

OVERVIEW OF THE MINNESOTA PUBLIC UTILITIES COMMISSION

**Presentation to the House
Energy Policy Committee & the
Senate Environment and
Energy Committee**

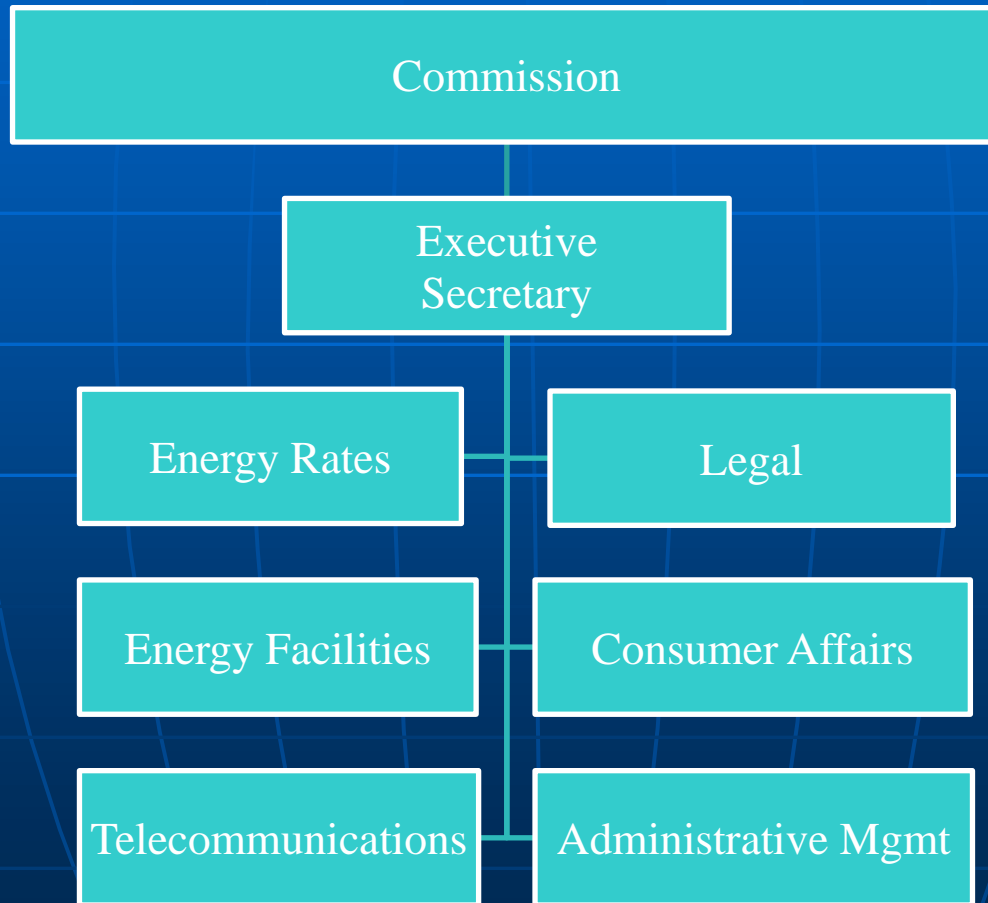
January 15, 2013

**Burl Haar
Executive Secretary
Minnesota Public Utilities Commission**

What does the Public Utilities Commission do?

- Regulates rates and services of three critical service industries
 - Electricity
 - Natural gas
 - Local telephone service (limited rate regulation)
- Determines need for and physical location of large energy facilities
- Mediates consumer service issues

Organization of the PUC



The Commission

- Five Commissioners
 - Criteria
- Appointed by the Governor, confirmed by the Minnesota Senate
- Staggered six year terms

The Commission – Cont'd

- Not more than three from one political party
- At least one from outside the Twin Cities metropolitan area
- Removed by Governor only for cause

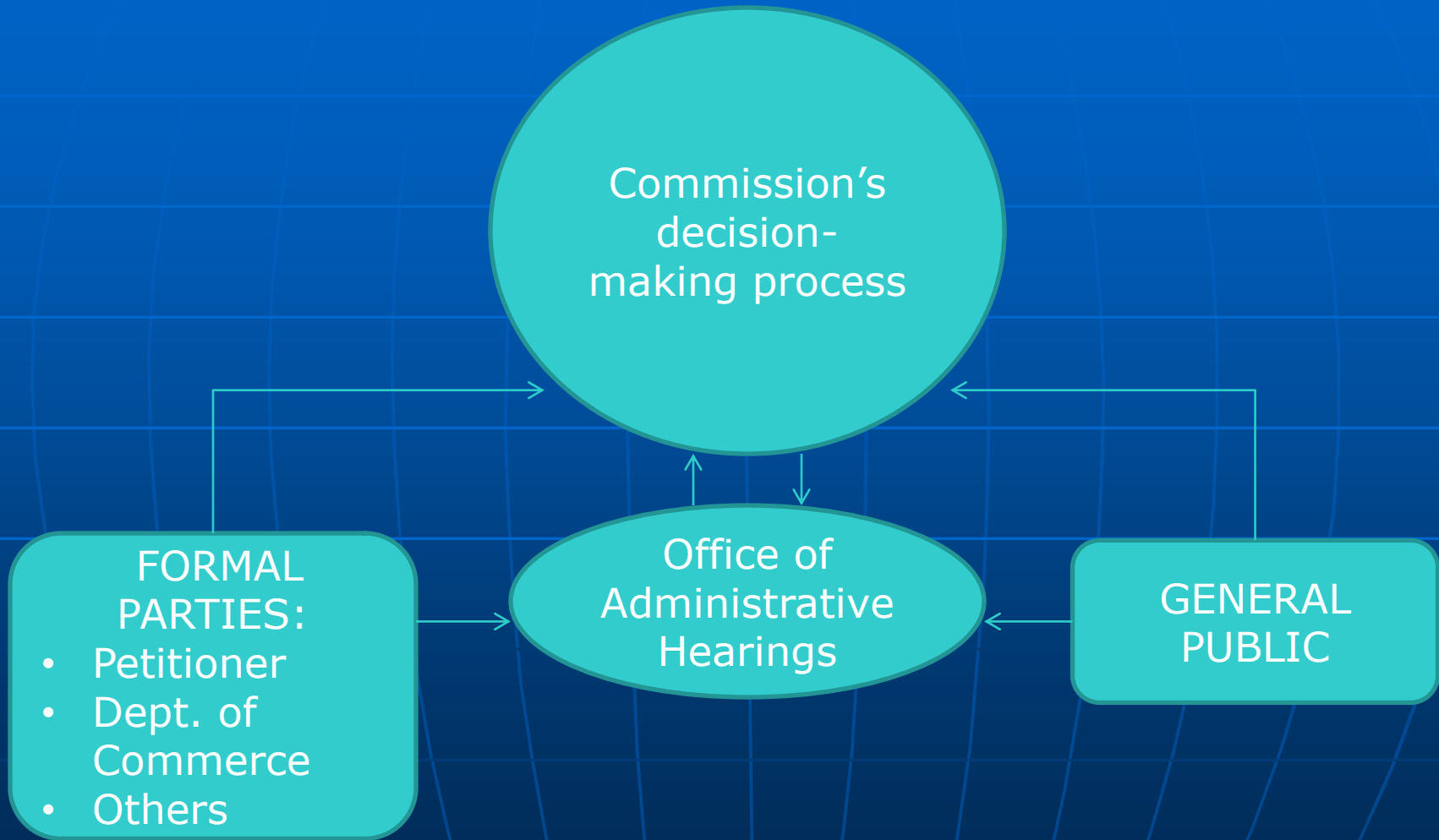
Minnesota Statute Chapter 216A

Statutory Functions

- Quasi-judicial
 - Decisions based on formal record; judicial decision-making procedures
- Legislative
 - Promulgation of rules
- Administrative
 - Investigative authority; responsible for enforcement

Minnesota Statute Section 216A.02

Comparison to other entities



Commission Conduct

- Code of Conduct:
 - Meetings must be open to the public
 - Conflict of interest
 - Employment Restrictions
 - Ex Parte Communications
 - Decisions based on formal record
 - Written orders explaining rationale

Minnesota Rules Chapter 7845

Code of Conduct

- Purpose:
 - To enhance the integrity of the decision-making process;
 - To enhance the stability of the regulatory process as an economic institution;
 - To help instill public faith in the providing utility services.

Funding

- Assessment of utilities
- Budget proposal approved by Governor; final budget approved by Legislature
- Recover nearly 100% of all expenditures for General Fund

Minnesota Statutes Sections 216B.62 & 237.295

Major Activities in Energy

- Setting Rates: General Rate Cases
Minnesota Statute Section 216B.16
- Planning: Resource Planning and Transmission Planning
Minnesota Statute Sections 216B.2422 & 216B.2425
- Approval of Large Energy Facilities: Certificate of Need & Site or Route Permit
Minnesota Statute Sections 216B.243; 216E; 216F & 216G

Rate Cases

- Two major decision elements:
 - Revenue requirement
 - Rate design
- Formal record development - OAH
 - Hearings
 - Public hearings
 - Evidentiary hearings before ALJ
- Formal record goes back to PUC – decision within 10 months from filing

Minnesota Statutes Section 216B.16

Resource Planning

- Filed biennially by investor-owned utilities (IOUs), generation & transmission cooperative (G&Ts), and 2 municipal joint action agencies
- Threshold issue: Compare expected demand growth (15 year horizon) to generation needs
- Allows stakeholders to participate in long-term planning

Minnesota Statutes Section 216B.2422

Transmission Planning in Minnesota

- Filed biennially by utilities that own or operate transmission lines in Mn.
- Report must include:
 - Reasonably foreseeable inadequacies
 - Alternative options for addressing inadequacies
 - Economic, environmental and social issues associated with each alternative
 - Summary of public input (public hearings required)
- PUC can, as part of the transmission planning process, certify need for a line that meets Certificate of Need criteria.

Minnesota Statutes Section 216B.2425

Certificate of Need

- Threshold issue: Determining whether a proposed large energy facility is in the public interest
- Large energy facility [Mn. Stat. §216B.2421]:
 - Generating plant - ≥ 50 MW + lines needed for interconnection
 - High Voltage Transmission Line (HVTL) - ≥ 200 KV & > 1500 ft
 - HVTL - ≥ 100 KV with > 10 miles in Mn., or crosses border
 - Any facility for nuclear fuel processing, waste storage or disposal
 - Pipeline for coal, petroleum or its derivatives > 6 " in diameter & > 50 miles in MN
 - Pipeline for transporting natural gas @ > 200 lb/in² & > 50 miles in MN
 - Various gas storage facilities
 - Facilities to convert material into combustible fuel

Minnesota Statute Section 216B.243

Siting and Routing

- Threshold issue: Identifying the best *location* for a large energy facility found to be in the public interest
- Facilities covered:
 - Electric generating plants: ≥ 50 MW
 - Transmission lines: ≥ 100 kV and > 1500 feet in length
 - Large wind energy conversion systems ≥ 5 MW
 - Pipelines designed to transport hazardous liquids with a nominal diameter of ≥ 6 inches; or,
 - Gas pipeline designed to be operated at > 275 lbs/inch²

Minnesota Statute Chapters 216E, 216F, & 216G

Transmission Planning in the Midwest Region

- Midwest Independent System Operator – Midwest ISO or MISO
 - Grid operator
 - Grid planning and expansion
 - Focusing on regional resource planning issues
- Organization of MISO states
 - Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Montana, North Dakota, South Dakota, Wisconsin & [Manitoba]

Major Activities in Telecommunications

- Minnesota Telecommunications Goals
 - Minnesota Statute Section 237.011
- Policy change in 1990s– Deregulation & reliance on market
- Commission's primary focus:
 - Ensuring competitive telecommunications markets in MN
 - Maintaining quality of service

Consumer Affairs

- Mediation of ratepayer complaints concerning utility and local telephone services
- Public Advisor
- Administer Cold Weather "Rule"
- Administer Telephone Discount Programs

THANK YOU!!

www.puc.state.mn.us