



AN ALLETE COMPANY

## APPENDIX A

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January 14, 2019

### VIA ELECTRONIC FILING

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101-2147

RE: In the Matter of Minnesota Power's 2018 Safety, Reliability and Service  
Quality Standard Reports  
Minnesota Power's Regulatory Compliance Assessment – Scope of Work  
**Docket No.: E015/M-18-250**

Dear Mr. Wolf:

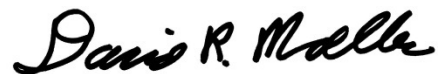
Minnesota Power (“MP”) hereby submits, via electronic filing, on behalf of itself, Energy CENTS Coalition (“ECC”), and the Office of the Attorney General—Residential Utilities and Antitrust Division (“OAG”), the attached scope of work for a compliance review and assessment of MP’s payment agreements, disconnection, reconnection, and Cold Weather Rule and related service practices for residential customers. The parties have worked collaboratively to develop the scope of work and have mutually agreed upon the selection of Winthrop & Weinstine as the independent third party to conduct the review and assessment. This scope of work was finalized with Winthrop & Weinstine on January 2, 2019 with an anticipated completion timeframe of up to six months. The purpose of the assessment is to gather information and data about MP’s treatment of past due customers, service disconnections and reconnections, and reporting requirements. Parties and the Minnesota Public Utilities Commission (“MPUC”) can use the information presented to determine whether or not MP is complying with relevant laws and rules, if the company’s policies and practices should be modified, and/or as a basis for specific customer service practice recommendations. At the conclusion of its review and analysis, Winthrop & Weinstine will produce and e-file a report describing the work it undertook, the information it obtained, and its analysis.

Mr. Wolf  
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The parties have discussed the timeframe of the review in relation to the current SRSQ docket and are amenable to deferring discussion and decisions specific to disconnection, reconnection, and payment agreement data and practices until after the report has been submitted and reviewed in the context of the docket. The parties are open to bifurcating the reliability portion of the docket to occur earlier, particularly as it relates to setting 2018 goals for the upcoming SRSQ filing to be submitted April 1, 2019. This has been informally discussed with Commission Staff as a possibility. Reference to the compliance review and assessment will be made in the April 1, 2019 SRSQ filing as well.

If you have any questions regarding this letter, please do not hesitate to contact me at the number above.

Yours truly,

A handwritten signature in black ink that reads "David R. Moeller". The signature is written in a cursive, slightly slanted style.

David R. Moeller

DRM:sr  
Attach.

**MINNESOTA POWER REGULATORY COMPLIANCE ASSESSMENT –  
SCOPE OF WORK  
MPUC DOCKET NO. E-015/M-18-250**

Dated: January 2, 2019

Comments filed in the above-captioned docket have raised concerns regarding Minnesota Power's (MP) compliance with Minnesota Statutes and Rules regarding utility service disconnections, including its compliance with certain reporting requirements, Cold Weather Rule (CWR) requirements and requirements regarding payment agreements with its customers with accounts in arrears. In order to best assure a common, consistent and accurate baseline of information regarding MP's past and current practices regarding these matters, MP, the Energy CENTS Coalition and the Office of the Attorney General agree that MP will engage a third party to conduct a review and assessment of these matters, as set forth below. The purpose of the assessment is to gather information and data about MP's treatment of past-due customers, service disconnections and reconnections and reporting requirements. Parties and the Minnesota Public Utilities Commission (Commission) can use the information presented to determine whether or not MP is complying with relevant laws and rules, if the company's policies and practices should be modified and as a basis for specific customer service practice recommendations.

**Overall Purpose:**

A third party familiar with Minnesota law and utility data will conduct a compliance review and assessment of Minnesota Power's (MP) payment agreements, disconnection, reconnection, and Cold Weather Rule (CWR) and related service practices for residential customers. The primary objectives of this review and assessment are to: 1) determine the accuracy of the Company's reporting; 2) provide a baseline of accurate information by which parties and the Commission can ensure MP's compliance with Minn. Stat. §§ 216B.091, 216B.096, 216B.0975, 216B.0976, and 216B.098 and Minn. R. Chapter 7820 governing policies and practices regarding residential customer protections and disconnections, including residential customer collections, disconnections, reconnections, and payment agreements, both during CWR and during non-CWR, as applicable; and 3) provide a baseline of accurate information upon which parties and the Commission can assess the impact of MP's practices on residential customers.

In conducting this compliance review and assessment, the third party shall work to complete the following:

- Review and assess the accuracy of MP's payment agreement,<sup>1</sup> disconnection and reconnection numbers, and both CWR and non-CWR data and reporting for residential customers.
- Review MP's policies and procedures in CWR and non-CWR months with respect to payment agreements, service disconnection, reconnections, and compliance.
- Collect and review data to analyze MP's performance with respect to payment agreements, disconnection, and reconnection in CWR and non-CWR months.

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<sup>1</sup> Minnesota Power refers to these as payment plans or payment agreements.

- Provide analysis regarding MP’s compliance with the relevant statutes and rules and analyze, to the extent possible, whether MP’s policies, practices and procedures are otherwise reasonable and effective in reducing disconnections and encouraging reconnections.
- Provide a discussion of potential policy or process improvements.

The third party shall produce a report (Report) describing the work it undertook, the information it obtained, and its analysis, findings and discussion regarding the above bullet points. The third party will e-file the Report with the Minnesota Public Utilities Commission (Commission) in the above-captioned docket.

Personally identifiable customer information will be maintained as confidential by the third party. Any customer interviews conducted as part of this compliance audit will be conducted with customer consent, which may be provided verbally by the customer or in writing by way of a release form. It is understood that secure data transmission, storage, and retention methods will be used for customer data.

**Time Period To Be Reviewed:**

2016–2018, unless otherwise specified.

**Specific tasks:**

**1. Assessment of Data and Reporting Accuracy:**

As part of the data and reporting accuracy assessment process, a data dictionary with a definitions key and logic used for data queries will be used to ensure common definitions. This will include point in time references, applicable program years, and billing cycles, as applicable. The logic could be provided in SQL or common language/layman’s terms, depending on the preference of the third party. This will be developed with the independent third party to ensure data is provided in a usable format for purposes of the review and assessment. For this aspect of the review and assessment, the third party will examine information from 2015 through 2018, to accomplish the following tasks:

- Examine and review for accuracy data reported in the Safety, Reliability, and Service Quality (SRSQ) and CWR monthly and weekly reports related to service disconnections, reconnections, payment agreements, disconnection durations, including those reports provided to the Minnesota Public Utilities Commission (Commission);
- Review how MP tracks information about disconnections, reconnections, and payment plans or agreements, how that information is stored, and how it is presented to the Commission;
- Review reports for timeliness and compliance with statutory and rule requirements and discuss potential improvements to these processes, including improvements designed to ensure accuracy and timeliness of reports;

- Review any data collection or data handling changes made during the time period, the reason for such change, and the reasonableness and impact of any such change;
- Review data regarding reconnections within 24 hours, assess the accuracy of that data and reporting and analyze the reasonableness and accuracy of the methods for collecting and reporting data are reasonable and accurate going forward and examine the significant changes in the 24-hour service reconnection figures reported in 2015 and 2016 and whether any data collection or retrieval changes fully explain the change in reported results.

## **2. Review and Analysis of Disconnection, Reconnection, and Payment Agreement Practices and Processes:**

- Review MP's customer service materials, policies, and procedures related to past-due bills, payment agreements, disconnections, and reconnections, including:
  - When payment agreements are offered, including whether they are offered after disconnection;
  - Whether customers have the opportunity to negotiate the terms of payment agreements, and what MP's practices are during such negotiations;
  - Whether and how MP discloses a customer's right to appeal payment agreement offers;
  - Training provided to MP employees;
  - Talking points that MP employees use to discuss past-due bills, payment agreements, disconnections, and reconnections with customers; and
  - MP employee performance during customer service calls by way of listening to recorded calls, selected using an established sampling technique.
- Review MP's policy and practice for calculating payment agreements for customers, including:
  - All factors that MP includes in calculating a payment agreement;
  - How customers' unique and extenuating financial circumstances are used in developing a payment agreement;
  - How MP verifies that required payments under the CWR do not exceed 10% of household income;
  - The frequency of payments required under payment agreements;
  - Any fees that are associated with payment agreements;
  - Any relationship between LIHEAP, LIHEAP Crisis, agency funding, or any other outside funding source and the calculation of payment agreements;
  - Any differences between non-CWR payment agreements and CWR payment agreements; and,
  - How MP tracks LIHEAP customers by count and month and how this compares to eHeat system tracking.

## **3. Review and Analysis of Customer Impacts:**

- Review and summarize the following information by month, using end of month as the point in time reference, for arrears buckets of 31-60, 61-90 and 90+ days:

- Average, range and median number of days past-due;
  - Average, range and median amount past-due;
  - Average, range and median monthly bills to the customer;
  - Average, range and median late fees assessed;
  - Average, range and median electric energy consumption level;
  - Average, range and median receipt of LIHEAP funds;
  - Aggregate number of customers receiving LIHEAP funds;
  - Aggregate number of customers in arrears;
  - Aggregate number of customers disconnected;
  - Aggregate number of customers reconnected;
    - Aggregate number of customers reconnected within 24 hours;
    - Aggregate number of customers reconnected within 30 days;
    - Aggregate number of customers reconnected in greater than 30 days.
  - Aggregate number of customers placed on a payment plan;
  - Average, range and median monthly cost of a payment plan agreed to by a customer; and
  - Average, range and duration of disconnection.
- For those customers with arrears of 61-90 and 90+ days, provide the following individually for a representative sample of customers on a quarterly basis, using the end of the quarter (e.g. March 31) as the point in time reference, with the data presented so that individual customers may be tracked over multiple time periods, if possible, without personally identifiable information.
    - The number of days past-due;
    - The amount past-due;
    - The monthly bills to the customer;
    - The electric energy consumption level;
    - Collections process activities, if applicable, and related sequential events;
    - Notices sent to the customer;
    - Whether and when payment plan was offered, including differentiation between CWR, summer pay plans, and winter pay plan and the terms of each payment plan offered, including the number of scheduled payments, each scheduled payment amount, and the total period covered;
    - How the payment plan was confirmed with the customer;
    - Whether the customer received LIHEAP funding and the amount (by month);
    - Whether the customer received LIHEAP crisis funding and the amount (by month);
    - Whether the customer made payments under the payment plan and, if not, when payments were missed;
    - Whether the customer was disconnected, the date of any disconnection, and the duration of the disconnection;
    - Whether any payment plans were offered following disconnection in order to restore service and if so, the terms of such plans;
    - Whether the customer was reconnected, the date of the reconnection, and any terms of payments required of the customer to do so;
    - Whether customers who were reconnected received LIHEAP funding; and
    - Whether customers who were reconnected received LIHEAP Crisis funding.

- Review customer call recordings, using an accepted sampling method,<sup>2</sup> of customers 61 or more days past due, if possible including customers who:
  - Are past due and have not been offered a payment plan, if they exist;
  - Have been offered a payment plan, accepted it, and have completed payments;
  - Accepted a payment plan, but violated it;
  - Rejected a payment plan that was offered;
  - Accepted a payment plan, but been disconnected;
  - Have been disconnected and reconnected; and
  - Have been disconnected and not reconnected.
  
- The third party may also directly contact customers to better inform its review of these matters.

## **Report**

At the conclusion of its review and analysis, the third party will produce and e-file a Report describing the work it undertook, the information it obtained, and its analysis. The Report will include discussion of the following matters:

- The accuracy of MP's data and its publicly filed reports, where required, regarding disconnections, reconnections, payment agreements numbers, and both CWR and non-CWR data for residential customers;
- MP's policies and procedures in CWR and non-CWR months with respect to payment agreements, service disconnection, reconnections, and whether those policies and procedures comport with the relevant statutory and rule requirements;
- MP's performance with respect to payment agreements, disconnection, and reconnection in CWR and non-CWR months and, to the extent possible, whether MP's policies, practices and procedures are otherwise reasonable and effective in reducing disconnections and encouraging reconnections; and
- Potential policy, process or reporting improvements identified during the course of the review and assessment.

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<sup>2</sup> The third party may also request to review recorded calls of specific customers, as necessary, identified through review of the data discussed above.

STATE OF MINNESOTA     )  
  )ss  
COUNTY OF ST. LOUIS     )

AFFIDAVIT OF SERVICE VIA  
ELECTRONIC FILING

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SUSAN ROMANS of the City of Duluth, County of St. Louis, State of Minnesota, says that on the **14<sup>th</sup>** day of **January, 2019**, she served Minnesota Power's Scope of Work in **Docket No. E- E015/M-18-250** on the Minnesota Public Utilities Commission and the Office of Energy Security via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.



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Susan Romans



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	SPL_SL_18-250_M-18-250
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	SPL_SL_18-250_M-18-250
Ron	Elwood	relwood@mnlsap.org	Mid-Minnesota Legal Aid	2324 University Ave Ste 101  Saint Paul, MN 55114	Electronic Service	No	SPL_SL_18-250_M-18-250
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	SPL_SL_18-250_M-18-250
Allen	Krug	allen.krug@xcelenergy.com	Xcel Energy	414 Nicollet Mall-7th fl  Minneapolis, MN 55401	Electronic Service	No	SPL_SL_18-250_M-18-250
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	SPL_SL_18-250_M-18-250
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William	Phillips	wphillips@aarp.org	AARP	30 E. 7th St Suite 1200  St. Paul, MN 55101	Electronic Service	No	SPL_SL_18-250_M-18-250
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duluth, MN 55802	Electronic Service	No	SPL_SL_18-250_M-18-250

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	SPL_SL_18-250_M-18-250