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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3777

02/26/2026 Authored by Mahamoud The bill was read for the first time and referred to the Committee on Energy Finance and Policy

1.1 A bill for an act
1.2 relating to energy; requiring the commission to promote affordable service and
1.3 consider customers' ability to pay rates; amending Minnesota Statutes 2024, sections
1.4 216B.03; 216B.16, subdivision 6.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 216B.03, is amended to read:

1.7 216B.03 REASONABLE RATE.

1.8 Every rate made, demanded, or received by any public utility, or by any two or more
1.9 public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably
1.10 preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable,
1.11 and consistent in application to a class of consumers. To the maximum reasonable extent,
1.12 the commission shall set rates to promote affordable service for all Minnesotans, encourage
1.13 energy conservation and renewable energy use, and to further the goals of sections 216B.164,
1.14 216B.241, and 216C.05. Any doubt as to reasonableness should be resolved in favor of the
1.15 consumer. For rate-making purposes a public utility may treat two or more municipalities
1.16 served by it as a single class wherever the populations are comparable in size or the conditions
1.17 of service are similar.

1.18 Sec. 2. Minnesota Statutes 2024, section 216B.16, subdivision 6, is amended to read:

1.19 Subd. 6. Factors considered, generally. The commission, in the exercise of its powers
1.20 under this chapter to determine just and reasonable rates for public utilities, shall give due
1.21 consideration to the public need for adequate, efficient, and reasonable service and to the
1.22 need of the public utility for revenue sufficient to enable it to meet the cost of furnishing

2.1 the service, including adequate provision for depreciation of its utility property used and
2.2 useful in rendering service to the public, and to earn a fair and reasonable return upon the
2.3 investment in such property. In determining whether a return is fair and reasonable, the
2.4 commission must give due consideration to customers' ability to pay the rates used to fund
2.5 the return. In determining the rate base upon which the utility is to be allowed to earn a fair
2.6 rate of return, the commission shall give due consideration to evidence of the cost of the
2.7 property when first devoted to public use, to prudent acquisition cost to the public utility
2.8 less appropriate depreciation on each, to construction work in progress, to offsets in the
2.9 nature of capital provided by sources other than the investors, and to other expenses of a
2.10 capital nature. For purposes of determining rate base, the commission shall consider the
2.11 original cost of utility property included in the base and shall make no allowance for its
2.12 estimated current replacement value. If the commission orders a generating facility to
2.13 terminate its operations before the end of the facility's physical life in order to comply with
2.14 a specific state or federal energy statute or policy, the commission may allow the public
2.15 utility to recover any positive net book value of the facility as determined by the commission.