



Public Utilities Commission: Agency and Budget Overview House Energy Policy and Finance Committee

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Mike Bull, Deputy Exec Secretary

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Agenda

- Agency mission and jurisdiction
- Agency structure and organization
- Agency highlights and performance
- PUC operating budget
- FY 26/27 budget initiatives
- Recent legislation: implementation

PUC Mission

- ***Our mission*** is to improve the lives of all Minnesotans by ensuring safe, reliable, and sustainable utility services at just and reasonable rates.
- ***Our obligation*** is to implement the statutes as written by the legislature
- Specific statutes include:
 - Utility Rate Cases – 216B.16
 - Long Range Utility Resource Planning – 216B.2422
 - Transmission Planning – 216B.2425
 - Natural Gas Innovation Plans – 216B.2427
 - Carbon Free and Renewable Standards – 216B.1691

Independent Regulatory Agency

Elements of all three branches of government:

- ***Quasi-judicial*** when resolving disputes between parties
- ***Quasi-legislative*** when setting forward-looking rates or setting industry-wide policies as directed by the Legislature
- ***Administrative*** when enforcing statutes, rules or orders

A decision-making board of five commissioners:

- Appointed by the Governor
- Confirmed by the Senate
- Staggered six-year terms
- Removable only for cause
- Not a member of the Governor's Cabinet

Decision-Making Process, and Code of Conduct

Strict restrictions on decision-making:

- Every decision based solely on the record
- Every decision subject to Open Meeting Law
- No ex parte communications
- Decisions communicated only through written orders



Enforcing the Regulatory Compact

Comprehensive regulation of essential energy services provided by for-profit utilities

Minnesota law requires all energy utilities –

- To provide safe and reliable essential energy service
- To all customers in their service territory
- That complies with state law
- At just, reasonable and nondiscriminatory rates

In exchange –

- Energy utilities have the exclusive right to serve all customers in their territories
- Rate regulated utilities are entitled to recover the proven cost of service, plus a reasonable return

What We Regulate

- **Set Rates** for Investor-Owned Utilities and Dakota Electric
- **Enforce Service Quality**
 - Electric and Natural Gas
 - Landline Telephone Service
- **Oversee Comprehensive Energy System Planning**
 - Generation planning and resource selection
 - Transmission planning and investment
 - Distribution planning and investment
 - Natural Gas Resource Planning
- **Determine Need and Issue Permits** for Large Energy Infrastructure
- Implementation of **State Energy Policy**

PUC Staff

- Regulatory Analysis Division
 - Financial Analysis Unit
 - Economic Analysis Unit
 - Energy Facilities Permitting Unit
 - Regional Energy Program
- Energy Infrastructure Permitting Division (Effective 7/1/2025)
- Consumer Affairs Office
- Legal Services – Order Writing and Legal Counsel
- Business Office/Administrative Services

PUC Highlights by the Numbers

- With one of the smallest Commission staffs in the country, the MN Public Utilities Commission:
 - Disallowed over \$1.7 billion in proposed rate increases over the past 4 years
 - Manages an average of 765 unique dockets annually over the past 5 years; reduced extension requests by 180 in 2024.
 - 640% increase in comments received on facilities dockets (7,671 in 2024) across 34 permit proceedings, with 54 public hearings.
 - Through the Consumer Affairs Office, engages in over 35,000 contacts annually with consumers and utilities; obtained over \$304,000 in bill credits and refunds for consumers in 2024.

Dashboard

Key indicators

Reliability



MN electric IOUs: 95.43 Minutes

■ Average MN IOU residential ■ National average

Minnesotans served by IOUs have reliable power. When power does go out, the lights come back on quicker than the national average.

Consumer costs

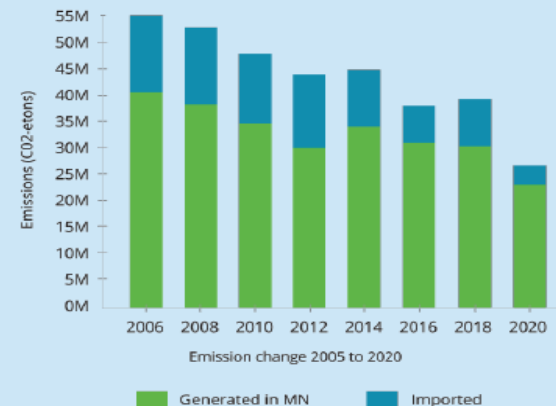


MN IOU residential bill average v. national average

■ Average MN IOU residential ■ National average

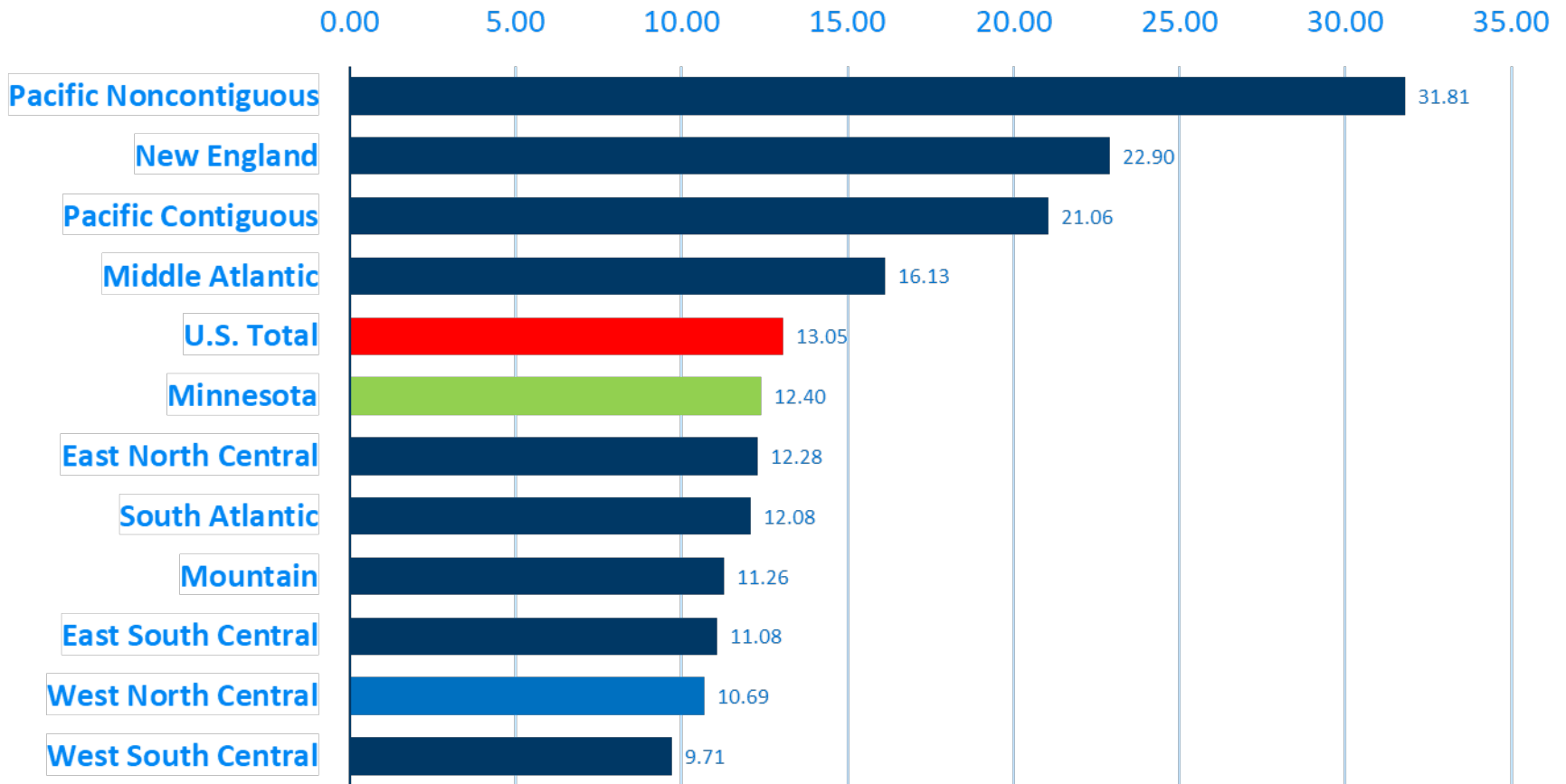
Minnesotans served by IOUs generally pay less than customers in other states. Our state's average residential bill is almost \$60 cheaper than the national average.

Emissions



Emissions from electricity generation are falling. Since 2005, CO2 emission have dropped by about 10 million tons.

Average Price of Electricity – All Sectors



FY 24-25 PUC Operating Budget

- PUC Operating Budget (2024/2025)
 - \$11.55 million in FY24 and \$11.39 million in FY25 from the General Fund
 - 100% recovered and returned to General Fund through assessment process
- \$825 thousand was disbursed in FY24/25 for Telephone Assistance Program (TAP) Fund bill credits
- \$1 million RDA grant for statewide carbon pipeline study

FY 2026-27 Budget Proposals

Operating Adjustment

- \$236k/\$478k
- Enterprise-wide adjustment to address cost increases such as employer-paid health care contributions, salary and compensation-related costs, IT costs, etc.

Tribal Liaison

- \$170k/\$170k
- The 2024 Minnesota Legislature added the Commission to MN 10.65
- One dedicated FTE to fully comply with statutory requirements

FY 2026-27 Budget Initiatives

Gas-Electric Comprehensive Resource Planning

- \$553k/\$553k for 3 FTE and modeling licenses to address growing regulatory responsibilities for natural gas & electric system oversight
- Weather events, policy changes, and industry trends are driving a need to coordinate in the both sectors

Technology Maintenance and Innovation

- \$820k/\$820k for 5 FTE for IT maintenance and modernization
- Basic IT applications the PUC relies on are outdated and require ongoing maintenance
- Improved technology will enhance public participation

2024 Legislation: Implementation Highlights

Thermal Energy Network Deployment Work Group (Docket No. G999/CI-24-275) (Hemmingsen-Jaeger/McEwen)

- Convened by the Commission to explore potential regulatory opportunities and development barriers to thermal energy networks; final report to Legislature by Dec 31, 2025

Grid Enhancing Technologies (Kraft/McEwen)

- Any entity owning more than 750 miles of transmission lines in Minnesota must evaluate and analyze feasibility and cost-effectiveness of installing grid enhancing technologies at congested areas, and propose an implementation plan in its biannual transmission report

2024 Legislation: Implementation Highlights

Interconnection and Distribution Upgrades (Docket No. E002,E015,E017/CI-24-288) (Acomb/Xiong)

- PUC proceeding to establish standards for sharing costs necessary to upgrade utility distribution systems to allow for interconnection of distributed generation facilities;
Ombudsperson

Landlords/Third-Party Billers (Docket No. E,G999/CI-24-399) (Hollins/Dibble)

- New law imposes comprehensive requirements on landlords/TPBs regarding shared-metered residential buildings; bills must be based on actual submetered readings; landlords/TPBs must offer payment plans and inform tenants about availability of LIHEAP and right to seek complaint resolution from PUC's Consumer Affairs Office.

2024 Legislation: Permitting Reform (Effective 7/1/2025)

- Representative Long and Senator Frentz
- Transferred Environmental Review staff to PUC
- Established formal pre-application process
- Created two review processes created: Standard and Major
- Allows Environmental Assessments to be prepared by applicant under Standard Review, subject to review
- Eliminate CN requirement in some circumstances (gen-tie lines if associated with renewable projects)

Implementation of Other Recent Legislation

- **Natural Gas Innovation Act (2021)**
 - Rep. Stephenson and Senator Weber
- **Energy Conservation and Optimization Act (2021)**
 - Rep. Stephenson and Senator Rarick
- **Carbon-Free Standard (2023)**
 - Representative Long and Senator Frentz

Stay Informed: Resources Available

- Subscribe to our Monthly Newsletter
- Attend a public meeting (virtual or in-person):
 - [Mn.gov/puc/about-us/calendar](https://mn.gov/puc/about-us/calendar)
- Follow us on X and LinkedIn:
 - @MN_PUC
- Constituents need help with their utilities?
 - (651) 296-0406,
consumer.puc@state.mn.us
- Participate in PUC proceedings. The following is available online:
 - Instructional videos
 - Online comment submission
 - Open comment periods
 - eDockets

Thank You!

Questions?

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