

State of Minnesota

Public Utilities Commission



2003 ANNUAL REPORT

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February 24, 2004

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

Who are the **Minnesota Public Utility Commissioners?**

LeRoy Koppendrayer

Chairman ■ 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, Phillippines 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 by Governor Carlson, January 6, 1998; appointed Chair by Governor Pawlenty, January 6, 2003; reappointed Commissioner and Chair by Governor Pawlenty, January 26, 2004; term expires January 4, 2010.



Phyllis A. Reha

Vice Chair ■ 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 (1980-2001); Assistant Professor, Hamline University Graduate School of Public Administration and Management (1989-2001); Free Lance Mediator and Arbitrator specializing in employment contract and discrimination disputes (1987-Present); currently serves on the NARUC Energy Resources & Environment Committee and is the Chair of the Renewable Resources and Distributed Generation Subcommittee; currently serves on the Steering Committee of the National Council on Electricity Policy; Member of the National Wind Coordinating Committee; and, Member of the EPRI Advisory Council. Appointed Commissioner by Governor Ventura, May 16, 2001; current term expires on

January 1, 2007.

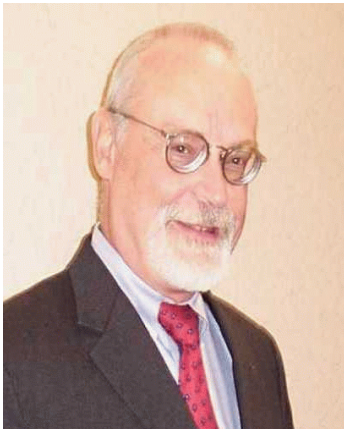


R. Marshall Johnson
Commissioner ■ Independent



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 by Governor Carlson, August 11, 1993; reappointed by Governor Carlson, December 11, 1995; reappointed by Governor Ventura, June 7, 2002; term expires January 7, 2008.

Ken Nickolai
Commissioner ■ (No Political Affiliation)



Carthage College, B.A.; Duke University School of Law, J.D.; Kennedy School of Government, Master of Public Administration; Chief Administrative Law Judge, Office of Administrative Hearings; Deputy Commissioner, Minnesota Department of Human Rights; Director of Policy and Legal Affairs, Minnesota Department of Human Rights; Attorney, Minnesota Center for Environmental Advocacy; Consultant, Governor's Commission on Reform and Efficiency (CORE); Assistant Regional Counsel, U.S. Environmental Protection Agency. Appointed Commissioner by Governor Pawlenty, September 9, 2003; term expires January 5, 2009.

Gregory Scott
Commissioner ■ 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 by Governor Carlson, August 29, 1997; reappointed by Governor Ventura, March 31, 1999; Chairman January 3, 2000-2003; term expires January 3, 2005.

What Does the PUC 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).

Key Services

- Disciplined decision-making for adjudicating party-to-party disputes and establishing broad industry rules and policies
- A public forum for examination of policies pertaining to regulated industries
- Mediation of consumer complaints concerning services of telephone or energy utility providers

Broad Policy Objectives

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

Commission's Unique Role and Structure

The Commission is somewhat unique because its statutory responsibilities involve elements of all three branches of government. In resolving specific party-to-party 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 executing statutes and rules, the Commission is an administrative body (administrative function; M.S. § 216A.02, Subd 3).

In addition, 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, as well as 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.

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 (See Appendix B), as well as mediate and otherwise resolve disputes between utility service providers and consumers.

QUICK OVERVIEW of OPERATIONS

Filings During 2003, the Commission received 2050 formal filings involving telephone or energy utility matters. Although formal filings were down slightly from 2002's record high, this level of filings sustains a trend which began in the mid-1990s. (See Appendix D)

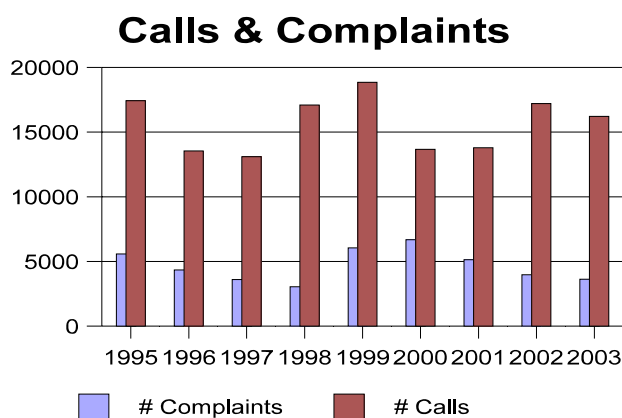
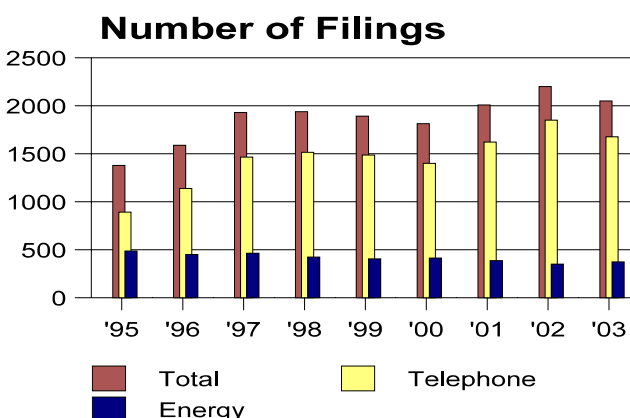
Decision-making The vast majority of filings coming to the Commission are disposed of in 60 - 90 days. This amount of time reflects the minimum needed to satisfy basic due process requirements under Minnesota law.

Implementation of a special approval process for non-controversial cases has enhanced the Commission's ability to render timely decisions. While particularly complex or controversial cases typically take more time, many are resolved in a matter of months. (See Appendix E)

During 2003 the Commission rendered decisions in 201 cases involving complex or unique new issues or disputed formal petitions, up from 174 such cases during 2002. This is equivalent to over three such major cases per week. Of these 201 cases, 91 were telephone dockets and 110 were energy dockets. Therefore, although there were substantially more telephone filings in 2003, the cases that commanded the vast majority of the time for the Commission and staff were nearly equally divided between the telephone and energy areas.

Consumer Affairs The Consumer Affairs Office received over 16,000 calls during 2003. Despite this high level of call traffic, continuing efforts in consumer education have kept the number of actual complaints lower for the second straight year. Also, continuing efforts to utilize telecommunications and computer technology has enabled the Office to efficiently manage its substantial workload despite a reduction in human resources.

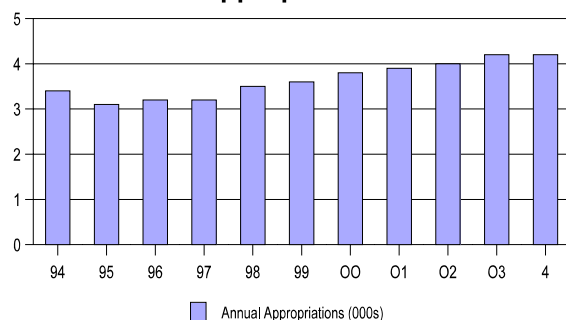
Information Technology Information management is a critical function for the agency. The Commission must be able to capture, analyze, publish and manage a huge volume of information in order to perform its duties successfully. Presently, most of this is done on paper. However, the Commission has developed a plan by which to utilize the power of information technology to allow more efficient electronic management of this process, ultimately leading to replacement of the paper-based process. To realize this goal, the Commission worked jointly during 2003 with the Minnesota Department of Commerce (DOC) to establish a shared services agreement. Through this effort, the agencies have been successful in implementing technology that allows much greater electronic access by DOC



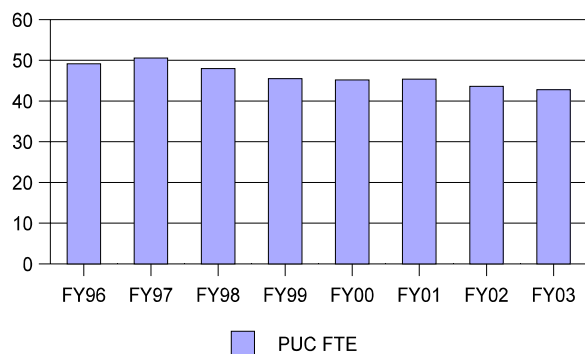
and PUC employees to critical documents filed with the Commission. Moreover, the Commission and DOC have been developing the capability of extending greatly enhanced electronic access to external stakeholders. These are very significant steps toward realization of electronic filing.

Budget Despite a consistently high level of activity, the Commission’s operating budget has been stable over the last several years, showing a very gradual increase. In addition, approximately 97% of the Commission’s expenditures are recouped for the General Fund through the Commission’s assessment authority.

Annual Appropriations

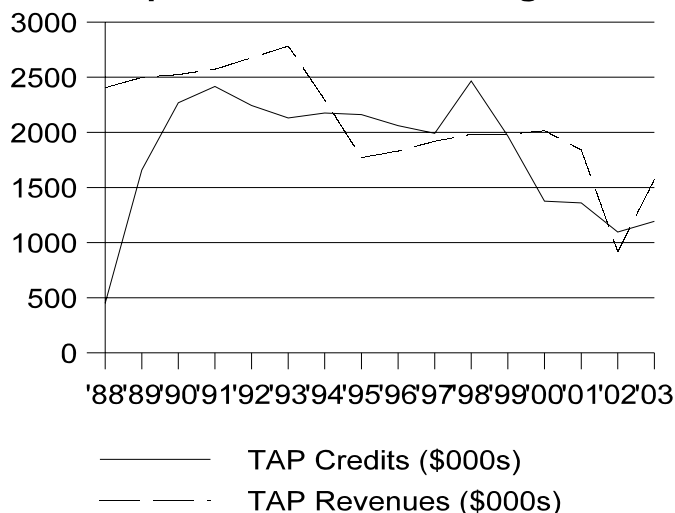


Staff Size



Staff Size The Commission’s budget size and staff size both are well below the average for state utility regulatory commissions. A recent national study by the Michigan Public Utilities Commission focused on commission staff sizes per capita and found Minnesota ranked 48th of the 50 states and the District of Columbia. The Commission’s Full-Time-Equivalent (FTE) has been stable over the last several years in spite of the general increase in filings.

Telephone Assistance Program



Telephone Assistance Program (TAP)

The Commission administers the fund that supports the TAP, which is a state program related to the federal Lifeline program. The Commission sets the TAP surcharge on wireline telephone services which funds the program, and approves expenditures from the fund for credits to eligible subscribers. The Commission’s goal is to keep revenues closely aligned with required expenditures. Recent statutory changes have increased the

number of potentially eligible households. The number of TAP subscribers increased to 52,840 in 2003 from 33,098 in 2002. The average number of subscribers for the 16 years of the program is 45,815.

Pursuing Competitive Telecommunications Markets

In 2003, the Commission received 1,677 filings by or otherwise pertaining to providers of telephone services in Minnesota. The following is a summary of the more complex cases and on which the Commission spent a larger share of its time during the year. The Commission docket number for these cases is provided for further reference. Further details on these cases can be obtained via the Commission's website. Go to www.puc.state.mn.us, click on "Search" (lower border of website), fill in the docket number of the case of interest and click on "Search."

The Commission's major efforts to pursue competitive telecommunications markets in Minnesota during 2002 can be categorized as follows:

- **Qwest's In-state Long Distance Authority - Page 7**
- **Qwest's Wholesale Quality of Service - Page 8**
- **Qwest Retail Quality of Service - Page 8**
- **Alternative Form of Regulation Plans - Page 8**
- **Complaints - Page 9**
- **Access Reform - Page 11**
- **Universal Service Rulemaking - Page 11**
- **FCC Triennial Review - Page 11**
- **Wireless as Eligible Telecommunications Carriers - Page 12**
- **Interconnection Agreements - Page 12**
- **Extended Area Service - Page 13**
- **Regional Oversight Committee - Page 13**

QWEST'S In-State LONG DISTANCE Authority

In order to become a full-fledged long-distance company in Minnesota, Qwest needed to convince the Federal Communications Commission (FCC) that the market for local telephone service in Minnesota is open to competition. The role of the Minnesota PUC in this process is to develop a Minnesota specific record for the FCC and to advise the FCC regarding approval of Qwest's request. The Commission completed several separate, major proceedings and submitted the records of each to the FCC in early 2003. Also, in early 2003 each commissioner submitted their comments and recommendations to the FCC. Three of the four commissioners submitting recommendations recommended denial. (One commissioner had been recused). However, the FCC approved Qwest's request and on July 8, 2003 Qwest began competing in the market for long distance services. (P-421/CI-01-1370; 01-1371; 01-1372; 01-1373; 01-1375; P-421/AM-01-1376; P-442, 3012, 421/M-01-1916; P-421/CI-02-293; and P6237/NA-03-508)

QWEST'S Wholesale QUALITY of SERVICE

Federal Wholesale Quality of Service Standards: As part of the federal approval process for its in-state long distance authority, Qwest was required to obtain approval of a state-specific “performance assurance plan” from the Minnesota PUC. This is a detailed plan containing the service expectations Qwest must meet for wholesale customers. The plan also specifies self-executing penalties, paid either to wholesale customers or a special fund, if wholesale service expectations are not met. The Commission approved an MPAP for Qwest in November of 2002. (P-421/AM-01-1376)

State Wholesale Quality of Service: Responding to the concerns of the industry, the Commission also established wholesale service quality standards under its state authority in July of 2003. Qwest has appealed the Commission’s action to the Minnesota Court of Appeals and the matter is pending. (P-421/AM-00-849)

QWEST'S Retail QUALITY of SERVICE

A Commission investigation of Qwest (formerly US West’s) retail service quality in the mid-1990s resulted in the establishment of specific retail service quality standards for Qwest. Those standards were subsequently incorporated in Qwest’s Alternative Form of Regulation Plan (AFOR), which was implemented in early 1999. Basically, Qwest must meet specific performance standards at the retail level of operations or face penalties. The Plan requires quarterly reporting and provisions for penalty payments. During the term of Qwest’s initial AFOR Plan from 1999 through 2002, the company has paid \$ 7.2 million in penalties. The Commission maintains an on-going monitoring function over the Plan. (P-421/AR-97-1544)

Alternative Form Of Regulation Plans

The Commission has approved Alternative Form of Regulation Plans for various telephone companies in Minnesota. These plans generally are intended to provide customers with service quality that is consistent with Commission rules at affordable rates; to facilitate the development of telecommunications alternatives for customers; and, where appropriate, provide a regulatory environment with greater flexibility (particularly with respect to pricing) than is available under traditional rate-of-return regulation. In return for greater flexibility, companies under AFOR plans must unbundle intrastate services and facilities and permit interconnection with local competitors to the same extent required for interstate service.

During 2003, the Commission considered proposals to renew AFOR plans for two of the state’s major local telephone service providers, Qwest and Sprint. Qwest has petitioned for a revised AFOR plan. It’s original plan expires on July 30, 2004. Settlement discussions are underway. (P-421/AR-03-1688) Sprint’s revised AFOR plan was approved in February of 2003. (P-430/AR-02-290)

COMPLAINTS

Complaints received by the Commission during 2003 tended to focus on allegations of poor service quality or anti-competitive behavior by competitors.

Several complaints were brought to the Commission by state consumer advocates, i.e., the Minnesota Department of Commerce (DOC) and the Residential Utilities Division of the Office of the Attorney General (RUD). Some of the more involved of these cases are summarized as follows:

Unfiled Agreements: The DOC provided evidence that Qwest had failed to make portions of eleven interconnection agreements with selected competitors available to all competitors (as required by the federal Telecommunications Act) in exchange for agreement by some signatories to not oppose Qwest's effort to get long-distance authority in Minnesota. After a contested case proceeding, the Commission found numerous violations of statute, imposed penalties and ordered refunds. The case is on appeal before the US District Court in Minnesota. (P-421/C-02-197)

Vonage and Voice Over Internet Protocol: The DOC claimed that Vonage Holdings Corporation, which utilizes Voice Over Internet Protocol (VOIP) technology, was offering telephone services in Minnesota without a certificate of authority. The Commission found that Vonage was offering telephone services as defined under Minnesota law and required Vonage to discontinue operations until a certificate of authority was approved. The Minnesota Commission was the first state commission to make this finding. The decision was appealed to the US District Court which issued a permanent injunction. The Commission's petition for reconsideration with the Court was denied and the Commission is considering appeal to the 8th Circuit Court of Appeals. In addition, the Commission has submitted comments in a proceeding before to FCC addressing whether VOIP services constitute telephone services, and therefore subject to regulation, or internet data services which are not regulated. These proceedings are pending. (P-6214/C-03-108)

NOS Communications, Inc.: The DOC claimed NOS Communications, Inc., *et.al.*, was charging untariffed rates and not providing required information. NOS and the DOC are presently in settlement discussions. (P-3050, 3034, 3054/C-02-1495)

Interstate Access Charge Recovery Fee: The DOC claimed special fees charged by several long-distance carriers to recover the cost of in-state access charges paid to local exchange phone companies were misleading and discriminatory. In its November 5, 2003 order the Commission found the fees to be reasonable and they were approved. The DOC has asked the Commission to reconsider its order and the matter is pending at this time. (P-442/EM-02-539, P446/EM-02-1154, P-3012/M-02-1456, P-478/EM-02-1692, P-478/EM-02-2031, & P-6075/M-03-41)

McLeod Quality of Service: The RUD and DOC filed a joint complaint that charged McLeod USA/Telecommunications, Inc. with providing inadequate service, employing inadequate and untariffed customers services practices, and failing to provide in its public tariff all terms and conditions in its fee for early termination of service. The Commission approved a settlement, entailing refunds to eligible customers, presented to it by the principal parties. (P-5323/C-03-140)

Minnesota Phone Co, et.al., Quality of Service: The DOC claimed that Minnesota Phone Company and numerous inter-related companies operating in Minnesota provided telephone services without a required certificate of authority. The Commission approved a settlement presented to it by the principal parties. (P-6164/C-02-1383, there are several related docket numbers)

Complaints also arose from other sources. The following are some of the more complex complaint cases filed by industry members during 2003:

DeskTop Media/Qwest Interconnection Agreement: DeskTop Media, Inc., claimed that Qwest had violated the interconnection agreement between the two companies resulting in harm to DeskTop's ability to compete. After a contested case proceeding, the Commission adopted many of the findings and recommendations of the Administrative Law Judge and referred some issues for further investigation. (P-421/C-02-1597)

Onvoy Complaint re: Qwest Billing Practices: Onvoy, Inc., claimed that Qwest had failed to properly bill Onvoy for collocation charges and had neither promptly provided nor correctly billed for local services. After a contested case proceeding, the Commission specified the charges that Qwest shall apply for the services raised in the complaint. (P-421/C-01-1896)

Eschelon/Qwest Interconnection Agreement: Eschelon Telecom of Minnesota, Inc., claimed that in attempting to establish an interconnection agreement, Qwest refused to give it the same rates for certain key services as it gave a competitor unless Eschelon agreed to certain terms and conditions that Eschelon found unacceptable. Eschelon claimed this conditional arrangement violated federal law. After a contested case proceeding, the Commission found that Eschelon was entitled to comparable rates and that should receive credit as if it had enjoyed the reduced rates for the same period as the competitor in question. (P-421/C-03-627)

Eschelon Complaint re: Qwest Wholesale and Retail Operations: Eschelon Telecom, Inc., asked the Commission to investigate various aspects of Qwest's wholesale operations in particular the relationship between its wholesale and retail operations and customer contacts. The Commission ordered Qwest to develop proposals for addressing the operational inadequacies raised in the proceeding. Qwest's response was received in December and comments from parties will be scheduled for early 2004. (P-421/C-03-616)

Eschelon complaint re: Qwest Charges for Wholesale Services: Eschelon Telecom, Inc., claimed that Qwest has been overcharging it for certain key wholesale services and has refused to provide credits to which Eschelon claimed it is entitled. The Commission ordered a contested proceeding and now has the report of the Administrative Law Judge. Comments by parties are being collected and the Commission is likely to take up the merits of the case in February. (P-421/AM-03-683)

Access Reform

The Commission has renewed an inquiry into the role of access charges in the recovery of the cost of the local loop in the provision of local telephone service. Access charges are levied by local exchange companies against wireline long-distance companies for initiation and termination of long distance calls. Access charges provide one of the largest sources of recovery of these costs for many local phone companies. The Commission is focused on the access charge regime used by local service companies in Minnesota and the effects it has on competition for telephone services and the provision of universal service. The Commission has a substantial record on these matters and is presently considering whether further record development is necessary. (P-999/CI-98-674)

A Commission Staff white paper report on this topic is available on the Commission's website. (www.puc.state.mn.us; look under Telecommunications News)

Universal Service Rulemaking

The Commission has also renewed its efforts to develop rules which would provide for universal service in a post-access reform environment. Substantial work has been done on this project since 1997 and a set of draft rules covering many issues has been developed. However, many major issues remain unresolved and must be addressed before rules could be successfully implemented. One major issue is developing provisions for a Universal Service Fund that would help keep local rates affordable state-wide if access charges were to be scaled back. The Commission will be convening a technical conference in the first quarter of 2004. (P-999/R-97-609)

FCC Triennial Review

The Federal Communications Commission has initiated a rulemaking that would govern how local exchange telephone companies are to unbundle local service elements and make them available to competitive local service providers. The rule-making establishes rebuttable presumptions about availability of certain services and allows affected parties the right to challenge these presumptions at the state level. There has been a challenge raised in Minnesota and the Commission has two proceedings underway to address related matters. Work on these matters will continue into 2004. (P-999/CI-03-960 & P-999/CI-03-961)

Wireless as Eligible Telecommunications Carriers

Wireless telecommunications providers, for the most part, do not come under the jurisdiction of the PUC. However, the Commission has received several petitions from wireless telecommunications providers seeking certification as an Eligible Telecommunications Carrier (ETC) under federal law. Companies seek certification as an ETC because it makes them eligible to receive subsidies under a federal program designed to promote universal service. The primary criteria for ETC certification is whether the company is actively providing certain basic services specified in federal telecommunications law. In other words, any telecommunications service provider, regardless of the technology they employ, may receive these subsidies if they provide the required services in a reasonable manner. The challenge for the PUC is not only to evaluate the viability of petitioners in the provision of specified services but also to ensure the subsidies are done in a competitively neutral fashion. The FCC is currently reviewing the effects of wireless ETC certifications on competition and universal service goals. (PT -6182, 6181/M-02-1503, PT -6153/AM-02-686, PT -6213/M-03-591, PT- 6200/M-03-647, P-5614/M-03-1051, P-5704/M-03-1681, PT-5201/M-03-1618)

Interconnection Agreements

The Federal Telecommunications Act of 1996 provides for the creation of interconnection agreements to allow competitive local exchange companies to obtain the services they need to compete with incumbent local exchange companies. These agreements must be approved by state regulatory commissions. Since passage of the 1996 Act, the Commission has arbitrated eight separate interconnection agreements and has approved over 800 negotiated agreements and amendments. As noted above, disputes surrounding these agreements have been the source of several complaints coming before the Commission during 2003. There were a couple of noteworthy cases in 2003.

ATT/Qwest Interconnection Agreement AT&T requested that the Commission establish an arbitration process in order to renew its interconnection agreement with Qwest. The Commission referred the matter to an arbitrator and based on the arbitrator's report issued an order resolving the disputed issues so that the agreement could be established. Compliance proceedings are underway. (P-442, 421/IC-03-759)

Qwest Interconnection Agreements with Rural ILECs Qwest has sought interconnection agreements with 12 rural incumbent local exchange companies in order to provide competitive local exchange services in the service territories of those companies. Under the 1996 Act, rural companies are exempt from the obligation of providing certain services to competitors unless competitors can show that the exemption is inappropriate. Eleven of the incumbent companies approached by Qwest have claimed such rural exemption. The Commission has referred the matter to the Office of Administrative Hearings for a contested case proceeding scheduled to conclude in early 2004. (P-402, 408, 405, 412, 5643, 413, 414, 416, 428, 427, 5096/IC-03-1559)

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 was successful in dramatically reducing the number of pending cases during 2003 and has eliminated the backlog.

Regional Oversight Committee

The Qwest Regional Oversight Committee is an informal organization of state commissioners and staff of the 14 states where Qwest is the dominant local telephone provider. The Commission participates in the sharing of information and collaboration in region wide projects.

Telephone Programs for Special Needs

Telephone Assistance Plan The telephone assistance plan is designed to help low-income disabled and senior customers defray the monthly cost of telephone service. In 2002, about 35,000 customers received approximately \$1,500,000 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. The Commission is responsible for determining the level of credits and the surcharge, and administers the TAP fund.

Telecommunications Access Minnesota The former Telecommunications Access for Communication Impaired Persons (TACIP) program has been renamed Telecommunications Access Minnesota (TAM). TAM provides two main services in Minnesota: a) the telephone equipment distribution service, and b) the telephone relay service which allows communications-impaired persons to send and receive telephone messages from non-communications-impaired persons. During 2002, about 2,700 items of equipment were distributed and over 1.4 million messages were transmitted. TAM is funded by a surcharge of ten cents per month currently paid by wired and wireless telephone customers. The Commission is responsible for reviewing the TAM budget and for determining the level of surcharge.

Assuring Reliable Utility Energy Services

In 2003, there were 167 filings related to electricity, 189 filings related to natural gas and 17 filings related to both gas and electricity. The filings dealt with a wide variety of issues. The following is a summary of the cases that took a large share of the time and resources of the Commission and its staff during the year. The Commission docket number for these cases is provided for further reference. Further details on these cases can be obtained via the Commission's website. Go to www.puc.state.mn.us, click on "Search" (lower border of website), fill in the docket number of the case of interest and click on "Search".

The Commission's major efforts to assure reliable energy services during 2003 are categorized as follows:

- **Xcel's Metropolitan Emissions Reduction Rider - Page 14**
- **Rulemaking - Page 15**
- **Certificate of Need Approvals - Page 16**
- **Major Investigations - Page 17**
- **Resource Planning Page 18**
- **Implementation of Recent Legislation - Page 19**
- **Rate Cases - Page 19**
- **Other Major Proceedings - Page 20**

Xcel's Metropolitan Emissions Reduction Rider

In June of 2002, Xcel Energy released a proposal for an emission reduction project for three of its electric generating plants in the Twin Cities Metro Area (High Bridge plant in St. Paul; Riverside plant in Minneapolis; and the King plant in Bayport). The estimated cost of the proposal was approximately \$1 billion. Under a law passed in 2001, the costs of Xcel's emissions reduction proposal qualify for special recovery under a emissions reduction rate rider, which must have Commission approval. Therefore, when presenting its proposed plan, Xcel also filed with the Commission a request for approval of a special rate rider for the projects.

On December 30, 2002, the Minnesota Pollution Control Agency (MPCA) provided its evaluation of the effectiveness of Xcel's proposal in reducing air emissions, which was required before the Commission could take up the rate rider. The Commission subsequently sought comments on Xcel's general proposal, the proposed costs and the MPCA's report.

In March of 2003, the Commission met to evaluate the comments received and state of the record to determine appropriate actions. Under the emissions reduction law, the Commission was, in effect, asked to approve one of the largest rate increase in its history but without the benefit of a general rate proceeding. Therefore, the Commission was particularly concerned about the adequacy of the evidentiary record. In an effort to develop that record, the Commission subsequently ordered numerous public hearings in areas near the affected generating plants as well as through Xcel's service area.

After completion of the public hearings and several special technical conferences evaluating such issues as the implications of recent trends in the natural gas markets, the costs of the project and other alternatives considered, the Commission, on December 18, 2003, voted to approve a settlement presented to it by all the major parties to the proceeding.

Under the terms of the settlement, implementation of the rate rider will not occur until 2006 and adjustments to rates to allow project cost recovery will be phased in over the construction period. Rate recovery will be allowed until project costs are recovered. The estimated rate impact for all project costs (excluding fuel) ranges from 1.8 percent to 5.5 percent. (E-002/M-02-633)

Rulemaking

During 2003 rules governing transmission reporting requirements and distribution service quality went into effect and rules governing notice requirements for the Commission's certificate of need process were proposed.

Biennial Transmission Filing Rules

Minnesota Statutes § 216B.2425 require public utilities in Minnesota (including municipal utilities and electric cooperatives) to biennially submit a transmission project report to the Commission every other year, starting in 2001. This report is to (1) list present and foreseeable future inadequacies in the transmission system in Minnesota; (2) identify alternative means of addressing each inadequacy listed; (3) identify general economic, environmental, and social issues associated with each alternative, and (4) provide a summary of public input the utilities and associations have gathered related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives. Certification of need for new lines may be obtained through this process. (E-999/R-02-327)

The first such filing was due in 2001 and the second in 2003. Neither the 2001 report nor the 2003 report requested certification of any lines.

Certificate of Need Procedural Rules

In January of 2003 the Commission also initiated a rule-making to amend the notice requirements for high-voltage transmission lines proposed in certificate of need cases to match the notice requirements adopted for the biennial transmission planning filings. The new rules would require utilities seeking certificates of need for high-voltage transmission lines to file, in advance, a plan for notifying local government officials, landowners, residents, business owners, and members of the

public who are reasonably likely to be affected by the proposed lines. The new rules are expected to go into effect in early 2004. (U-999/R-02-2090)

Distribution Standards Rules

Minnesota Statutes § 216B.81 requires the Commission to adopt standards by which to evaluate the safety, reliability, and service quality standards for Minnesota's investor-owned electric distribution utilities. In addition, cooperative and municipal utilities are required to adopt safety, reliability, and service quality standards "as consistent as possible" with those set by the Commission. The Commission has adopted and implemented rules that establish the required standards. (E-999/R-01-1671)

Certificate of Need Approvals

Any "large energy facility" must be evaluated by the Commission prior to construction to determine whether the facility is needed and presents the most reasonable alternative. Minnesota Law defines a "large energy facility" to include the following: any electric generating plant of 50 megawatts or more, any electric transmission line of 200 kilovolts (or 100 kilovolts or more if more than ten miles of its length is in Minnesota or crosses a state line), any natural gas pipeline capable of transporting gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota. In 2003, several certificate of need cases came before the Commission

Xcel Wind Power Outlet Transmission Lines

In December of 2001, Xcel Energy, Inc., filed for a certificate of need to construct four inter-related electric transmission lines of various capacities in southwestern Minnesota in order to provide a means of transporting power from wind generation facilities being developed in that part of the state. The case was somewhat unique because "need" resulted primarily from the public policy mandate to develop wind generating resources instead of purely a need to meet rising demand. The project is also noteworthy because it provides a means for smaller scale wind generators to access transmission lines and, therefore, reach the electricity market-place. After extensive evidentiary and public hearings, the Commission granted a certificate of need to Xcel Energy to construct the four electric power transmission lines. The motion adopted by the Commission also incorporated a number of conditions which reflect concerns raised by parties to the proceeding. (E-002/CN-01-1958)

GRE/Wright-Hennepin Cooperative Transmission Line

In November of 2002, Great River Energy and Wright-Hennepin Cooperative Electric Association filed for a certificate of need for a 115 kilovolt electric transmission line in Plymouth and Maple Grove. After evidentiary and public hearings, the Commission issued its order granting a certificate of need for the proposed line. (ET-2/CN-02-536)

Faribault Electric Generating Plant

In November of 2002, Faribault Energy Park, LLC, which is owned by the Minnesota Municipal Power Agency, filed for a certificate of need for a 250 megawatt natural gas-fired, combined-cycle electric generation plant to be located near the City of Faribault, Minnesota. After evidentiary and public hearings, the Commission issued its order granting a certificate of need for the proposed

generating facility. (IP-6202/CN-02-2006)

Trimont Wind Generating Facility

In November of 2003, Trimont Area Wind Farm, LLC, filed for a certificate of need for a 100 megawatt wind generation facility in Jackson and Martin counties. The Commission has ordered evidentiary hearings in order to develop the record in this case. The matter will be brought back to the Commission around mid-year. (IP-6339/CN-03-1841)

Calpine Electric Generating Plant

In November of 2003, Calpine Corporation made a procedural filing as a prelude to a petition to a certificate of need for a 630 megawatt, natural-gas fired, combined-cycle electric generating plant near Mankato. Calpine is negotiating with Xcel for a portion of the plant as part of that company's 2001 all-source bidding process. The procedural issue was brought before the Commission in January of 2004; the need application likely will be filed in the first quarter of 2004. (IP-63454/CN-03-1884)

Hutchinson Intrastate Natural Gas Pipeline

On September 23, 2003, the Minnesota Court of Appeals affirmed the Commission's December 13, 2002 and February 12, 2003 decisions granting the City of Hutchinson a certificate of need to build an 89 mile natural gas pipeline between Trimont, Minnesota and Hutchinson, Minnesota. (G-252/CN-01-1826)

Major Investigations

During 2003 the Commission conducted a number of major investigations of energy utility activities. The following is a summary of those investigations.

Xcel Service Quality In 2002, the Commission evaluated the significant financial difficulties resulting from market setbacks faced by some of Minnesota's leading investor-owned utilities. The investigation of Xcel (E,G-002/CI-02-1346) stemmed from its relationship with NRG, an unregulated subsidiary and independent power producer. That investigation raised many questions about Xcel's commitment to service quality. Subsequent revelations of questionable reporting practices prompted the Commission to order an independent audit of Xcel's service quality reporting. The audit was completed and concluded there were significant inaccuracies. The principle public advocates, i.e., the Department of Commerce and the Office of the Attorney General, and Xcel negotiated a settlement and presented it to the Commission. The settlement is multi-faceted, but essentially provides for refunds to certain affected customers, greater expenditures by Xcel for improvements in service quality as well as penalties for failure to meet certain service goals. The matter came before the Commission in January of 2004. The Commission accepted the proposed settlement with some additional modifications. It is not known at the time of this publication if the settling parties will object to the modifications. (E,G-002/CI-02-2034)

Financial Investigations In addition to the investigation of Xcel's financial difficulties, the Commission conducted similar investigations into circumstances surrounding Aquila (formerly, UtiliCorp United, Inc.; G-007, 011/CI-02-1369) and Reliant - CenterPoint (G-008/CI-02-1368). In both instances, the Commission ordered the companies to provide periodic reports that would allow the Commission and the public advocates to monitor the financial condition and service quality of these companies. In a related matter, the Commission turned down a request from Aquila to use its Minnesota utility property to secure a bank term loan facility. (G-007,011/S-03-681).

Aquila Gas Supply Services The Commission initiated an investigation of Aquila's gas supply services in 2001 based on an anonymous letter which alleged that the company was using questionable accounting practices to conceal a pattern of giving preferential treatment to its unregulated operations. The Commission opened an investigation and referred the matter for contested case proceedings. The company, the Department of Commerce and the Office of the Attorney General negotiated a settlement and presented it to the Commission. The settlement provided for compensation to rate-payers (bill credit) for unwarranted costs and settled all other related issues. (G-007, 011/CI-01-501)

Electric Fuel Clause In June of 2003, the Commission initiated an investigation into the continuing usefulness of fuel clause adjustments for electric utilities. The cost of fuel is one of the largest costs of production for electric utilities and, to a large extent, is beyond the control of the utility. Current policy is to allow recovery of such costs on a more-or-less pass through basis, with some safeguards to ensure accountability. This is done through a Fuel Clause Adjustment (FCA) process. To the extent it tracks fuel cost changes, a FCA allows for more accurate price signals to

consumers, more efficient recover of uncontrollable costs, and minimization of costly regulatory process. However, the Commission determined that a number of practices have changed since the inception of the FCA: e.g., greater use of hedging in fuel acquisition; greater use of the FCA for recovery of costs other than strictly fuel. Consequently, the Commission has initiated an investigation to evaluate whether the FCA continues to be an appropriate policy tool in the current regulatory environment. The Commission issued an order in December setting the scope of the inquiry. (E-999/CI-03-802)

Resource Planning

Electric utilities in Minnesota, broadly defined to include any entity capable of generating 100,000 kilowatts of electric power and serving 10,000 Minnesotans, must periodically file resource plans with the Commission. Resource plans forecast the future energy needs of a utility's service area and describe proposed strategies for meeting those needs. The resource planning process is designed to assure consideration of the long term effects of resource choices and to ensure that the potential for conservation and renewable energy to meet need is fully explored in every case.

During 2003, the Commission had before it, in various stages of processing, the resource plans for the following electric utilities:

- **Xcel (E-002/RP-02-2065)**
 - **Allete (Minnesota Power - E-015/RP-01-1626)**
 - **Minnkota/NMPA (ET-6, 6132/RP-02-1145)**
 - **Otter Tail Power (E-017/RP-02-1168)**
 - **Southern Minnesota Municipal Power Agency (ET-9/GR-03-966)**
 - **Great River Energy (ET-2/RP-03-974)**
 - **Alliant (Interstate Power - E-001/RP-03-2040)**
 - **Dairyland Power (ET-3/RP-03-2017)**
-

Implementation of Recent Legislation

During 2003 the Commission took steps to implement legislation passed during recent legislative sessions. The actions listed below are in addition to the rule-making activities described elsewhere.

Renewable Energy Objectives

Minnesota statutes require the Commission to develop criteria and standards for measuring an electric utility's good faith effort in meeting the renewable energy objectives (REO) set out in M.S. § 216B.1691. The Commission has initiated a process for determination of the required standards. Comments from parties are in the process of being developed and submitted to the Commission. In addition, the Commission is co-sponsoring a technical conference on tradeable renewable energy credits on February 24, 2004. A PUC order on REO standards is due June 1, 2004. (E-999/CI-03-869)

Distributed Generation Standards

Minnesota statutes require the Commission to develop generic standards for utility tariffs for the interconnection and parallel operation of clean fuel distributed generation facilities of no more than 10 megawatts of generating capacity. In 2003 the Commission issued an order asking the Department of Commerce to lead work groups (technical and rates) to develop such standards. This process has been on-going. The Commission anticipates reviewing the status of the project in the first quarter of 2004. (E-999/CI-01-1023)

RATE CASES

Under Minnesota law, no regulated gas or electric company may change any rate not approved by the Commission. A utility's general rate schedules are established after a general rate proceeding. General rate cases are comprehensive inquiries into all the factors affecting a utilities costs and revenues. They typically involve evidentiary proceedings before an Administrative Law Judge and must be completed with 10 months of filing. During 2003, the Commission had before the following general rate cases:

- **UtiliCorp (Aquila - G-011,007/GR-00-951)**
 - **Dakota Electric (E-111/GR-03-261: Note - Dakota Electric is the only electric cooperative association in Minnesota to have elected to be regulated by the state PUC)**
 - **Alliant (Interstate Power - E-001/GR-03-767)**
 - **Great Plains (G-004/GR-02-1682)**
-

Other Major Proceedings

Xcel's All Source Bids

Under Minnesota law, Xcel is required to obtain electric generation resources through a competitive all-source bidding process approved by the Commission.

1999 All Source Bid

In 1999, NSP went through an all-source competitive bidding process resulting in a proposed power purchase agreement for 500 megawatts with Manitoba Hydro. The proposed agreement was ultimately approved by the Commission. However, there have been continuing challenges to the decision from the Pimicikamak Cree Nation (PCN) of Manitoba, Canada. The Commission's decision has now been appealed to the Minnesota Court of Appeals by PCN and is pending there. (E-002/M-99-888)

2001 All Source Bid

In late 2001, Xcel issued a Request for Proposals for resource needs arising out of its 2000-2014 resource plan. In late 2002, Xcel submitted a list of finalists arising from the competitive bidding process. During 2003, various challenges were raised before the Commission concerning the approved bidding process itself. In late 2003, the Commission issued orders allowing Xcel's 2001 bidding process to continue and directing parties to conduct discussions for improving future bidding. Xcel is to submit a report on the discussions with parties on revising the bidding process and what measures have been recommended. Problems and changes are delaying closure of the proposed power purchase agreements arising from this round of bidding. (E-002/M-01-1618)

Xcel Nuclear Decommissioning

The Commission is responsible for ensuring sufficient funding to cover the costs of decommissioning Xcel's nuclear plants when those facilities are shut down. The Commission has a triennial review process to periodically review these costs and ensure they are being estimated as accurately as possible and that the fund is growing at the rate necessary to cover the eventual costs of decommissioning. In early 2004, the Commission issued a decision which incorporated updates to more accurately reflect factors affecting decommissioning cost. Particularly noteworthy in this regard was an adjustment to reflect revised remaining service lives of these facilities stemming from 2003 legislative authorization of additional spent fuel storage capacity. (E-002/M-00-1583)

NSP Renewable Development Fund

In 2001, the Commission approved the establishment of a fund for the development of renewable energy resources to be administered by a Renewable Resources Fund Board. The Fund is part of legislation authorizing a nuclear spent fuel facility at NSP's Prairie Island facility. In 2003, the Commission approved revisions to refine the procedures for operation and oversight of the Fund by the Renewable Development Fund Board.

Midwest Independent System Operator

The Midwest Independent System Operator (MISO) is a regional body approved by the Federal Energy Regulatory Commission (FERC) to oversee transmission issues in the Midwest region and to facilitate a competitive market for electricity services. State regulators, like the Minnesota Commission, are involved in MISO matters primarily through a new organization called the Organization of MISO State (OMS). OMS is comprised of the state commissions in the MISO area and is designed to monitor MISO as well as FERC activities and protect ratepayer interests. The Commission has, to the best of its ability, participated in the dealings of OMS activities as well as more recent efforts on the part of utilities in the Upper Midwest (the area formerly covered by the Mid-Continent Area Power Pool) to create an organization that will effectively deal with important transmission issues.

An issue related to MISO and regional transmission concerns a proposal by a group of utilities who formed an independent transmission company by the name of TransLink. TransLink was required to obtain approval from relevant state commissions for transfer of transmission assets from the parent companies to the new company. Questions arose in that process, in Minnesota as well as elsewhere, and eventually the TransLink proposal was withdrawn.

Mediation of Consumer Complaints

The Consumer Affairs Office (CAO) evolved from the Commission's rate-making functions. Since telephone, gas and electricity services are all regarded as essential, it was determined early in the agency's history that a separate, specialized function was needed to address consumer needs in these areas.

The Consumer Affairs Office provides information and dispute resolution to consumers seeking assistance. The CAO also administers the Minnesota's Cold Weather Rule (CWR) program and the federally-funded Link-Up (LU) America and LifeLine (LL) programs for Minnesotans. CAO staff are in constant contact with ratepayers and other Commission stakeholders, including consumer advocacy agencies and other state agencies.

Complaints, inquiries and public opinions are received by telephone, letter, e-mail and facsimile. Complaints often are handled within CAO but also may be 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 within CAO. However, in some instances, complaints are brought before the Commission for resolution. Commission rules require utilities to file annual reports summarizing the total number and type of complaints, among other things.

Level of Activity

During 2003, the CAO received over 16,000 consumer calls and opened slightly over 3600 cases requiring some action beyond the initial contact. Approximately 3500 cases were closed, producing more than \$422,000 in ratepayer credits. On average, a CAO complaint's active life-span is approximately 20 days. The greatest number of complaints were telecommunications billing disputes. Other leading complaints for natural gas, electric and telephone services include service interruptions, disconnections and reconnections and delayed installations along with difficulties experienced in making carrier changes. Many complaints were customer service issues related to cellular and internet services that are referred directly to the Attorney General's office. (See Appendix E)

Continuing Outreach Efforts

CAO has joined with several other state agencies to develop coordinated educational programs and media blitzes to increase consumer awareness particularly in the telecommunications industry. The CAO has also spent a great deal of time working directly with utility companies in assisting them with developing company customer service training materials that are more consumer-oriented with greater emphasis on sensitivity to individual consumer situations. We believe these efforts have greatly increased the number of consumers who diligently read their billing statements each month and contact the utility companies directly to discuss any discrepancies.

Enhanced Reporting Capability

The Consumer Affairs Office is developing a more in-depth reporting system that will provide greater details of consumer contacts and the results of those contacts. Recently adopted Commission rules also require utility companies to report expanded information pertaining to

customer call center traffic, service interruptions, meter reading performance, service extensions and customer complaints by class of service to name a few. (See Appendix D)

Efficient Management of Call Traffic

CAO has implemented an enhanced call processing (ECP) system to handle incoming call routing. The ECP, along with the current Automatic Call Distribution (ACD) system, has greatly enhanced the turn-around time for responding to consumers. This enhancement has been critical since CAO's staff size was reduced through attrition and has not been replaced. Despite these reductions, the critical measure of call management efficiency, i.e., the abandoned call rate, continued to decline in 2003.

Multi-agency Coordination

The Consumer Affairs Office has been a charter member of the State's Call Center Focus Group which was initially formed in 2000. This multi-agency group meets regularly to discuss operations in consumer contact centers in various state agencies and to study media and information technology that will assist in automating customer contact to meet the demands of a multi-contact center. CAO's involvement in this group has enhanced its ability to improve accessibility and availability of information that consumers may be seeking both in and outside regular business office hours.

Efficient Management of Consumer Contact Data

The CAO is the Commission's primary link to the public. CAO's consumer contact database enables CAO to analyze the thousands of contacts received by the Commission each year. In this way, the CAO can address generic as well as individual problems more efficiently. In addition, the system allows CAO to provide the Commission with more timely knowledge of public opinion. Since the database's inception July 1, 1999, information obtained through tracking consumer inquiries, public comments or complaint investigations has proved a valuable resource for measuring changes in industry performance. 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. Proposed improvements and expansion of the database should provide more in-depth information to analyze emerging problems based on customer contacts.

Cold Weather Rule (CWR)

The Cold Weather Rule was developed as a result of a directive in the 1974 Public Utilities Act and has been modified and expanded through subsequent legislative directives. The CWR regulates the conditions under which gas and electric utilities may disconnect residential service in the winter (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 plans available depends on family income level. (For more detailed information refer to Appendices F, G, H)

Link-Up America Program

The federally-funded Link-Up America program was established by the Minnesota Public Utilities Commission in May 1988. 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. Residents of Tribal Lands may qualify for an additional reduction of up to \$70. Customers apply directly with

their telephone company. (For more detailed information refer to Appendices I, J)

Federal LifeLine Program

Lifeline is a federally-funded national program that provides a monthly discount on basic telephone service. Eligible participants are enrolled in one or more federal assistance programs *or* live on a federally recognized reservation and receive federal assistance. Consumers are not eligible solely based on income; they must participate in one of the federal assistance programs to receive Lifeline. (See Appendices I, J)

Commission Staff, Organization and History

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. (M.S. § 216A.04)

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; Member of the NARUC Staff Subcommittee on Executive Management and the NARUC Staff Subcommittee on International Relations.

STAFF

The Commission staff consists of approximately 38 staff members organized into the following general groups:

Administrative Management

The Commission is driven by legal process and by the flow of information from parties. 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 rulemaking.

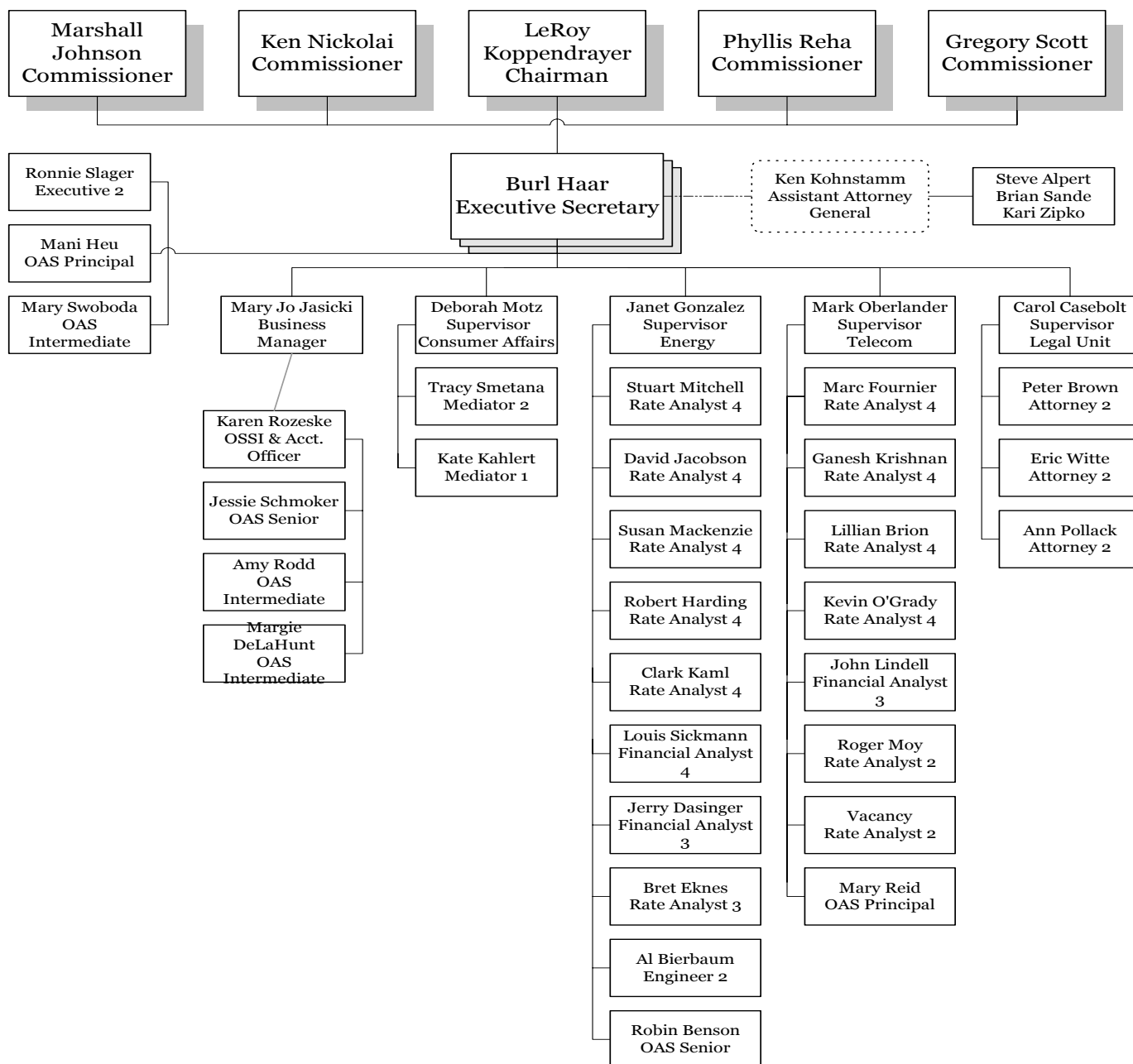
Telecommunications

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 4, 2004



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 | ■ Reliant Energy Minnegasco |
| ■ Great Plains Natural Gas Company | ■ UtiliCorp United - Peoples Natural Gas |
| ■ Northern States Power Company - 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 website at www.puc.state.mn.us

Docket Comparison Report Dockets Opened 1996 - 2003

| Type of Filing | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Affiliated Interest | 10 | 16 | 19 | 16 | 12 | 15 | 8 | 7 |
| Alternative Misc. | 213 | 300 | 312 | 324 | 214 | 355 | 380 | 347 |
| Alternative Regulation | 16 | 3 | 3 | 2 | 5 | 1 | 2 | 1 |
| Auto Fuel Adj | 207 | 232 | 226 | 216 | 203 | 207 | 205 | 208 |
| Certificate of Need | 0 | 0 | 2 | 3 | 0 | 5 | 4 | 2 |
| Certificate of Territorial Authority | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in Election Status | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in Election Status /Elected | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CIP Complaint | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Citizen Petition | 33 | 30 | 12 | 5 | 9 | 3 | 6 | 1 |
| Cogeneration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Coin Telephone | 61 | 97 | 81 | 51 | 0 | 0 | 0 | 0 |
| Cold Weather | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Complaint | 18 | 26 | 22 | 20 | 8 | 4 | 16 | 11 |
| Conservation Improvement Programs | 24 | 45 | 28 | 34 | 56 | 26 | 28 | 10 |
| Depreciation | 57 | 70 | 61 | 50 | 7 | 7 | 9 | 9 |
| Disaggregation Plan | 0 | 0 | 0 | 0 | 0 | 0 | 91 | 0 |
| DPS Initiated Investigation | 11 | 6 | 15 | 10 | 11 | 5 | 4 | 3 |
| Elected Admin | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Elected Incentive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Elected Misc. | 174 | 171 | 186 | 51 | 64 | 120 | 161 | 203 |
| Election | 4 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Emergency System (911) | 24 | 27 | 57 | 92 | 74 | 163 | 251 | 0 |
| Federal Docket | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fuel Clause Adjust/Refund | 2 | 2 | 0 | 1 | 2 | 0 | 1 | 3 |
| Gas Pipeline | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Rate Case | 2 | 2 | 0 | 0 | 2 | 1 | 1 | 2 |
| Interconnection | 0 | 0 | 0 | 0 | 84 | 168 | 169 | 210 |
| Misc. Changes | 267 | 335 | 362 | 350 | 373 | 615 | 755 | 879 |
| New Authority | 116 | 120 | 103 | 111 | 113 | 67 | 65 | 57 |
| Nuclear Waste Strategy Coalition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Periodic Reports | 5 | 3 | 4 | 4 | 4 | 3 | 4 | 4 |
| Prop. Acquisition | 34 | 56 | 54 | 58 | 58 | 46 | 43 | 42 |
| PUC Initiated Investigation | 11 | 9 | 9 | 16 | 12 | 15 | 13 | 13 |
| Resource Planning | 3 | 6 | 5 | 4 | 7 | 6 | 3 | 5 |
| RR Right of Way | 0 | 0 | 1 | 3 | 1 | 2 | 1 | 1 |
| Rule Making | 0 | 4 | 2 | 2 | 1 | 2 | 2 | 0 |
| Securities | 9 | 7 | 7 | 5 | 4 | 5 | 4 | 5 |
| Service Area | 40 | 39 | 22 | 20 | 20 | 23 | 14 | 25 |
| Tax Exemption | 0 | 0 | 0 | 0 | 2 | 1 | 1 | 1 |
| Telecomm Carrier | 301 | 339 | 351 | 399 | 444 | 154 | 0 | 0 |
| Transmission Line | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Total Dockets Opened | 1642 | 1945 | 1945 | 1847 | 1790 | 2020 | 2241 | 2050 |

Consumer Affairs Office Summary of Activities

| CYear | # 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 | 9907 | 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 |
| 2002 | 3,976 | 3,438 | 17,202 | 4,971 | 284,612 |
| 2003 | 3,629 | 3,543 | 16,214 | 2,168 | 422,507 |

* Partial year due to equipment failure or server interruption

** Telephone Assistance Plan program commenced

*** Began faxing & 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.

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. Although Municipal and Cooperatives are not regulated by the PUC, they are required to follow the Cold Weather Law which mirrors the Inability To Pay (ITP) Plan (explained below). Fuel oil, propane gas and firewood 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 Public Utility Regulatory 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 who apply for CWR protection 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.
- **2002 Safety, Reliability and Service Quality Standards for Electric Utilities rules** adopted requiring electric utilities to submit annual service quality reports regarding involuntary disconnections.
- **2003 MN Legislature added a “Hot Weather Rule”** which prohibits disconnection of residential electric service during extreme heat conditions. The Legislature also expanded the definition of “disconnection” under the CWR, to include service and load limiters.

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. Customers who have fallen behind on their payments also qualify for some protections.
- 3. Ten Percent Plan (TPP)** status is available to those who meet income requirements, 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. Missing a payment may subject the customer to disconnection of service.
- 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.

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.

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

Application

Utilities are required to send applications to each residential customer at the on-set of the heating season. Customers are then required to complete the application and provide household income documentation to the utility to gain CWR protection. This has, and continues to be, a burdensome process for both customers and companies. Therefore, we have continually sought ways to streamline this application process by eliminating or reducing the steps involved in seeking and granting CWR protection.

In the spirit of the Pawlenty Administration's "shared services" initiative, the PUC's Consumer Affairs Office partnered with the Department of Commerce (DOC) to combine the Cold Weather Rule and Energy Assistance Program (EAP) applications for the 2003-2004 CWR season. The EAP transmits the data, electronically, to the utility, eliminating the need for a separate paper application for the vast majority of CWR applicants. Upon receipt, the utility processes the data in the same manner as a paper application. The goals of the combined application are to streamline the process for all parties while increasing CWR participation. Going forward, the PUC's Consumer Affairs Office and the DOC intend to add additional programs with matching eligibility criteria to the combined application.

Appeals

- All appeals are submitted to the PUC Consumer Affairs Office for determination
- Appeals are processed within 30 days
- Most common reasons for appeals are failure to obtain income documentation and unable to agree on payment schedules. This failure rate for obtaining documentation should decrease or become obsolete as we continue to develop additional 'shared services' agreements.

Questions? Call 651- 296-0406

Consumer Affairs Office Cold Weather Rule ITP/TPP/BC/PS Appeals as of December 31, 2003

| Heating Season | # 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 | 17 |
| 1998/99 | 120 |
| 1999/00 | 5 |
| 2000/01 | 1 |
| 2001/02 | 6 |
| 2002/03 | 22 |
| 2003 (Oct-Dec) | 0 |

APPENDIX H

Cold Weather Data for 2002-2003 Season

| | |
|---|----------------|
| Number of Residential Customer Accounts | 2,088,550 |
| Number of Past Due Residential Customer Accounts | 115,873 |
| Number of Cold Weather Protection Requests | 20,955 |
| RECONNECTION AT BEGINNING OF COLD WEATHER MONTHS | |
| Number of "Right to Appeal" notices mailed to customers | 0 |
| Number of reconnect requests/appeals withdrawn | SUSPENDED |
| Number of customer accounts granted reconnection | 13 |
| INABILITY-TO-PAY (ITP) | |
| Number of ITP appeals forwarded to PUC | 3 |
| Number of ITP requests/appeals withdrawn | 0 |
| Number of customer accounts granted ITP status by utility | 477 |
| Number of ITP requests pending | N/A |
| 10% PLAN (TPP) | |
| Number of 10% plan appeals forwarded to PUC | 0 |
| Number of 10% plan requests/appeals withdrawn | 0 |
| Number of customer accounts granted 10% plan by utility | 306 |
| Number of 10% plan customer accounts prorated | 294 |
| Primary accounts | 1 |
| Secondary accounts | 285 |
| Number of 10% plan requests pending | N/A |
| PAYMENT SCHEDULE (PS) | |
| Number of "Right to Appeal" notices mailed to customers | 0 |
| Number of PS requests/appeals withdrawn | SUSPENDED |
| Number of PS negotiations mutually agreed upon | 261 |
| Number of PS requests pending | N/A |
| DISCONNECTIONS | |
| Number of disconnection notices mailed to customers | 428,352 |
| Total # disconnected | 7,184 |
| DOLLAR VALUE | |
| Total dollars past due on all residential accounts | \$ 32,209,900 |
| Avg past due dollar amt per past due acct | \$ 225 |
| Total dollars received from energy assistance programs | \$ 14,668,671 |
| Total dollars received from other sources (private organizations) | \$ 1,108,259 |
| Revenue from sales to residential accounts | \$ 423,780,402 |
| Average monthly residential bill | \$ 74 |
| Average annual residential bill | \$ 639 |
| Total residential account write-offs due to uncollectibles | \$ 5,182,590 |
| DISCONNECTION DURATION | |
| # Electric - heat affected | 290 |
| # Electric - heat not affected | 641 |
| # Gas - heat affected | 239 |
| # Gas - heat not affected | 35 |
| Total # disconnected (customers not seeking protection) | 557 |
| # Occupied heat-affected accts disconnected 24 hrs or more | 206 |

APPENDIX I

Consumer Affairs Office Link-Up America & LifeLine 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 by the Federal Communications Commission (FCC).
- On April 16, 1987, the FCC adopted the Link-Up America program.
- 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 (MPUC) 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 MPUC issued its 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 America 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 MPUC issued its Order Amending Uniform Link-Up America tariff removing the above two referenced eligibility requirements from Minnesota's Link-Up America program.

)Consumer Affairs Office Link-Up America & LifeLine Fact Sheet (continued

- In 1992, the MPUC published advertising material to increase use of connection assistance. The Commission's Consumer Affairs Office conducts an annual mailing that includes local telephone companies, social service agencies, mayor's offices and county commissioners. This mailing consists of an updated Link-Up America application, income guideline changes, as well as notification of any changes to the program.
- In January 1994, MPUC staff made application to the FCC requesting recertification of the Link-Up America 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.
- On February 8, 1996, the President signed into law the Telecommunications Act of 1996.
- In December 1997, the Minnesota Commission issued an order designating Eligible Telecommunications Carriers (ETCs) and approving rate reductions for qualified low-income consumers eligible for additional assistance through the federal Lifeline program.
- Beginning January 1, 1998, only state commission-designated ETCs became eligible for federal universal service support as provided for under the FCC's rules on universal service.
- In June 1998, the Commission required all local exchange companies to notify all residential customers of the availability of the federal Lifeline program along with providing customers with an application.
- In the Fall of 2000, the FCC modified the eligibility criteria from an income based criteria to a means-tested eligibility standard.
- On October 12, 2001, the FCC issued a notice seeking comment on review of Lifeline and Link-Up Service programs which included a review of the income-based vs. public assistance program participation based eligibility criteria. This review is still pending as of the publication of this report.
- In May 2002, after an audit of telephone company tariffs revealed that published information was not current, the Commission's CAO developed and provided sample tariffs and a combined

LifeLine/Link-Up application to all local exchange carriers for use in updating their tariffs and program materials.

Consumer Affairs Office Link-Up America & LifeLine Fact Sheet (continued)

- In January 2003 a temporary website, www.mnphonehelp.com, containing all of the information regarding telephone service discount programs was rolled out. This website is now pointed to the Department of Commerce website. Posters were mailed to Minnesota public social service agencies as well as several private social service organizations throughout the state. The Low Income Heating Assistance Program (LIHEAP) office and Minnesota Department of Training and Economic Development (DTED) agreed to send out broadcast e-mails to their respective contacts about the telephone discount programs. DTED, which works with all the workforce centers in the state, was especially helpful and offered to continue providing these materials to the r workforce centers after this initial educational project is completed.
- On March 31, 2003, a bill was introduced to the Minnesota legislature to modify the state-funded Telephone Assistance Plan (TAP) program to mirror the program eligibility requirements of the federally-funded Link Up and LifeLine programs. The Governor signed this bill on May 22, 2003 adopting the revised eligibility criteria effective 8/1/03. As a result, the Commission, in coordination with the Department of Commerce and the Department of Human Services, prepared revised tariff templates, combined the applications for TAP, LU & LL into one application to apply for all three programs, and developed and administered a transition program for transitioning qualified customers.
- One of the eligibility requirements for the telephone discount programs is to be a Low Income Home Energy Assistance Program (LIHEAP) recipient. In the fall of 2003, CAO partnered with the Department of Commerce Energy Assistance Office to include telephone discount information in the LIHEAP grant notifications.

State Telephone Assistance Plan/Federal Link-Up & Lifeline Programs Participation Levels

Even though there has been a decrease in the number of wire access lines, the participation rates for the TAO and Lifeline programs have increased. The most significant participation rate increase occurred after recent changes in the state eligibility criteria to match the federal lifeline eligibility criteria. These changes were effective August 1, 2003.

| Calendar Year | 1 st Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr |
|---------------------------|---------------------|---------------------|---------------------------|---------------------|
| 2001 | | | | |
| # Access Lines | 2,769,670 | 2,788,830 | 2,752,035 | 2,705,926 |
| TAP/LL | 25,073 | 24,710 | 24,255 | 24,208 |
| LL only | 11,979 | 11,524 | 11,398 | 10,618 |
| Total Participants | 37,474 | 36,234 | 35,691 | 34,826 |
| 2002 | | | | |
| # Access Lines | 2,687,615 | 2,788,371 | 2,786,271 | 2,764,504 |
| TAP/LL | 23,263 | 22,748 | 22,195 | 22,521 |
| LL only | 11,087 | 11,140 | 10,628 | 16,577 |
| Total Participants | 34,350 | 33,888 | 32,823 | 33,098 |
| 2003 | | | | |
| # Access Lines | 2,715,489 | 2,650,724 | 2,620,193 | 2,592,016 |
| TAP/LL | 21,435 | 19,784 | 47,667 | 51,461 |
| LL only | 11,090 | 10,312 | 194 | 0 |
| Total Participants | 35,525 | 30,096 | 47,861¹ | 51,461 |

¹ On August 1, 2003 the state's Telephone Assistance Plan program eligibility criteria changed to match the federal Lifeline/Link-Up criteria. The eligibility criteria changed from an income-based to a program-based. The Consumer Affairs Office also arranged for LIHEAP recipient notifications to contain telephone discount program information.

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