

March 9, 2026

Members of the Minnesota House of Representatives Energy Finance and Policy Committee

Re: HF 3777 — Commission required to promote affordable service and consider customers' ability to pay rates

Dear Co-Chair Acomb, Co-Chair Swedzinski, and Members of the House Energy Committee,

Minnesota's rate regulated utilities are regulated by the Minnesota Public Utilities Commission (PUC). Minnesota's utility regulatory compact provides an agreement between rate regulated utilities and regulators, where utilities invest prudently and provide safe, reliable, and affordable service at fair rates, while regulators thoroughly review those investments and rates, including fair returns.

As noted in 216B.03 Reasonable Rate, the PUC determines rates that "shall be just and reasonable". Therefore, the addition of new language: promote affordable service for all Minnesotans may be considered duplicative to "just" rates, but we have no concerns with this addition to statute.

Our concerns are found on lines 2.3 to 2.5:

In determining whether a return is fair and reasonable, the commission must give due consideration to customers' ability to pay the rates used to fund the return.

Rates are determined wholistically and many variables are considered, leading to the decision to what is the appropriate amount needed to provide energy services to customers. In this decision-making process considerations of affordability are included with safety, reliability, and investments in infrastructure and the personnel who build and maintain this infrastructure. The new language shifts how these important priorities are considered and can be interpreted such that affordability has a higher priority than safety and reliability. In providing utility service, service that Minnesotans rely on during the warmest and coldest days, safe and reliable service are key and the entire costs to provide that service should be considered together. It also has the potential to stifle investment in innovative concepts, new technology adoption, and infrastructure to meet Minnesota's statutory and economic needs.

We live in the communities that we have the privilege to serve and are very cognizant of costs to our neighbors. We ask for continued balance in our responsibility to provide safe, reliable, affordable, and increasingly decarbonized energy to our customers.

Sincerely,

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CEO
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