

A large green square is positioned in the top left corner. A smaller yellow square is located at the bottom right corner of this green square, where it meets a thin white horizontal line that extends to the right.

**Utilities Regulation
in Minnesota:
An AARP Survey of
Minnesotans**

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Utilities Regulation in Minnesota: An AARP Survey of Minnesotans

**Data Collected by Woelfel Research Inc.
Report Prepared by Mildred DePallo, Ph.D. and Joanne Binette**

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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.

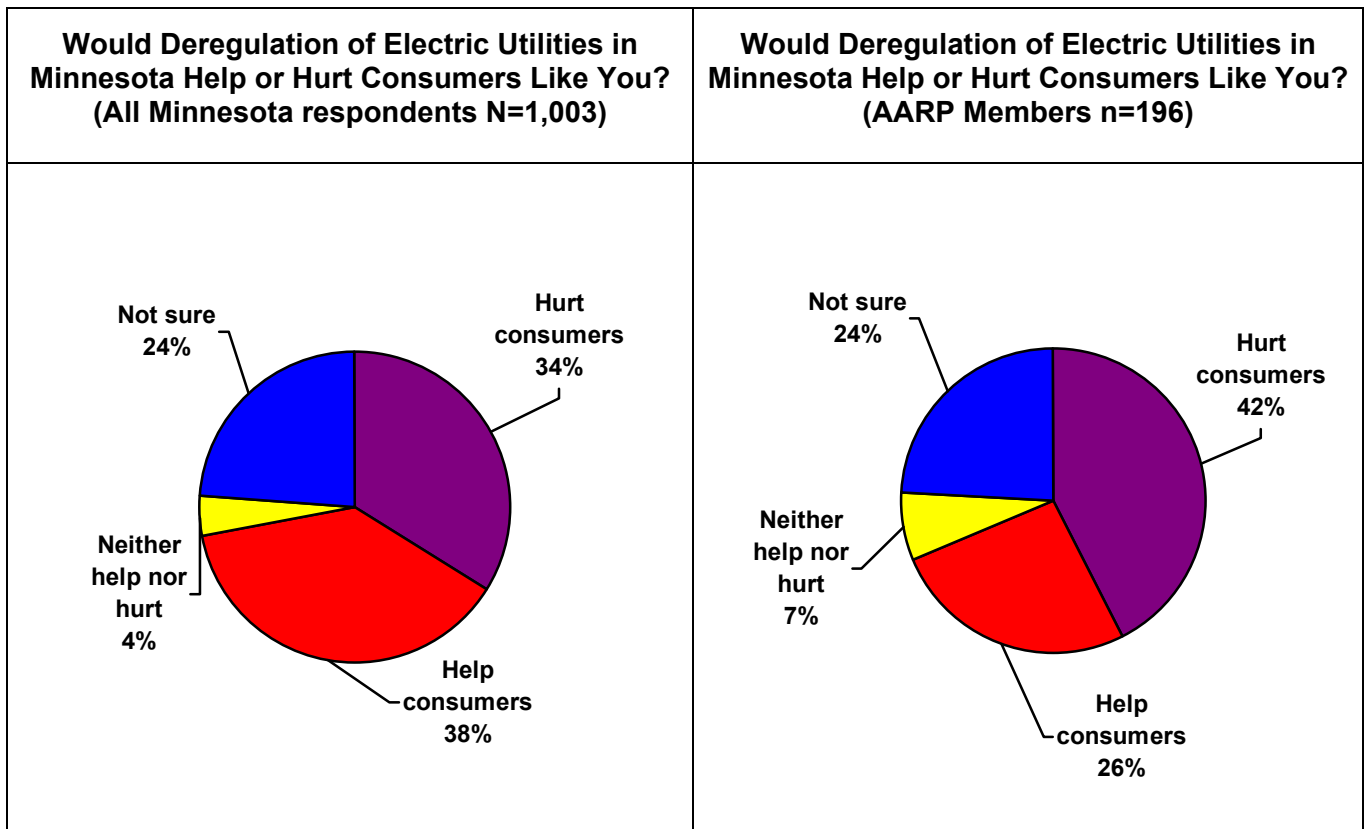
- The majority (75%) of Minnesotans think that it is *very* important to retain their current consumer protections if they were to switch electric companies.
- Most Minnesotans (78%) would either switch their electric provider only if they could save more than \$10 a month (61%) or would *never* switch 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%).



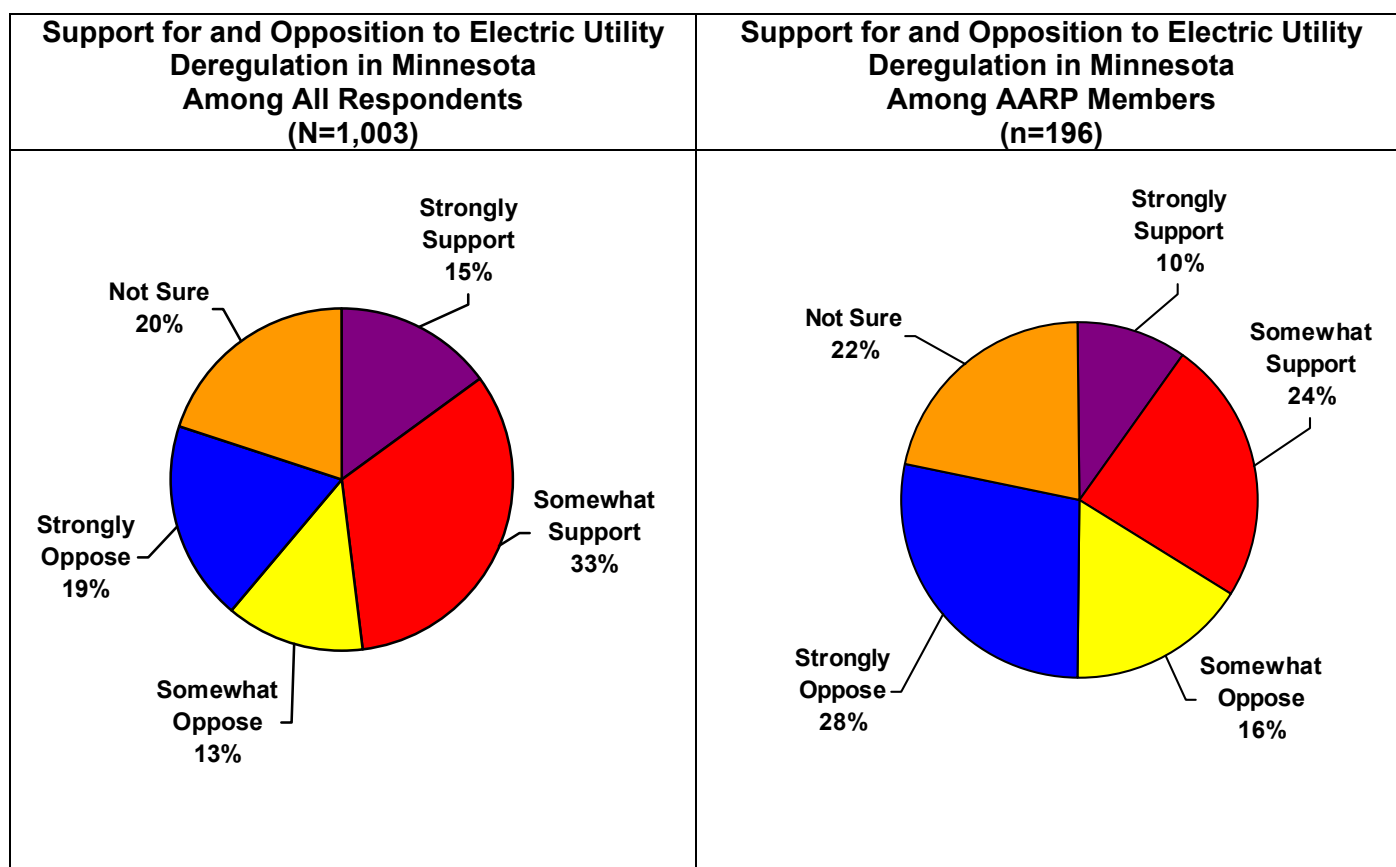
Likely voters (those who *always* vote) are more inclined than those who *rarely* or *never* vote to feel deregulation would hurt consumers like themselves (38% vs. 21%).

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."

Minnesotans 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%).

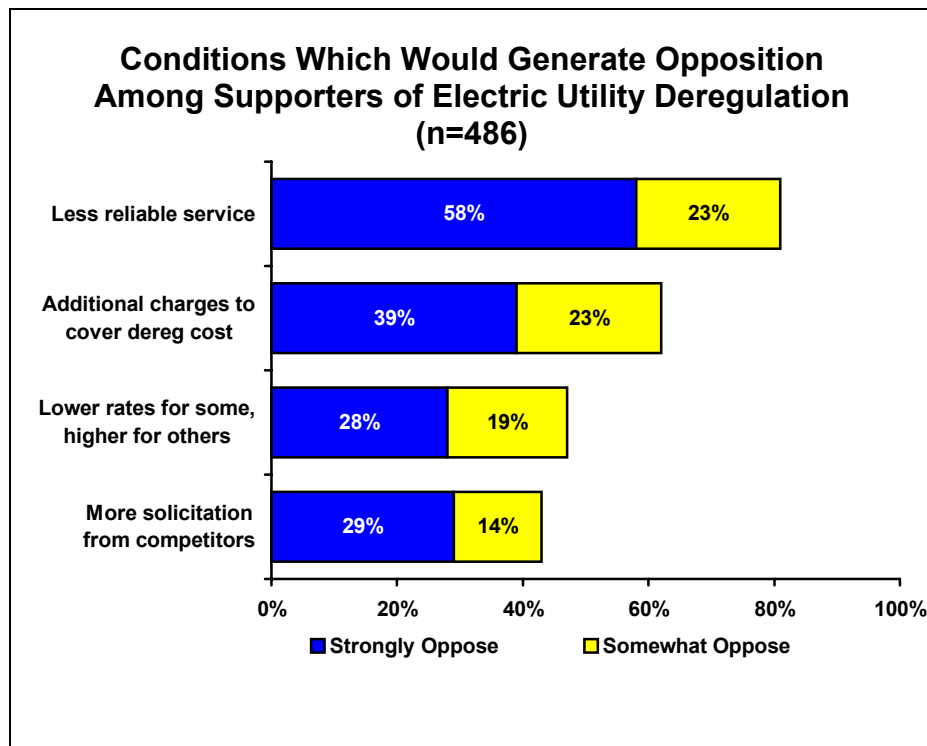


Those respondents who *always* vote are significantly more likely to *strongly* or *somewhat* oppose electric utility deregulation (37%) than those who only *sometimes* vote (23%) or *rarely/never* vote (25%).

Rural Minnesotans are somewhat less supportive of electric utility deregulation: Just 12 percent *strongly* support it, compared with 19 percent of urban residents.

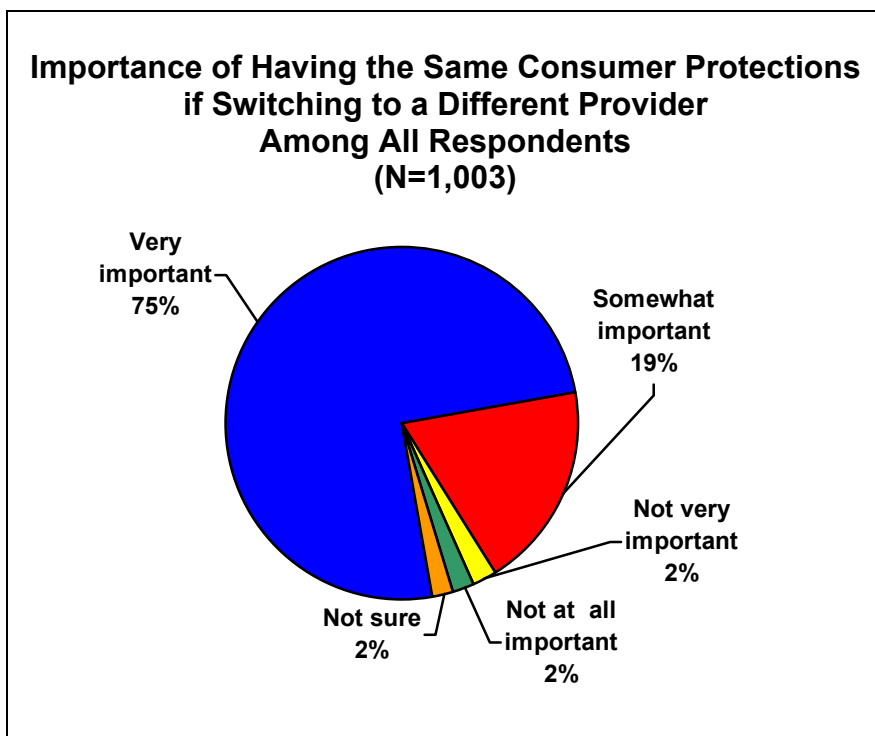
Minnesotans who support electric utility deregulation would be opposed if less reliable electric service resulted.

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.

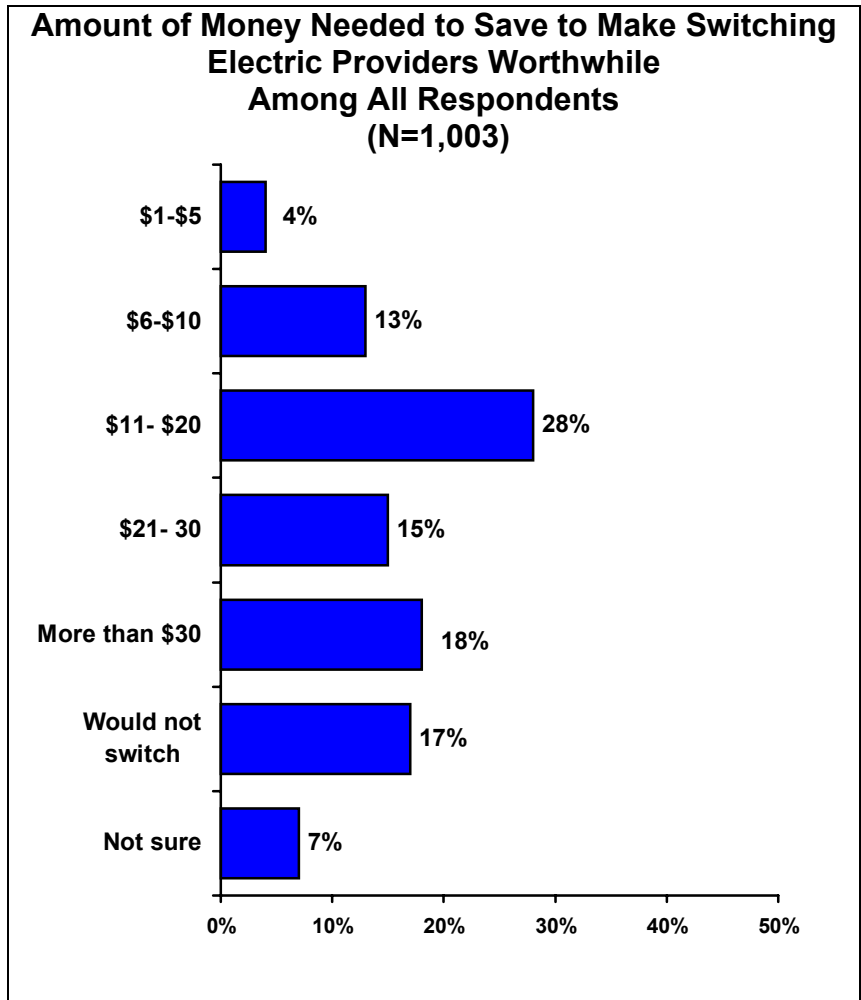
Minnesotans are virtually unanimous on the importance of consumers retaining the same consumer protections if they switch to a different electric provider: More than nine in ten say this is *very* or *somewhat* important.



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.

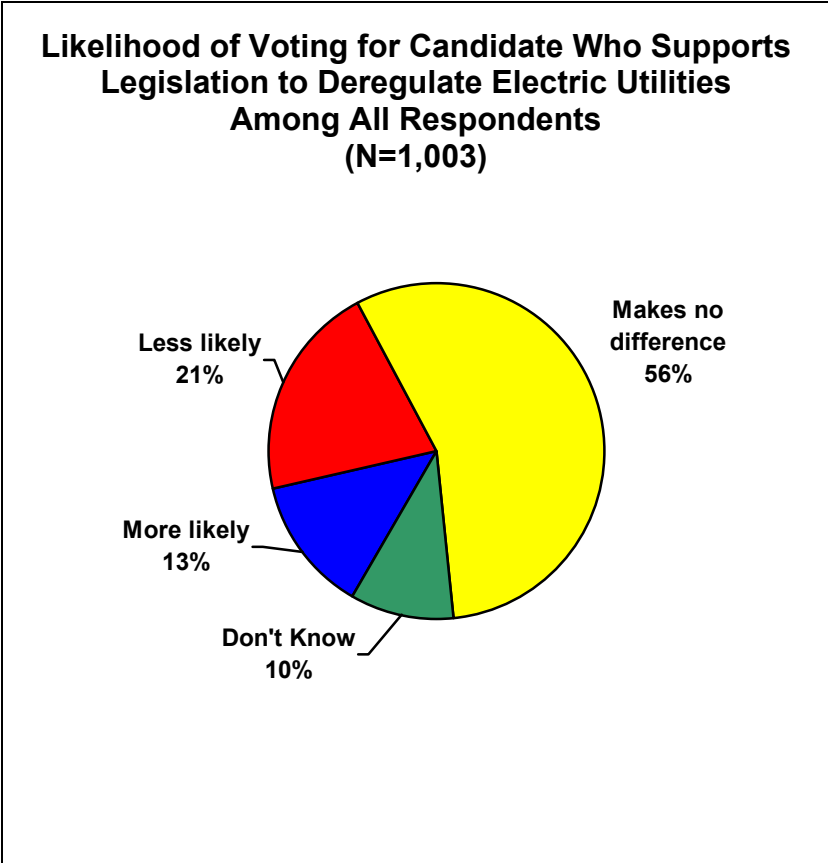
Less than six in ten (57%) say choice is *very* or *somewhat* important. However, about four in ten (38%) Minnesotans feel that having a choice among electric providers is *not too* or *not at all* important.

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

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

AARP

Knowledge Management

For more information contact Joanne Binette (202) 434-6297