

A bill for an act

relating to energy; establishing Energy Reliability and Intervention Office within Department of Commerce to replace Energy Issues Intervention Office and energy reliability administrator; making conforming changes; amending Minnesota Statutes 2010, sections 216B.62, subdivisions 2, 3; 216C.052; repealing Minnesota Statutes 2010, section 216A.085.

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

Section 1. Minnesota Statutes 2010, section 216B.62, subdivision 2, is amended to read:

Subd. 2. **Assessing specific utility.** Whenever the commission or department, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary, in order to carry out the duties imposed under this chapter and section ~~216A.085~~ 216A.14 (1) to investigate the books, accounts, practices, and activities of, or make appraisals of the property of, any public utility, (2) to render any engineering or accounting services to any public utility, or (3) to intervene before an energy regulatory agency, the public utility shall pay the expenses reasonably attributable to the investigation, appraisal, service, or intervention. The commission and department shall ascertain the expenses, and the department shall render a bill therefor to the public utility, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so rendered by the department shall be paid by the public utility into the state treasury within 30 days from the date of rendition. The total amount, in any one calendar year, for which any public utility shall become liable, by reason of costs incurred by the commission within that calendar year, shall not exceed two-fifths of one percent of the gross operating revenue from retail sales of gas, or electric service by the public utility within the state in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred

within any calendar year which are in excess of two-fifths of one percent of the gross operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 3, but shall be paid out of the general appropriation to the department and commission. In the case of public utilities offering more than one public utility service only the gross operating revenues from the public utility service in connection with which the investigation is being conducted shall be considered when determining this limitation.

Sec. 2. Minnesota Statutes 2010, section 216B.62, subdivision 3, is amended to read:

Subd. 3. **Assessing all public utilities.** The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to public utilities under sections ~~216A.085~~ 216A.14 and 216B.01 to 216B.67, other than amounts chargeable to public utilities under subdivision 2, 6, 7, or 8. The remainder shall be assessed by the commission and department to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been transmitted via mail, personal delivery, or electronic service to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed one-sixth of one percent of the total gross operating revenues of the public utilities during the calendar year from retail sales of gas or electric service within the state. The assessment for the third quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 3. Minnesota Statutes 2010, section 216C.052, is amended to read:

216C.052 ENERGY RELIABILITY ADMINISTRATOR AND INTERVENTION OFFICE.

Subdivision 1. **Responsibilities.** ~~(a) There is established the position of reliability administrator.~~ The Energy Reliability and Intervention Office is established in the Department of Commerce to represent the interests of Minnesota residents, businesses, and governments before bodies and agencies outside the state that make, interpret, or implement regional, national, and international energy policy and regulate and implement regional or national energy planning or infrastructure development. ~~The administrator office shall act as a source of independent expertise and a technical advisor to~~ advice for

the commissioner of commerce, the Public Utilities Commission, and the public on issues related to the reliability and economics of the electric system. Under the guidance of the commissioner and the commission, the office shall also participate and advocate for the state's interests in other regional, national, and international energy matters potentially impacting Minnesota. In conducting its work, the ~~administrator~~ office shall provide assistance to the commissioner and the commission, as requested, in administering and implementing the department's duties under this section and sections 216B.1612, 216B.1691, 216B.2422, 216B.2425, and 216B.243; chapters 216E, 216F, and 216G; and rules associated with ~~those provisions~~ these sections and shall also:

(1) model and monitor in the state as well as regionally, nationally, and internationally, as appropriate, the use and operation of the energy infrastructure ~~in the state, including~~ which includes generation facilities, transmission lines, natural gas pipelines, new and emerging energy technologies, demand response and energy efficiency technologies, and other energy infrastructure;

(2) develop and present to the commissioner and the commission ~~and parties technical advice and analyses of on~~ proposed infrastructure projects, ~~and provide technical advice to the commission~~ within and outside of the state that could impact the state;

(3) present independent, factual, expert, and technical information on infrastructure proposals and reliability issues at public meetings ~~hosted by the task force, the Environmental Quality Board, the department, or the commission.~~

(b) Upon request and subject to resource constraints, the administrator shall provide technical assistance regarding matters unrelated to applications for infrastructure improvements to the task force, the department, or the commission.

(c) ~~The administrator may not advocate for any particular outcome in a commission proceeding, but~~ office may give policy or technical advice to the commission as to the impact on the reliability and economic viability of the energy system of a particular project or projects of any state, region, or nation.

Subd. 2. **Administrative issues.** ~~(a) The commissioner may select the administrator. The administrator must have at least five years of experience working as a power systems engineer or transmission planner, or in a position dealing with power system reliability issues, and may not have been a party or a participant in a commission energy proceeding for at least one year prior to selection by the commissioner. The commissioner shall oversee and direct the work of the administrator office, annually review the its expenses of the administrator, and annually approve the its budget of the administrator. The administrator commissioner may hire staff and may contract for technical expertise in performing duties when existing state resources are required for other state responsibilities~~

or when special expertise is required. ~~The salary of the administrator is governed by section 15A.0815, subdivision 2.~~

(b) Costs relating to a specific proceeding, analysis, or project are not general administrative costs. For purposes of this section, "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

(c) The Department of Commerce shall pay:

(1) the general administrative costs of the ~~administrator~~ office, not to exceed \$1,000,000 in a fiscal year, and shall assess energy utilities for those administrative costs. These costs must be consistent with the budget approved by the commissioner under paragraph (a). The department shall apportion the costs among all energy utilities in proportion to their respective gross operating revenues from sales of gas or electric service within the state during the last calendar year, and shall then render a bill to each utility on a regular basis; and

(2) costs relating to a specific proceeding analysis or project and shall render a bill to the specific energy utility or utilities participating in the proceeding, analysis, or project directly, either at the conclusion of a particular proceeding, analysis, or project, or from time to time during the course of the proceeding, analysis, or project.

(d) For purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision. The amount of the bills rendered by the department under paragraph (c) must be paid by the energy utility into an account in the special revenue fund in the state treasury within 30 days from the date of billing and is appropriated to the department for the purposes provided in this section. The commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover amounts paid by utilities under this section. All amounts assessed under this section are in addition to amounts appropriated to the commission and the department by other law.

~~Subd. 4. Expiration. Subdivisions 1 and 2 expire June 30, 2012. Subdivision 3 expires June 30, 2008.~~

Sec. 4. REVISOR'S INSTRUCTION.

The revisor of statutes shall renumber Minnesota Statutes, section 216C.052, as Minnesota Statutes, section 216A.14, and also make necessary cross-reference changes consistent with this renumbering.

- 5.1
- Sec. 5. **REPEALER.**
- 5.2
- Minnesota Statutes 2010, section 216A.085, is repealed.

216A.085 ENERGY ISSUES INTERVENTION OFFICE.

Subdivision 1. **Creation.** There is created within the Department of Commerce an Intervention Office to represent the interests of Minnesota residents, businesses, and governments before bodies and agencies outside the state that make, interpret, or implement national and international energy policy.

Subd. 2. **Duties.** The Intervention Office shall determine those areas in which state intervention is most needed, most likely to have a positive impact, and most effective for the broad public interest of the state. The office shall seek recommendations from appropriate public and private sources before deciding which cases merit intervention.

Subd. 3. **Staffing.** The Intervention Office shall be under the control and supervision of the commissioner of commerce. The commissioner may hire staff or contract for outside services as needed to carry out the purposes of this section. The attorney general shall act as counsel in all intervention proceedings.