Utilities Regulation in Minnesota: An AARP Survey of Minnesotans

Published September 2002
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Data Collected by Woelfel Research Inc.
Report Prepared by Mildred DePallo, Ph.D. and Joanne Binette
AARP is a nonprofit, nonpartisan membership organization for people 50 and over. We provide information and resources; advocate on legislative, consumer, and legal issues; assist respondents to serve their communities; and offer a wide range of unique benefits, special products, and services for our respondents. These benefits include AARP Webplace at www.aarp.org, AARP Modern Maturity, and My Generation magazines, the monthly AARP Bulletin, and a Spanish-language newspaper, Segunda Juventud. Active in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP celebrates the attitude that age is just a number and life is what you make it.

Acknowledgements

AARP staff from the Minnesota State Office, State Affairs, and Knowledge Management contributed to the design and implementation of this study. Special thanks go to AARP staff including Keith Weigel, Minnesota State Office; Michele Kimball, Minnesota State Office; Susan Weinstock, State Affairs; Gretchen Straw, Knowledge Management, and Rachelle Cummins, Knowledge Management. Mildred DePallo, SunCoast Analysis and Joanne Binette, AARP Knowledge Management wrote the report. For more information, contact Joanne Binette, at (202) 434-6303.
Background

Some states have recently deregulated their electric utilities, and a bill to do the same in Minnesota was introduced into the legislature in 2001. In June of 2002, AARP conducted a telephone survey of 1,003 randomly selected Minnesota adults age 18 and older to explore their opinions about the impact of electric utility deregulation on consumers. The survey included an oversample of 200 respondents age 50 and older, the majority of whom are AARP members.

Specifically, this survey measures:

- Opinion on whether or not the deregulation of electric utilities would help or hurt consumers;
- Level of support and opposition for the deregulation of electric utilities;
- Circumstances that would change supporters of deregulation to opponents;
- Importance of utility consumer protections in the state;
- Amount of savings required to consider switching electric providers;
- Importance of having choice among electric providers;
- Likelihood of voting for a state candidate who supports the deregulation of electric utilities.

Highlights

- Minnesotans are almost equally divided as to whether utilities deregulation would help (38%) or hurt (34%) them, and many are uncertain (25%). However, more than two in five (42%) AARP members in Minnesota believe the deregulation of electric utilities would hurt them, while only about one-quarter (26%) believe it would help them. About a quarter (24%) are uncertain.

- Minnesotans are divided on how strongly they support or oppose electric utility deregulation; however, more Minnesota residents strongly oppose (19%) deregulation than strongly support (15%) it. Two in ten (20%) Minnesotans are uncertain. Many more AARP members than nonmembers strongly oppose electric utility deregulation (28% vs. 17%).

- Among supporters of electric utility deregulation, more than eight in ten (81%) say they would be opposed if this deregulation resulted in less reliable service, and more than three in five (62%) would be opposed if additional charges were incurred to cover the costs of deregulation.
• The majority (75%) of Minnesotans think that it is *very* important to retain their current consumer protections if they were to switch electric companies.

• Most Minnesotans (78%) would either switch their electric provider only if they could save more than $10 a month (61%) or would *never* switch their electric provider (17%).

• More than two in ten (21%) Minnesota residents say they would be less likely to vote for a candidate who supports electric utility deregulation, while more than half (56%) say their vote would not be influenced. AARP members are much more inclined to say they would be less likely to vote for a candidate who supports electric utility deregulation than nonmembers (31% of members say they are less likely to vote vs. 18% of nonmembers).
Findings

Minnesotans are almost equally divided as to whether utilities deregulation would help or hurt them, and many are uncertain. However, more than two in five AARP members in Minnesota believe the deregulation of electric utilities would hurt them, and nearly one-quarter are unsure how it would affect them.

Minnesotans are divided in their opinions about whether the deregulation1 of electric utilities in Minnesota would help or hurt consumers like themselves, with about one in three respectively feeling it would help or hurt them. A significant proportion (one in four) say they are unsure about it.

Among AARP members, more than two in five (42%) think electric utility deregulation would hurt them, a greater proportion than nonmembers (32%). Many members are unsure about deregulation (24%).

<table>
<thead>
<tr>
<th>Would Deregulation of Electric Utilities in Minnesota Help or Hurt Consumers Like You? (All Minnesota respondents N=1,003)</th>
<th>Would Deregulation of Electric Utilities in Minnesota Help or Hurt Consumers Like You? (AARP Members n=196)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help consumers 38%</td>
<td>Help consumers 26%</td>
</tr>
<tr>
<td>Hurst consumers 34%</td>
<td>Hurt consumers 42%</td>
</tr>
<tr>
<td>Neither help nor hurt 4%</td>
<td>Neither help nor hurt 7%</td>
</tr>
<tr>
<td>Not sure 24%</td>
<td>Not sure 24%</td>
</tr>
</tbody>
</table>

Likely voters (those who always vote) are more inclined than those who rarely or never vote to feel deregulation would hurt consumers like themselves (38% vs. 21%).

1 All respondents were read the following information prior to administration of this survey: “Minnesota’s electric rates are below the national average. Currently, these rates are set by the Minnesota Public Utilities Commission for investor-owned utilities; by municipalities for municipal electric utilities; and by boards for cooperative electric utilities. Over the past few years, a number of states including California, Illinois, Pennsylvania, and Texas have decided to allow consumers to choose among different providers that generate electricity, just as consumers can now choose their long-distance telephone provider. This is commonly referred to as electric utility deregulation.”
Minnesota residents are divided on how strongly they support or oppose the deregulation of electric utilities in Minnesota. Many more AARP members than nonmembers in Minnesota strongly oppose electric utility deregulation.

More Minnesota residents strongly oppose (19%) deregulation than strongly support (15%) it. There is also considerable uncertainty on this issue, as evidenced by the 20 percent of Minnesotans who are not sure if they support or oppose electric utility deregulation.

AARP members in the state are far more likely than nonmembers to oppose deregulation: 44 percent of members strongly or somewhat oppose deregulation compared to 28 percent of nonmembers. Many more AARP members strongly oppose electric utility deregulation compared to nonmembers (28% vs. 17%).

<table>
<thead>
<tr>
<th>Support for and Opposition to Electric Utility Deregulation in Minnesota Among All Respondents (N=1,003)</th>
<th>Support for and Opposition to Electric Utility Deregulation in Minnesota Among AARP Members (n=196)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Support 15%</td>
<td>Strongly Support 10%</td>
</tr>
<tr>
<td>Somewhat Support 33%</td>
<td>Somewhat Support 24%</td>
</tr>
<tr>
<td>Somewhat Oppose 13%</td>
<td>Somewhat Oppose 16%</td>
</tr>
<tr>
<td>Strongly Oppose 19%</td>
<td>Strongly Oppose 28%</td>
</tr>
<tr>
<td>Not Sure 20%</td>
<td>Not Sure 22%</td>
</tr>
</tbody>
</table>

Those respondents who always vote are significantly more likely to strongly or somewhat oppose electric utility deregulation (37%) than those who only sometimes vote (23%) or rarely/never vote (25%).

Rural Minnesotans are somewhat less supportive of electric utility deregulation: Just 12 percent strongly support it, compared with 19 percent of urban residents.
Minnesotans who support electric utility deregulation would be opposed if less reliable electric service resulted.

Among the 48 percent who support electric utility deregulation in general (n=486), most would be opposed if less reliable service were to result from deregulation (81%); if they were made to pay additional charges to cover the costs of deregulation (62%); or if rates were different for different customers (47%). Many supporters would also be opposed to deregulation if it meant increased solicitation by competing companies.

Safeguarding consumer protections is extremely important to all Minnesotans.

Minnesotans are virtually unanimous on the importance of consumers retaining the same consumer protections if they switch to a different electric provider: More than nine in ten say this is very or somewhat important.
Minnesotans require significant savings on their monthly electric bills in order to make switching electric utility providers worthwhile. Many would not switch at all.

About eight in ten Minnesotans (78%) would either switch their electric provider only if they could save more than $10 a month (61%) or would never switch their electric provider (17%). Not surprisingly, Minnesotans with incomes of less than $20,000 annually are much more likely to switch electric providers to save $5 or less compared to those with higher incomes (12% vs. 3%).

There are discernible differences between rural and urban residents of the state in how much they would want to save before they would switch providers, if at all: rural residents are more likely than urban to say they would never switch (20% vs. 14%).

Less than six in ten Minnesotans say that having a choice among electric providers is at least somewhat important. However, choice is less important to AARP members than nonmembers, and less important to frequent voters than infrequent voters.

Less than six in ten (57%) say choice is very or somewhat important. However, about four in ten (38%) Minnesotans feel that having a choice among electric providers is not too or not at all important.

Having a choice among electric providers is significantly less important for AARP members in Minnesota than nonmembers (49% very or somewhat important for members compared to 59% very or somewhat important for nonmembers). Those who always vote are also less likely than those who rarely or never vote to rate having a choice of electric providers as very or somewhat important (51% vs. 67%).
For most Minnesotans, candidate support for deregulation would make no difference in their vote. However, among those who say a candidate's stance would make a difference, more say they would be less likely to vote for a candidate who supports deregulation than more likely. AARP members are much more inclined to say they would be less likely to vote for a candidate who supports electric utility deregulation than nonmembers.

Among all Minnesotans, a candidate for office who supports deregulation is likely to lose 21 percent of the vote on the basis of this support, but is also likely to gain 13 percent of the vote. However, for over half of the population, a candidate's stance on deregulation would not be influential in voting behavior.

More AARP members say they would be less likely to vote for a candidate who supports deregulation than nonmembers (31% vs. 18%). Importantly, a greater proportion of those who always vote say they would be less likely to vote for a candidate who supports deregulation (25% of always vs. 16% of sometimes/rarely/never).
Conclusions

Minnesotans are divided as to whether deregulation would help or hurt them and many are unsure about it. Minnesotans are also divided along the lines of opposition and support for deregulation in the state. However, most supporters of deregulation would shift to opposing deregulation if it resulted in less reliable service (81% strongly or somewhat oppose) or if they had to pay additional charges to cover the cost of deregulation (62% strongly or somewhat oppose). Almost all respondents (94%) think that keeping consumer protections in place in the event that they were to switch electric providers is important. Most Minnesotans say they would need to save more than $10 per month in order to consider switching from their current provider or would never switch their electric provider.

Those opposed to electric utility deregulation include a disproportionate share of AARP members, and a disproportionate share of those who always vote.

Methodology

In June 2002, AARP commissioned Woelfel Research, Inc. to conduct a Random Digit Dial (RDD) telephone survey of the adult population ages 18 and older in Minnesota. From a total random sample of 8,375, a total of 1,003 interviews were completed, with an oversample of 200 respondent ages 50 and older. The survey was conducted between June 26, 2002 to July 14, 2002, yielding a response rate of 21 percent and a 93 percent cooperation rate.²

The survey has a sampling error of plus or minus 3.2 percent. This means that in 95 out of 100 samples of this size, the results obtained in the sample would fall in a range of ± 3.2 percentage points of what would have been obtained if every person age 18 and older in Minnesota had been surveyed. Survey responses were weighted to reflect the distribution of age and gender in the adult population of Minnesota. Weighted responses to all survey questions are in the attached annotated questionnaire.

For more information about this study, contact Joanne Binette, AARP Knowledge Management, (202) 434-6303.

² The response rate is Response Rate 3 and the cooperation rate is Cooperation Rate 3 from the following publication: The American Association for Public Opinion Research. 2000. Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys. Ann Arbor, Michigan: AAPOR.
Annotated Questionnaire
Utilities Regulation in Minnesota: An AARP Survey of Minnesotans
Sample: n=1,003 with oversample of 200 for age 50 and older
Sampling error = ±3.2
Weighted to reflect age and gender distribution of adults ages 18+ in Minnesota

[READ INTRODUCTION TO ALL RESPONDENTS]
Minnesota’s electric rates are below the national average. Currently, these rates are set by
the Minnesota Public Utilities Commission for investor-owned utilities; by municipalities for
municipal electric utilities; and by boards for cooperative electric utilities. Over the past few
years, a number of states including California, Illinois, Pennsylvania, and Texas have decided
to allow consumers to choose among different providers that generate electricity, just as
consumers can now choose their long-distance telephone provider. This is commonly
referred to as electric utility deregulation.

1. Do you think that the deregulation of electric utilities would help or hurt consumers
like you?

- 38% Help consumers like you
- 34% Hurt consumers like you
- 4% Neither help nor hurt consumers like you
- 24% Not sure

2. How important is it to you to be able to choose your electric provider in the same
way as you choose your long-distance telephone provider?

- 23% Very important
- 34% Somewhat important
- 22% Not very important
- 16% Not at all important
- 5% Not sure

3. If choice among electric providers were allowed in Minnesota, how much money
would you want to save on your monthly electric bill to make it worthwhile for you
to switch your electric provider? [READ ALL ANSWER CATEGORIES]

- 4% $1-$5
- 13% $6-$10
- 28% $11-$20
- 15% $21-$30
- 18% More than $30
- 17% Would never consider switching my electric provider
- 7% Not sure
4. Would you support or oppose the deregulation of electric utilities in Minnesota?

15% Strongly support
33% Somewhat support
13% Somewhat oppose (SKIP TO QUESTION 9)
19% Strongly oppose (SKIP TO QUESTION 9)
20% Not sure

[IF STRONGLY OR SOMEWHAT SUPPORT IN QUESTION 4, ASK QUESTIONS 5-8 AND ROTATE QUESTIONS]

5. Would you still support the deregulation of electric utilities even if it meant less reliable service? (n=486 respondents who strongly or somewhat support deregulation)

6% Strongly support
10% Somewhat support
23% Somewhat oppose
58% Strongly oppose
4% Not sure

6. Would you still support the deregulation of electric utilities even if it meant you would be subject to more mail, telephone, and door-to-door solicitations from competing electric providers? (n=486 respondents who strongly or somewhat support deregulation)

17% Strongly support
36% Somewhat support
14% Somewhat oppose
29% Strongly oppose
5% Not sure

7. Would you still support the deregulation of electric utilities even if it meant lower rates for some people and higher rates for other people? (n=486 respondents who strongly or somewhat support deregulation)

14% Strongly support
32% Somewhat support
19% Somewhat oppose
28% Strongly oppose
8% Not sure
8. Would you still support the deregulation of electric utilities even if there are additional charges added on to your monthly electric bill to cover the deregulation costs to electric utilities? (n=486 respondents who strongly or somewhat support deregulation)

7% Strongly support
20% Somewhat support
23% Somewhat oppose
39% Strongly oppose
11% Not sure

9. Currently, Minnesota residents are guaranteed certain consumer protections with regard to service from their electric provider. These include rules regarding meter reading, complaint resolution, billing, and service disconnections.

How important is it for Minnesota residents to have the same consumer protections when they switch from their current electric provider to a competitive electric provider?

75% Very important
19% Somewhat important
2% Not very important
2% Not at all important
2% Not sure

10. If a candidate for state office in Minnesota supported legislation to deregulate electric utilities would you be more likely to vote for the candidate, less likely or would it make no difference?

13% More likely
21% Less likely
56% Would make no difference
10% Don’t know

About You

D1. What is your marital status? Are you currently…..

62% Married,
9% Divorced,
1% Separated,
6% Widowed,
21% Or have you never been married?
1% Living with partner [VOLUNTEERED]
0% Don't know (Do Not Read)
1% Refused (Do Not Read)
D2. What is your age as of your last birthday? [RECORD IN YEARS]

9% 18-24
18% 25-34
36% 35-49
16% 50-59
13% 60-74
6% 75+
2% Refused

D3. Are you or your spouse a member of A-A-R-P formerly known as the American Association of Retired Persons? [IF NOT “MARRIED” ASK, “Are you a member…”]

20% Yes
80% No
0% Don’t know (Do Not Read)
0% Refused (Do Not Read)

D4. Thinking about your state elections for Minnesota Governor and Legislators in the last ten years, which of the following best describes your voting behavior? Would you say you always vote, sometimes miss one, rarely vote, or never vote?

60% Always vote
26% Sometimes miss one
6% Rarely vote
6% Never vote
1% Depends
0% Don't know (Do Not Read)
0% Refused (Do Not Read)

D5. What is the highest level of education you have completed? (READ)

4% Less than high school
23% High school graduate or equivalent
33% Some college or technical training beyond high school
24% College graduate
15% Post-graduate or professional degree?
0% Don't know (Do Not Read)
1% Refused (Do Not Read)
D6. Which of the following best describes your current employment status?

Are you currently….

56% Employed full-time
13% Employed part-time
17% Retired and not working
4% Unemployed and looking for work
6% Homemaker
4% Or something else? [Specify: ___________]
0% Don't know (Do Not Read)
1% Refuse

D7. Are you Hispanic, Spanish, or Latino?

2% Yes
97% No
0% Don't know (Do Not Read)
1% Refused (Do Not Read)

D8. What is your race?

93% White/Caucasian
2% Black/African American
1% Asian
1% Native American or Alaskan Native
1% Other
0% Don't know (Do Not Read)
2% Refused (Do Not Read)

D9. Now, for statistical purposes only, please stop me when I get to the category that includes your household’s income before taxes in 2001. Was it… (READ)

5% Less than $10,000
8% $10,000 but less than $20,000
11% $20,000 but less than $30,000
13% $30,000 but less than $40,000
12% $40,000 but less than $50,000
17% $50,000 but less than $75,000
19% $75,000 or more
3% Don’t know
12% Refused

D10. What is your 5-digit zip code? __ __ __ __ __

Respondent gender: 48% Male 52% Female
For more information contact Joanne Binette (202) 434-6297