

Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: July 9, 2015*Agenda Item #1

Company: Citizens Telecommunications Company of Minnesota, LLC

Docket No. P407/AR-15-388

In the Matter of a Petition by Citizens Telecommunications Company of
Minnesota, LLC Proposal to Adopt an Existing Alternative Form of
Regulation Plan (AFOR)

Issue: What procedures shall the Commission adopt to review Citizen’s petition?

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Relevant Documents

Citizen’s Petition April 27, 2015

Department Comments May 27, 2015

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 296-0406 (voice). Persons with hearing or speech difficulties may call us through their preferred Telecommunications Relay Service.

I. Statement of the Issues

What procedures shall the Commission adopt to review Citizen's petition?

II. Background

Since 1995, the Minnesota Commission has been given the authority by the Minnesota Legislature to approve alternative form of regulation (AFOR) plans for local exchange carriers. See Minnesota Stat. §237.76 through 237.774. The Legislature has since revised certain provisions of these statutes.

Citizens Telecommunications Company of Minnesota, LLC (Citizens) is currently operating under an AFOR approved by the Commission on October 25, 2012 in Docket No. P407/AR-12-405. That AFOR expires on October 31, 2015.

In lieu of proposing a new plan to succeed its current AFOR, on April 27, 2015, Citizens notified the Minnesota Public Utilities Commission (Commission) that it intends to adopt the existing AFOR plan of Frontier Communications of Minnesota, Inc. (Frontier), which was approved by the Commission in Docket No. P405/AR-14-735 in a February 23, 2015 Order.

Citizens is an affiliate of Frontier, and both are wholly owned subsidiaries of Frontier Communications Corporation. Frontier's plan was effective on March 1, 2015 and will continue in effect through February 28, 2018. Pursuant to the adoption of Frontier's AFOR, Citizens would operate under that plan beginning November 1, 2015 for three years.

The laws governing the provision of an Alternative Regulation Plan are contained in Minnesota Stat. §§237.76 through 237.774. Minnesota Stat. §237.766 subd. 4 specifically addresses opting in to an existing AFOR which states in part that "The Commission shall accept the adoption unless it finds adoption of the existing plan by the electing telephone company is not in the public interest, in which case it may reject or modify the election to opt into the provisions of the existing plan."¹

III. Party Positions

CITIZENS

The Company is electing to opt into the existing AFOR plan of Frontier-Minnesota which the Commission approved in Docket P405/AR-735 on February 23, 2015. Pursuant to the adoption of the Frontier-Minnesota's AFOR, Citizens will operate under that plan beginning November 1, 2015 for three years.

¹ Minnesota Stat. §237.766 subd. 4(f)

Citizens presents its Attachment II as a conformed version of the Frontier-Minnesota AFOR document that Citizens is adopting. Citizens states that its current tariffs organize their contents into separate tariffs for price-regulated services, flexibility-priced services, and non-price regulated services, so no changes are required.

DEPARTMENT

The Minnesota Department of Commerce (Department) filed Comments on Citizens proposal on May 27, 2015. The Department initial review indicates that some provisions that the Commission approved in the Frontier AFOR Plan are not reflected in the “conformed” version, that there are inconsistencies with respect to the classification of services and that changes are required to Citizens’ tariff if Citizens is to adopt Frontier’s AFOR Plan as approved. In particular, the Department notes:

1. Citizens’ conformed AFOR does not include all provisions of the approved Frontier AFOR.
2. Citizens has not modified its tariff to reflect changes to line extension terms, conditions and pricing mechanisms.
3. Services offered by Citizens that are identical to those offered by Frontier should be classified in the same way.
4. Some services are listed both as flexibility priced and price regulated in Citizens’ Appendix A.

In its Comments the Department notes that the Commission’s public interest review necessitates the opportunity for those affected and interested parties to comment on issues raised by the proposed adoption prior to its implementation. The Commission has typically scheduled an initial meeting to establish an appropriate procedure. Commission request for comments and replies on the petition’s merits may be made concurrently or subsequently. Settlement negotiations, if needed, may occur prior to a Commission hearing and final disposition.

The Department states that:

...[T]he proposed adoption requires the modifications identified in [its] comments. With the concurrence of Citizens, any solicitation of comments should be on the proposed plan that reflects these modifications. The Department wishes to give consideration to the comments or concerns raised by any interested persons when it eventually submits its recommendation to the Commission.” (See Department Comments, p.6.)

The Department asks that the Commission:

- Direct Citizens to work with the Department, the RUD-OAG, and Commission staff to finalize the customer notice and to determine the timing of the notice. Citizens has already submitted a proposed customer notice;

- Direct Citizens to work with the Department, the RUD-OAG, and Commission staff to establish a website containing information about its proposed AFOR Plan and a feature permitting interested persons to ask questions and submit comments about the proposed Plan; and require that Citizens share all questions, comments, and responses generated through the website with the Department, the RUD- OAG and Commission staff;
- Direct parties convene a settlement conference to encourage settlement or stipulation of issues with respect to how the Plan should be modified; and
- Establish a timeline for filing any settlement reached. After filing a settlement, there should be an opportunity for comments and reply comments before the Commission makes its final determination in this matter.

IV. Staff Analysis

Governing statutes provide for a parallel comment-settlement process for evaluating proposed AFOR plans. This process allows for both: an expedited proceeding under Minnesota Stat. §237.61 (pursuant to Minnesota Stat. §237.769); and a settlement process under Minnesota Stat. §237.764 subd. 2. The Department’s requests above, and staff timeline proposed below reflect this parallel process.

Staff concurs with the Department that Citizens’ proposed plan does not appear to fully conform with Frontier’s AFOR plan as previously approved by the Commission as being in the public interest.

Staff agrees with the Department that Citizens’ should be directed to participate in a settlement/stipulation conference and with the proposed administrative actions. To facilitate this, Staff proposes the following timeline:

Finalize customer notice:	July 24, 2015
Establish website:	July 24, 2015
Settlement or Comments:	August 14, 2015
Reply Comments:	August 24, 2014
Final Comments:	September 4, 2015
Commission hearing:	October 1, 2015
Statutory deadline:	October 31, 2015

Staff note: Citizens has already submitted the proposed customer notice for Commission. This is Attachment A to this briefing paper.

V. COMMISSION OPTIONS

Option 1:

- A. Direct the Company to work with the Department of Commerce, the RUD-OAG, and Commission staff to finalize the customer notice and to determine the timing of the notice. Citizens has already submitted a proposed customer notice;
- B. Direct the Company to work with the Department of Commerce, the RUD-OAG, and Commission staff to establish a website containing information about its proposed AFOR Plan and a feature permitting interested persons to ask questions and submit comments about the proposed Plan. Require that Citizens share all questions, comments, and responses generated through the website with the Department of Commerce, the RUD- OAG and Commission staff;
- C. Order the parties to convene a settlement conference to encourage settlement or stipulation of issues with respect to how the Plan should be modified; and
- D. Establish the Staff recommended timeline.

Option 2: Other action of the Commission's choosing

VII. STAFF RECOMMENDATION

Staff recommends Option 1.

Attachment A

CUSTOMER NOTICE OF REGULATORY FILING

Citizens Telecommunications Company of Minnesota, LLC (“the Company”) has notified the Minnesota Public Utilities Commission of its proposal to adopt the current Alternative Form of Regulation plan of its affiliated company, Frontier Communications of Minnesota, Inc. If the Company’s proposal is approved as filed, the plan will be effective November 1, 2015 through October 31, 2018.

Under the plan, as proposed, the Company would cap basic local service rates for one year. After the first year of the plan, the monthly rate for basic local service could be increased by up to \$2. The plan also includes a commitment to service quality standards and customer remedies for failure to meet those standards.

If you would like further information, the proposed Alternative Form of Regulation plan can be viewed at the Company’s website (www.frontier.com/minnesotaAFOR) or at the Commission’s website (mn.gov/puc).

Public comments or questions may be submitted online by visiting the Commission’s website (mn.gov/puc), selecting *Speak Up!*, finding the docket (15-388), and adding your comments to the discussion. Persons without internet access may send comments by U.S. mail to: Minnesota Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul MN 55101-2147. Please include the Commission’s docket number (15-388) in all communications.