

1.1 A bill for an act

1.2 relating to energy; allowing for advance determination of prudence determination  
1.3 by Public Utilities Commission for certain environmental projects of a public  
1.4 utility; proposing coding for new law in Minnesota Statutes, chapter 216B.

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

1.6 Section 1. **[216B.1695] ENVIRONMENTAL PROJECTS; ADVANCE**  
1.7 **DETERMINATION OF PRUDENCE.**

1.8 Subdivision 1. **Qualifying project.** A public utility may petition the commission  
1.9 for an advance determination of prudence for a project that reduces air emissions from  
1.10 the public utility's electric generating facilities, provided that the project's estimated  
1.11 jurisdictional cost to Minnesota ratepayers is at least \$10,000,000, and that the project is  
1.12 undertaken to comply with:

1.13 (1) a permit or order issued by the Pollution Control Agency, or a requirement of  
1.14 the state implementation plan; or

1.15 (2) an air quality standard under section 111 or 112 of the federal Clean Air Act,  
1.16 United States Code, title 42, section 7411 or 7412.

1.17 Subd. 2. **Petition.** A petition filed under this section must include a description of  
1.18 the project, evidence supporting the project's reasonableness, a discussion of project  
1.19 alternatives, a project implementation schedule, a cost estimate and support for the  
1.20 reasonableness of the estimated cost, and a description of the public utility's efforts to  
1.21 ensure the lowest reasonable costs. Following receipt of the Pollution Control Agency's  
1.22 verification under subdivision 3, the commission shall allow opportunity for oral and  
1.23 written comment on the petition. The commission shall rule on the petition within seven  
1.24 months of its filing date.

2.1            Subd. 3. **Verification.** At least 30 days prior to filing a petition to the commission  
2.2 under subdivision 2, the utility shall file notice with the Pollution Control Agency that  
2.3 describes the project and how it qualifies under subdivision 1. The Pollution Control  
2.4 Agency shall, within 30 days of receipt of the notice, verify that the project qualifies under  
2.5 subdivision 1, and shall forward written verification to the commission.

2.6            Subd. 4. **Cost recovery.** Following the commission's advance determination of  
2.7 prudence, a public utility may begin to recover costs under this section in the public  
2.8 utility's next general rate case. The commission may review the costs incurred to verify  
2.9 that the costs were reasonable and may determine whether to require an allowance for  
2.10 funds used during construction.

2.11            **EFFECTIVE DATE.** This section is effective the day following final enactment.