year FY95 assessment billing by July 1, 1994.

Definition: The public utility cost assessment system consists of a relational data base which will contain regulated company information; a complete listing of all regulatory matters in process (called a docket control system); a cost coding system which records and documents direct and indirect expenses and staff costs associated with the utility regulation; and the computer programming to prepare cost assessment invoices by relating cost coded data to the utility company for which service was performed.

Rationale: The legislative auditor recommended that the cost assessment for regulated utility companies be expedited. The purpose of the recommendation was to speed up the recovery of costs so that the general fund would be enhanced by having the funds deposited sooner. A major part of expediting the assessment procedure will be the use of the computer to reduce the amount of hand prepared records and ledgers necessary to accurately document invoices to individual utility companies.

Data Source: The source of the data will be employee expense reports and employee cost coded time reports which will be entered along with company information in the utility assessment data base.

Factors Beyond Agency Control: Any changes in legislation which would affect how costs can be assessed to regulated utility companies will have an impact on the computer programming necessary to assess their costs.

Process Used: The DPS formed an internal task force to determine information needs for each of the components identified in the definition section above. One DPS Senior Programmer has been assigned to complete the computer system design and programming for the data base and assessment system. The internal task force reviews and evaluates the progress as each component of the system is completed.

Objective 6: To pay 98 percent of accounts payable within 30 days.

Measure: The Department of Finance Prompt Payment Report

Definition: The Prompt Payment Report is a computer report generated by the Department of Finance which compares the invoice receipt date to the invoice payment date and prints a report listing all payments exceeding 30 days.

Rationale: It is good taxpayer relations for the State of Minnesota to meet its fiscal payment obligation in a prompt manner. The legislature reinforced this mandate by permitting vendors to bill interest charges on payments exceeding 30 days from receipt of invoice.

Data Source: The source of the data is the Department of Finance Annual Prompt Payment Report, which summarizes the proceeding fiscal years prompt payment record by agency.

Factors Beyond Agency Control: Invoices submitted with insufficient information or disputed claims have an impact on prompt payment processing.

Processes Used: There is no choice in this process due to the legislative mandate and Department of Finance requirements. Departments either meet or fail to meet the required standard.

Objective 7: To accelerate the billing process from semi-annual to quarterly for the direct charges billed to regulated utility companies. This will result in a one time revenue windfall by collecting six quarters of revenue in FY94. In successive years it will recover the costs faster allowing more interest to be earned by the general fund.

Measure: The measurement is whether or not the DPS bills six quarters of direct assessments in fiscal year 1994 and four quarterly assessments in successive future years.

Definition: Direct assessment charges are those costs of utility regulation that can be directly attributed to an individual utility company.

Rationale: The legislative auditor recommended accelerating the direct assessment process to recover the direct costs of utility regulation on a quarterly rather than semi-annual basis. This will recover the direct costs of regulation on a faster basis and provide a one-time two quarter windfall of collections in FY94 to the general fund.

Data Source: The source of the data for this objective is the invoice data.

Factors Beyond Agency Control: Legislative assessment language changes, requiring major reprogramming of the assessment computer data base and invoice processing system, would impact the DPS's ability to meet this objective.

Process Used: Currently a computer aided hand process is used to invoice regulated utility companies. Effective July 1, 1994 the new computer invoicing system will go on line.

Part 4: Improving Programs and the Reporting Process

Agency: Department of Public Service

The Department of Public Service decided to expand the employee participation in formulating our goals, objectives and outcome measurements. To improve employee involvement and, ultimately, the likelihood for success, DPS aggressively sought a high level of employee participation in establishing goals and objectives and more importantly, determining how to effectively measure outcomes. Meetings were held with employees in the following units:

Energy Technologies
Loan & Grant Administration
Program and Design
Energy Planning and Intervention
Telecommunications

In addition, DPS has had two extended meetings in our Weights and Measures Division which previously addressed the same issues.

It is the objective of DPS to meet with the other units in the next 90 days to examine what was included in the DPS Performance Report and to incorporate any necessary additions or changes.

DPS surveyed its' clients last fall requesting an analysis of Department performance. From an operational standpoint, DPS found the information very useful and plans to re-examine when an update is needed.

DPS intends to continue to meet regularly and have a close working relationship with legislators involved in making decisions affecting the Department. DPS will also continue to offer forums, such as our fall Energy and Telecommunications conferences for constituents, private sector clients and legislators to provide effective venues for receiving input as well as furthering policy issue understanding and discussion. DPS will continue to work with legislators, consumers, and industry to remodel outdated legislation and to introduce legislation that will ensure that Minnesota is on the cutting edge of relevant issues.

DPS will complete data not yet compiled for several of our outcome measurements and continue to improve on data already included in this draft. Upon completion, the updated information will be forwarded to the appropriate government entities.

DPS views this as an on-going process and will continue to meet with employee groups on a regular basis to review progress and update goals, objectives and measurements.