

Consolidated Fiscal Note

2023-2024 Legislative Session

HF393 - 0 - Dispute Resolution Procedure; Public Utilities

Chief Author: Zack Stephenson
 Committee: Climate And Energy Finance And Policy
 Date Completed: 1/24/2023 1:11:44 PM
 Lead Agency: Public Utilities Commission
 Other Agencies:
 Administrative Hearings Commerce Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Commerce Dept	-	-	-	-	-
General Fund	-	-	-	-	-
Public Utilities Commission	-	-	-	-	-
General Fund	-	-	-	-	-
State Total					
Administrative Hearings	-	-	-	-	-
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Commerce Dept	-	-	-	-	-
General Fund	-	.5	.5	.5	.5
Public Utilities Commission	-	-	-	-	-
General Fund	-	2	2	2	2
Total	-	2.5	2.5	2.5	2.5

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 1/24/2023 1:11:44 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

NOTE: This is an earlier version of the fiscal note for HF393-0.
The most current version is available on the Fiscal Note Search Site: <https://www.mn.gov/mmbapps/fnsearchlbo/>

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Commerce Dept	-	-	-	-	-
General Fund	-	-	-	-	-
Public Utilities Commission	-	-	-	-	-
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	4	4	4	4
Commerce Dept	-	-	-	-	-
General Fund	-	77	77	77	77
Public Utilities Commission	-	-	-	-	-
General Fund	-	236	229	229	229
Total	-	317	310	310	310
Biennial Total			627		620
2 - Revenues, Transfers In*					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	4	4	4	4
Commerce Dept	-	-	-	-	-
General Fund	-	77	77	77	77
Public Utilities Commission	-	-	-	-	-
General Fund	-	236	229	229	229
Total	-	317	310	310	310
Biennial Total			627		620

Fiscal Note

2023-2024 Legislative Session

HF393 - 0 - Dispute Resolution Procedure; Public Utilities

Chief Author: **Zack Stephenson**
 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **1/24/2023 1:11:44 PM**
 Agency: **Public Utilities Commission**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	2	2	2	2
Total	-	2	2	2	2

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 1/24/2023 1:08:22 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	236	229	229	229	229
Total	-	236	229	229	229	229
Biennial Total			465			458
2 - Revenues, Transfers In*						
General Fund	-	236	229	229	229	229
Total	-	236	229	229	229	229
Biennial Total			465			458

Bill Description

HF393-0 establishes a specific process under which an individual residential utility customer may file a complaint against an electric or natural gas public utility with the Public Utilities Commission (PUC). It establishes an appeals process within the PUC and allows a customer to appeal an adverse decision to district court if the customer disagrees with the PUC's final resolution of the complaint.

Section 1 modifies section 216B.17 to authorize the PUC to investigate complaints made under section 216B.172, which is created in section 2.

Section 2 adds a new provision, 216B.172, which creates a specific path for consideration of an individual residential customer complaint.

Section 2, subd. 1, adds definitions of "complainant," "complaint," and other relevant terms.

Section 2, subd. 2, establishes a complaint resolution procedure that requires a complainant to first file a complaint with the PUC's Consumer Affairs Office (CAO), and requires CAO to provide written information to each complainant.

Section 2, subd. 3, authorizes a complainant to appeal to the PUC if they are not satisfied with the resolution of their complaint. The PUC may dismiss the complaint, resolve it informally based on written filings, or refer it to the Office of Administrative Hearings (OAH) for a contested case proceeding.

Section 2, subd. 4, allows for judicial review of a PUC decision regarding a residential complaint if the complainant disagrees with the PUC's resolution.

Section 2, subd. 5, requires a utility to continue or restore utility service while a complaint progresses through the administrative and judicial process, provided that the complainant agrees to enter a payment agreement with the utility, places the full disputed payment in escrow, or provides evidence of low-income status.

Section 2, subd. 6 authorizes the PUC to adopt rules to implement this section.

Assumptions

The PUC currently has 3.5 consumer mediators and a supervisor dedicated to informally resolving consumer issues. These staff do a variety of tasks including resolving consumer complaints, which include appeals of utility decisions on

Cold Weather shut-offs under 216B.096; preparing and reviewing materials prepared internally or by utilities for customer contact; outreach to other state agencies and stakeholder groups; and answering consumer questions.

The PUC's CAO staff receives inquiries and complaints by telephone, e-mail, and regular mail. Many of these are inquiries about general issues and PUC actions that are not classified as complaints. In 2022, there were approximately 1,900 matters classified as complaints. The vast majority of complaints were resolved to the customer's satisfaction.

A number of the inquiries, even if they otherwise would be considered complaints or disputes, were about issues outside of the PUC's jurisdiction, and the consumers were referred to other state, federal, or local entities as appropriate.

The specific appeals process in this bill is limited to complaints about public utilities as defined in section 216B.02, i.e., investor-owned electric and natural gas utilities. CAO helps resolve complaints related to telecommunications carriers, but these would not be covered under the appeal provisions of this bill. CAO also may attempt to mediate disputes between customers and municipal or cooperative utilities when asked, but these also would not be covered by the specific complaint appeal process in this bill. Also, the bill provides a process for individual residential customers, which would therefore not include business or governmental customers in the appeal process.

There is no clear data upon which to make an estimate of how many complaints may be appealed. The CAO currently resolves almost all complaints without escalation. It is reasonable to assume that establishing a formal appeals process and notifying all complainants about that process will lead to some customers making use of the new process.

The PUC assumes that based on 2022 figures, we will have approximately 1,900 customer complaints per year, with approximately 500 of those fitting the criteria to be potentially appealed (individual consumer of a natural gas or electric public utility).

Of those, 5-10% may be appealed to the PUC, or 25-50 complaints. The Commission assumes at least 2/3 of those complaints would be dismissed, 1/3 would go to an informal process, and an average of one case would go a contested case to the OAH annually. Given the time, expense, and subject matter, PUC believes that contested case will not be the best procedure for most appeals. We estimate 0-2 of the appeals to the PUC would then be appealed to court.

The PUC does not expect to conduct a rulemaking to implement the complaint process in the bill at this time. Under the bill, the residential customer complaint process is effective immediately, so it would not be possible to have rules in place before having to implement the process. Furthermore, we assume we can integrate the new appeal process into our current internal procedures without rulemaking.

PUC will need additional staff to implement the bill. First, we need at least one new FTE consumer mediator position to implement the additional assignments to CAO, which include additional recording keeping, informational, and other requirements of this bill. While some steps can likely be automated, providing the notices required in the bill to all complainants will require additional staff time. Further, a number of complaints are received by phone rather than e-mail or regular mail, and not all customers want to leave an address, so it will take extra effort to try to get addresses, and it may not be possible in all cases to have an address to mail notice of appeal rights. More information will need to be kept in the consumer complaint database, and there are likely to be more specific contacts with customers who wish to appeal.

The PUC will also need at least one other FTE to process the appeals to the PUC. In order to provide due process, this FTE will need to be separate from CAO, and there are currently no staff who have capacity to do the work. This person will need to review the complaint records and prepare materials for PUC decision on whether to dismiss an appeal or send it to an informal or formal process. Those complaints that do go to an informal (or formal) process will need staff to advise the PUC and follow the process. There also needs to be final decisions issued on the matters that are appealed. We will need the equivalent of one FTE at the Rates Analyst 3 level.

The PUC will need enhancements to its current database software to add new fields for categorizing complaints into those that are subject to appeal and those that are not, and for information on the status of the complaints that are appealed. The system will also need to be enhanced to send out letters and/or e-mails about appeal rights. We estimate we will need at least 50 hours of MN.IT time to design and implement these enhancements. This will be a one-time expenditure. Future smaller enhancements if needed after experience with the system should be able to fit within our existing standard MN.IT service agreement.

Current bill language does not appropriate funds to the Commission. If additional funds are appropriated, they would be recovered from the rate-regulated utilities and credited back to the general fund. It is general fund neutral.

Expenditure and/or Revenue Formula

Ongoing annual, starting FY24:

	FY24	FY25	FY26	FY27
Salary-Rates Analyst 3	82,977	82,977	82,977	82,977
Salary-Consumer Mediator 2	62,473	62,473	62,473	62,473
Fringe	43,635	43,635	43,635	43,635
Other Personnel Related Costs	40,412	40,412	40,412	40,412
TOTAL Cost	229,497	229,497	229,497	229,497

One-time cost, FY24:

	FY24
Enhancements to consumer complaint database (50 hours x \$125/hr.)	6,250

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Kay Urquhart

Phone: 651-201-2222

Date: 1/24/2023 12:19:21 PM

Email: kay.urquhart@state.mn.us

Fiscal Note

2023-2024 Legislative Session

HF393 - 0 - Dispute Resolution Procedure; Public Utilities

Chief Author: **Zack Stephenson**
 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **1/24/2023 1:11:44 PM**
 Agency: **Administrative Hearings**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 1/20/2023 9:33:48 AM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Administrative Hearings	-	4	4	4	4
Total	-	4	4	4	4
Biennial Total			8		8
2 - Revenues, Transfers In*					
Administrative Hearings	-	4	4	4	4
Total	-	4	4	4	4
Biennial Total			8		8

Bill Description

HF393 provides for a resolution process for disputes between residential customers and public utilities. As part of the resolution process, appeals may be referred by the Public Utilities Commission (PUC) to the Office of Administrative Hearings (OAH) for a contested case proceeding under Minn. Stat. ch. 14.

Assumptions

Section 2 of the bill sets out the procedure for resolving disputes between customers and a public utility wherein the complaint must first be filed with PUC’s consumer affairs office for resolution. It grants PUC the option of referring any appeal of that resolution to OAH.

OAH has used PUC’s projection that it will refer one appeal annually to OAH. OAH assumes that each hearing will require an estimated 15 hours of administrative law judge (ALJ) time at the currently approved billable rate of \$245 per hour (see Minn. Stat. § 16A.126, subd. 1 (2022)).

Expenditure and/or Revenue Formula

Estimated 15 hours of ALJ time at \$245/hr = \$3,675 per year

Long-Term Fiscal Considerations

The estimated costs would continue in future years.

Local Fiscal Impact

References/Sources

Agency Contact: Denise Collins

Agency Fiscal Note Coordinator Signature: Denise Collins

Phone: 651-3617875

Date: 1/20/2023 8:32:26 AM

Email: denise.collins@state.mn.us

Fiscal Note

2023-2024 Legislative Session

HF393 - 0 - Dispute Resolution Procedure; Public Utilities

Chief Author: **Zack Stephenson**
 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **1/24/2023 1:11:44 PM**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	.5	.5	.5	.5
Total	-	.5	.5	.5	.5

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 1/24/2023 1:10:18 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	77	77	77	77	77
Total	-	77	77	77	77	77
Biennial Total			154			154
2 - Revenues, Transfers In*						
General Fund	-	77	77	77	77	77
Total	-	77	77	77	77	77
Biennial Total			154			154

Bill Description

House File 393 creates a new mechanism for resolving consumer complaints filed with the Public Utilities Commission (PUC) consumer affairs office. It establishes an ability for a consumer who has filed a complaint to appeal an adverse determination of the consumer affairs office to the PUC itself. The PUC can resolve the appeal, either formally or informally, or referred it to the Office of Administrative Hearings (OAH) for a contested case proceeding under Chapter 14.

Assumptions

For purposes of this note, Commerce adopts the PUC assumptions regarding the volume of appeals that would come before the Commission if this bill were to become law: Commerce assumes 25-50 total complaints would result in appeals, 2/3 of those complaints would be dismissed, 1/3 would go to an informal process, and one case would be referred to for a contested case proceeding each year.

Because the PUC assumes in its note that it will establish a formal appeals process, and due to the Department's existing responsibilities established under Minnesota Statutes Chapters 216A and 216B, Commerce assumes that will participate in the Commission process once it is established.

Like PUC's assumptions, Commerce assumes it will need additional resources to participate in the appeals process. The Department regularly participates in all PUC processes; Commerce assumes that agency staff will continue to perform its normal duties such as reviewing the appeal, performing necessary discovery, performing analysis, developing and submitting comments for the record and participating any agency meetings as scheduled by the PUC. Commerce further assumes that, for any matter referred to OAH for a contested case proceeding, the Department will also participate in that proceeding as it would any other contested case.

As a result, Commerce assumes .5 FTE will be needed to handle the additional caseload created by this bill. Commerce assumes that costs associated with appeals will be assessed back to the utility who is the subject of the appeal.

Expenditure and/or Revenue Formula

Below is the cost for .5 FTE at a PURA 3 level.

	FY24	FY24	FY26	FY27
Salary	\$46,333	\$46,333	\$46,333	\$46,333
Fringe	\$13,900	\$13,900	\$13,900	\$13,900
Other Personnel Costs	\$16,720	\$16,720	\$16,720	\$16,720
Total	\$76,952	\$76,952	\$76,952	\$76,952

Long-Term Fiscal Considerations

The costs are on-going.

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

Phone: 651-539-1517

Date: 1/23/2023 8:56:32 AM

Email: amy.trumper@state.mn.us