

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,163	4,163	4,163	4,163	8,326
Recommended	4,163	4,163	4,163	4,163	8,326
Change		0	0	0	0
% Biennial Change from 2004-05					0%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	4,019	4,410	4,163	4,163	8,326
Statutory Appropriations					
Special Revenue	1,293	1,603	1,813	1,813	3,626
Total	5,312	6,013	5,976	5,976	11,952
<u>Expenditures by Category</u>					
Total Compensation	3,245	3,411	3,429	3,418	6,847
Other Operating Expenses	931	1,300	1,035	1,046	2,081
Local Assistance	1,136	1,302	1,512	1,512	3,024
Total	5,312	6,013	5,976	5,976	11,952
<u>Expenditures by Program</u>					
Public Utilities Comm	5,312	6,013	5,976	5,976	11,952
Total	5,312	6,013	5,976	5,976	11,952
Full-Time Equivalent (FTE)	40.3	41.7	40.4	38.4	

Agency Purpose

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

The commission's broad policy objectives are

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

Core Functions

The commission's key services are:

- ◆ providing disciplined decision-making for resolving party-to-party disputes and establishing broad utility and telephone industry policies;
- ◆ providing a public forum for examination of policies pertaining to the utility and telephone industries; and
- ◆ mediating consumer complaints concerning services of telephone or energy utility providers.

Operations

The commission is a quasi-judicial and legislative body.

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

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

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

Key Measures

The Commission's overriding operational goal is to render well-informed decision. Measuring decisionmaking quality is difficult. However, there are factors that provide some indication of the extent to which the Commission is accomplishing its key policy objectives.

- ⇒ The market share of local phone services providers other than Qwest for 2003 in Minnesota ranked first among its neighboring states and was among the top ten states nationally.
- ⇒ The average energy costs to Minnesota consumers are among the lowest in the region (second only to North Dakota, which has an abundant coal resource) and are below national averages.
- ⇒ The Commission is among a handful of states that have established quantitative standards to measure and govern electric service reliability.

At A Glance

- ◆ **Focus is on cornerstone industries:** Adjudicates disputes, sets terms of service, and establishes policy for Minnesota's largest providers of electric, natural gas and telephone services (e.g., Qwest, Xcel Energy, CenterPoint-Minnegasco).
- ◆ **Efficient decision-making:** Most filings are resolved within 60 to 90 days. Approximately 10% involve complex, new or disputed issues and may take longer.
- ◆ **Workload continues to grow:** 4,300 new filings were received during the calendar years 2002 and 2003; sustaining an upward trend which began in the year 2000.
- ◆ **Agency costs among the lowest:** Salaries are the primary agency cost factor. A recent national study found that Minnesota ranked 48th of the 50 states in terms of commission staff size per capita.
- ◆ **Consumer involvement continues to grow:** Although a record number of consumer calls were received during the calendar years 2002 and 2003, focused outreach efforts continued to produce a decline in formal complaints.
- ◆ **Strategic use of technology:** The agency continues its efforts to streamline operations and expand stakeholder access to information through greater use of information technology and shared services with the Department of Commerce.

Budget

The agency's entire biennial operating budget comes from the General Fund. However, the agency consistently assesses about 97% of its expenditures from the companies it regulates; i.e., it returns to the General Fund well over 90% of what it spends. Approximately 93% of the operating budget covers salary and rent expenses. The Commission's staff of 41 full-time equivalent employees (including five commissioners) is among the lowest on a per capita basis among all the states.

Contact

For more information about the commission and its operations please visit the commission's web site at the following address: www.puc.state.mn.us. The website includes access to PUC orders dating back to 1987, the commission's monthly calendar (which includes information about recent filings, orders, notices, etc.), agendas for up-coming meetings, staff briefing papers, document reports, links to regulated companies and other related agencies, as well as incorporating a refined site navigation system and enhanced Americans with Disabilities Act (ADA) features.

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Dollars in Thousands

	Actual FY2004	Budgeted FY2005	Governor's Recomm.		Biennium 2006-07
			FY2006	FY2007	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	3,960	5,164	4,536	4,536	9,072
Other Revenues:					
General	568	0	0	0	0
Total Non-Dedicated Receipts	4,528	5,164	4,536	4,536	9,072
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Special Revenue	1,995	1,707	1,664	1,623	3,287
Total Dedicated Receipts	1,995	1,707	1,664	1,623	3,287
Agency Total Revenue	6,523	6,871	6,200	6,159	12,359