

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
Nancy Lange  
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Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

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

ISSUE DATE: July 17, 2015

DOCKET NO. P-407/AR-15-388

ORDER ESTABLISHING  
PROCEDURAL SCHEDULE AND  
REQUIRING PUBLIC OUTREACH

**PROCEDURAL HISTORY**

On April 27, 2015, Citizens Telecommunications Company of Minnesota, LLC (Citizens) filed a petition to adopt a plan providing an alternative form of regulation (AFOR) currently approved for use by an affiliated company.

On May 27, 2015, the Minnesota Department of Commerce (the Department) filed comments on Citizens' petition.

On July 9, 2015, the matter came before the Commission.

**FINDINGS AND CONCLUSIONS**

**I. Summary**

The Commission establishes a procedural schedule for evaluating Citizens' proposed AFOR Plan, and establishes steps Citizens must take to inform the public about the nature of its proposal.

**II. Legal Background**

While Minn. Stat. Chap. 237 governs the provision of local telecommunications services in Minnesota, statute permits an incumbent telephone company to operate under alternative terms, subject to the Commission's approval.<sup>1</sup>

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<sup>1</sup> Minn. Stat. §§ 237.76-237.775.

In particular, a carrier may propose to adopt the AFOR plan of an affiliated company, provided the plan is currently in effect.<sup>2</sup> The Commission will approve the plan adoption unless it finds the adoption would not be in the public interest, in which case it will reject or modify the plan.

Minn. Stat. § 237.764 sets forth general procedures for adopting, renewing, and modifying AFOR plans. Among other things, the statute provides for a settlement conference to encourage settlement or stipulation of issues, expedited proceedings under Minn. Stat § 237.61, and a six-month timeline for resolution unless the petitioner and the Commission agree otherwise.

### **III. Citizens' Petition**

Citizens operates under an AFOR plan that will expire on October 31, 2015.<sup>3</sup> In lieu of proposing a new plan, Citizens proposed to adopt the plan that currently governs the operations of its affiliate firm, Frontier Communications of Minnesota, Inc. (Frontier).<sup>4</sup> Citizens proposed to operate under a “conformed” version of that plan modified to reflect “Citizens-specific items such as company name, list of tariffed services, etc.,” and claimed that adopting the plan would not require any changes to Citizens’ tariff.<sup>5</sup>

Citizens proposed that the new plan take effect on November 1, 2015, and remain in effect until October 31, 2018. The plan would bar any rate increase for basic local service rates for one year, and would limit any subsequent increase in the monthly rate to no more than \$2. Citizens would also commit to maintaining service quality standards, and would provide remedies for customers if Citizens fails to meet those standards.

Finally, Citizens proposed to send a notice to all its customers to inform them of its proposal.

### **IV. Positions of the Parties**

#### **A. The Department**

The Department offered comments on both the substance of Citizens’ proposal and the process for evaluating it.

Substantively, the Department observed that Citizens’ proposed AFOR Plan differs from Frontier’s plan in various respects -- and in particular, that the plan as filed contains some internal inconsistencies. Additionally, the Department argued that the proposed plan would conflict with Citizens’ current tariffs.

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<sup>2</sup> Minn. Stat. § 237.766, subd. 4.

<sup>3</sup> See *In the Matter of Citizens Telecommunications Company of Minnesota, LLC's Proposal to Adopt an Existing Alternative Form of Regulation Plan*, Docket No. P-407/AR-12-405, Order Approving Adoption of Existing AFOR Plan with Modifications (October 25, 2012).

<sup>4</sup> See *In the Matter of a Petition by Frontier Communications of Minnesota, Inc. for Approval of its Revised Alternative Regulation (AFOR) Plan*, Docket No. P-405/AR-14-735, Order Approving Alternative Regulation Plan as Modified (February 23, 2015).

<sup>5</sup> Citizens filing (April 27, 2015).

As a matter of process, the Department recommended that the Commission provide an opportunity for interested parties to comment on any new regulatory plan for Citizens; ideally, Citizens would revise its plan to incorporate the Department's recommended changes before soliciting additional comments. Additionally, the Department recommended that the Commission authorize the Department to file a final round of comments after the opportunity for other parties to comment had ended.

The Department also proposed that the Commission do the following:

- Direct Citizens to work with the Department, the Antitrust and Utilities Division of the Minnesota Office of the Attorney General (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 Citizens to share all questions, comments, and responses generated through the website with the Department, the OAG, and Commission staff.
- Direct parties to convene a settlement conference to encourage settlements or stipulations regarding any potential modifications to the plan.
- Establish a timeline for filing settlements, and providing for comments and reply comments on any settlement proposal.

## **B. Citizens**

At hearing, Citizens agreed to refile its application incorporating the changes recommended by the Department to make the proposed plan consistent with Frontier's approved plan.

## **V. Commission Action**

The Commission concurs with the Department that Citizens should initiate outreach to its customers and interested parties to permit them to review and comment on Citizens' proposed AFOR Plan, revised to incorporate the Department's recommended changes. Consequently, the Commission will authorize Citizens to use the customer notice text set forth at Attachment A.

In addition, the Commission will adopt the Department's procedural recommendations. The Commission will direct Citizens to work with the Department, OAG, and Commission staff to establish a public website for this docket. The website should provide information about Citizens' revised AFOR Plan proposal, and permit interested persons to ask questions and submit comments about the plan. The Commission will direct Citizens to share with the Department, the OAG, and Commission staff all questions, comments, and responses generated through the website.

Consistent with statute, the Commission will direct the parties to convene a conference to encourage settlement or stipulations regarding how the plan should be modified.

To further these ends, the Commission adopts the procedural schedule set forth in the ordering paragraphs. In the interest of flexibility, the Commission will authorize the Executive Secretary to vary the schedule as necessary.

**ORDER**

1. The Commission approves the Customer Notice of Regulatory Filing for Citizens Telecommunications Company of Minnesota, LLC, attached as Attachment A.
2. Citizens shall work with the Minnesota Department of Commerce, the Antitrust and Utilities Division of the Minnesota Office of the Attorney General, and Commission staff to establish a website that 1) contains information about Citizens’ proposed Alternative Form of Regulation Plan and 2) permits interested persons to ask questions and submit comments about the proposed plan. Citizens shall share with the Department, the OAG, and Commission staff all questions, comments, and responses generated through the website.
3. Parties to this proceeding shall convene a conference to encourage settlement or stipulations regarding how the plan should be modified.
4. The Commission approves the following procedural schedule:

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

The Executive Secretary is authorized to revise the schedule if necessary.

5. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

*Janet D. Homgaley for*

Daniel P. Wolf  
Executive Secretary



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**In the Matter of a Petition by Citizens Telecommunications Company of Minnesota, LLC's  
Proposal to Adopt an Existing Alternative Form of Regulation Plan (AFOR)  
Docket No. P-407/AR-15-388**

**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, 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](http://www.frontier.com/minnesotaAFOR)) or at the Commission’s website ([mn.gov/puc](http://mn.gov/puc)).

Public comments or questions may be submitted online by visiting the Commission’s website ([mn.gov/puc](http://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.