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**REPORT TO THE LEGISLATURE ON
CONSUMER COMPLAINTS RESOLUTION
MINNESOTA LAWS 2004, CHAPTER 261, ARTICLE 6, SEC. 4(b)**

Submitted by the

Minnesota Public Utilities Commission

January 2005

Consumer Complaints Resolution (Docket No. U-999/CI-04-986): A Report to the Legislature

by the

Minnesota Public Utilities Commission

January 25, 2005

Background

On May 29, 2004, Governor Pawlenty signed into law House File 2151 (2004 Regular Session Laws, Chapter 261). Article 6, section 4(a) requires the following:

By January 15, 2005, the Public Utilities Commission must develop, in consultation with the Office of the Attorney General and the Department of Commerce, a means for resolution of small consumer complaints with a monetary reimbursement component.

On June 21, 2004, the Commission issued a notice to interested parties giving them the opportunity to provide input on this matter. In particular, parties were asked to respond to the following issues:

- What means for resolving consumer complaints with monetary reimbursement components beyond those currently used should be considered?
- Should current procedures for resolving consumer complaints with monetary reimbursement components be altered? If so, in what way?
- How should the Commission determine what constitutes a “small” consumer complaints? What criteria should be used?

The deadline for comments was July 26, 2004.

The Commission received a total of nine comments: one from the Department of Commerce (the Department), five from the telecommunications industry, and three from electric utilities. The overwhelming response from all nine parties called for no change to be made to the Commission’s current procedures for resolving consumer complaints. Many pointed out that Minn. Statutes, Chapters 216B and 237 and Minn. Rules, Chapters 7810, 7820, 7826 and 7829 already have broad investigatory powers and detailed procedures for resolving consumer complaints and, therefore, to make changes to these rules will require legislative action and/or a rulemaking. Following are more specific comments from the parties filing responses to each of the issues posed in the Commission’s notice to provide input on this matter.

The Minnesota Telecom Alliance stated that the current procedures are working well and absent new information, further changes relating to telephone companies are not necessary. Qwest indicated that the current procedures, as carried out by Commission staff, as well as other consumer response organizations, provide an excellent resource for customers. Qwest further indicated that they were unaware of any industry-wide problems that would need to be addressed through a rulemaking. Citizens Telecommunications Company and Frontier Communications indicated that they believe the current framework in place for handling utility consumer complaints is working well and no further means or structure is necessary. AT&T and Sprint indicated that the current complaint procedures contained in Minnesota Rules demonstrates that they are more than sufficient to handle consumer complaints by balancing due process needs with efficiently resolving customer disputes. Sprint further commented that consumer complaints are better handled informally whenever possible to avoid the additional cost and time associated with formal processes.

Aquila stated that there is no evidence that the current procedures for resolving consumer complaints are in any way inadequate leaving no need to make any changes. Aquila believes that public resources would be better spent to address consumer issues as they arise. Xcel Energy believes the current process for complaint resolution is sufficient and that the rule-reporting requirements provide the Commission with adequate information to monitor the complaint resolution process including monetary reimbursements paid to customers. Minnesota Power concurred that there is no need for additional means for resolving consumer complaints and that the current procedures are adequate to address small customer complaint issues.

The Department pointed out that Minnesota Rules require utilities to respond to consumer complaints in a timely manner, retain consumer complaint records and file annual consumer complaint reports, whether resolved or unresolved. The Department further indicated that none of the rules requires consumer complaints with a reimbursement component to be treated differently than other complaints filed by consumers. Although the Department agreed that changes are not necessary at this time, they did recommend that should the Commission consider any potential procedural changes for resolving consumer complaints with monetary reimbursement components, these changes should apply as consistently as possible to telephone, natural gas and electric utilities.

With regards to the definition of a "small" consumer complaint, the Department believes it is reasonable to interpret the legislature's reference to "small" consumer complaints as "informal" complaints under the Commission's Rules. The Department stated that it is reasonable to assume that informal complaints are those that do not need to be treated as a formal complaint because the resources required to initiate a formal proceeding are either not necessary or not a prudent use of resources.

Citizens and Frontier Communications suggests that "small" consumer be limited to customers with three or less telephone lines. Minnesota Power did not recommend establishing a threshold level for a "small" consumer complaint but suggested that should one be considered, a dollar value might be appropriate. No other commenting party included suggested criteria for defining a "small" consumer complaint.

Party	What means for resolving consumer complaints with monetary reimbursement components beyond those currently used should be considered?	Should current procedures for resolving consumer complaints with monetary reimbursement components be altered? If so, in what way?	How should the Commission determine what constitutes a "small" consumer complaints? What criteria should be used?	Recommended changes to current procedures
Aquila	None	None	None	None
Qwest	None	None	None	None
MN Telecom Alliance (MTA)	None	None	None, however, suggests would need rulemaking to define small consumer & monetary component, establish due process including appeals process & associated costs.	None
Xcel Energy	None	None	None	None
DOC	None	None	None, however, "small" consumer complaint may be considered the same as an "informal" complaint as that term is used in Commission Rules.	None, however, potential procedures should apply equally to telephone, natural gas and electric utilities.
Citizens and Frontier	None	None	None, however, suggests that "small" telephone consumers should be limited to consumers with three or less telephone lines.	None
AT&T	None, however, Commission should consider relevant due process rights when imposing monetary remuneration.	None	None	None
Sprint	None	None	None	None
MN Power	None	None	None, however, suggests most appropriate threshold for determination of a "small" consumer complaint would be a dollar value of the complaint at issue.	None

The parties' general conclusion was that the Commission currently has procedures that are extremely effective in resolving consumer issues and has served the public well. Should the Legislature deem differently, one party suggested a survey by the Public Utilities Commission, the Office of the Attorney General and Department of Commerce could be taken to determine what types of complaints exist that would require alternative complaint resolution processes. Parties further stated that any alternative processes established would most likely require legislative action or Commission rulemaking. Both alternatives are, of course, more costly and perhaps an imprudent public resource expense.

In summary, all responding parties indicated that the current process allows the parties to attempt to resolve matters informally, saving the consumer, the relevant administrative agencies and the carriers from expending valuable resources. Therefore, based on the sage advice from the parties submitting comments, the Commission does not plan on entering into rulemaking or submit any legislative initiatives with regard to this legislation. The Commission is extremely mindful of its consumer complaint resolution processes and procedures and will, of course, continue to work with the Department of Commerce and the Office of the Attorney General to design and implement collaborative approaches to dispute resolution.