

HOUSE RESEARCH

Bill Summary

File Number: H.F. 3243
Version: As introduced

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Authors: Rarick and others

Subject: Inclusion of prepaid pension expenses in public utility rate base

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The federal Pension Protection Act of 2006 established new minimum pension funding requirements. For some companies, these new rules meant that the amount required to be paid into pension accounts in order to fund future pension expenses began to exceed the amount needed to pay current pension obligations.

House File 3243 allows a public utility to include these excess pension contributions in the utility's rate base, the sum of all its past and present investments that provide energy services to customers, on which the utility is allowed to earn a rate of return fixed by the Minnesota Public Utilities Commission. If made part of the rate base, these excess contributions would be recovered from customers through rates.