

Sec. 10. SENTENCING GUIDELINES
COMMISSION

For the costs of providing training on
and auditing of criminal justice infor-
mation systems reporting requirements.

50,000

50,000

Presented to the governor May 17, 1993

Signed by the governor May 20, 1993, 2:17 p.m.

CHAPTER 327—S.F.No. 1437

*An act relating to utilities; setting requirements for exit sign illumination for new build-
ings; eliminating advance forecast requirements for public electric utilities submitting
advance forecasts in an integrated resource plan; requiring cooperative electric associations
and municipal utilities to comply with standards set by public utilities commission relating to
electrical current or voltage; allowing extension of utility rate hearings in certain cases; elimi-
nating district heating loan program; setting conditions for certain utility contracts; regulat-
ing the provision of water service to communities near Duluth; making technical changes;
amending Minnesota Statutes 1992, sections 16B.61, subdivision 3; 116C.54; 216B.09;
216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2 and by adding a subdivision;
216B.43; 216B.48, subdivisions 1, 3, and 4; 216C.17, subdivision 3; 216C.37, subdivision 1;
299F.011, subdivision 4c; 446A.03, subdivision 1; 446A.10, subdivision 2; and 465.74, subdi-
visions 1, 4, and 6; Laws 1981, chapter 354, section 4; repealing Minnesota Statutes 1992,
section 216C.36; Minnesota Rules, parts 7665.0200; 7665.0210; 7665.0220; 7665.0230;
7665.0240; 7665.0250; 7665.0300; 7665.0310; 7665.0320; 7665.0330; 7665.0340; 7665.0350;
7665.0360; 7665.0370; and 7665.0380.*

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

Section 1. Minnesota Statutes 1992, section 16B.61, subdivision 3, is amended to read:

Subd. 3. **SPECIAL REQUIREMENTS.** (a) **SPACE FOR COMMUTER VANS.** The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) **SMOKE DETECTION DEVICES.** The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) **DOORS IN NURSING HOMES AND HOSPITALS.** The state build-

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ing code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) CHILD CARE FACILITIES IN CHURCHES; GROUND LEVEL EXIT. A licensed day care center serving fewer than 30 preschool age persons and which is located in a below ground space in a church building is exempt from the state building code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) CHILD CARE FACILITIES IN CHURCHES; VERTICAL ACCESS. Until August 1, 1996, an organization providing child care in an existing church building which is exempt from taxation under section 272.02, subdivision 1, clause (5), shall have five years from the date of initial licensure under chapter 245A to provide interior vertical access, such as an elevator, to persons with disabilities as required by the state building code. To obtain the extension, the organization providing child care must secure a \$2,500 performance bond with the commissioner of human services to ensure that interior vertical access is achieved by the agreed upon date.

(f) FAMILY AND GROUP FAMILY DAY CARE. The commissioner of administration shall establish a task force to determine occupancy standards specific and appropriate to family and group family day care homes and to examine hindrances to establishing day care facilities in rural Minnesota. The task force must include representatives from rural and urban building code inspectors, rural and urban fire code inspectors, rural and urban county day care licensing units, rural and urban family and group family day care providers and consumers, child care advocacy groups, and the departments of administration, human services, and public safety.

By January 1, 1989, the commissioner of administration shall report the task force findings and recommendations to the appropriate legislative committees together with proposals for legislative action on the recommendations.

Until the legislature enacts legislation specifying appropriate standards, the definition of Group R-3 occupancies in the state building code applies to family and group family day care homes licensed by the department of human services under Minnesota Rules, chapter 9502.

(g) MINED UNDERGROUND SPACE. Nothing in the state building codes shall prevent cities from adopting rules governing the excavation, construction, reconstruction, alteration, and repair of mined underground space pursuant to sections 469.135 to 469.141, or of associated facilities in the space once the space has been created, provided the intent of the building code to establish reasonable safeguards for health, safety, welfare, comfort, and security is maintained.

(h) ENCLOSED STAIRWAYS. No provision of the code or any appendix

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chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(i) **DOUBLE CYLINDER DEAD BOLT LOCKS.** No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(j) **RELOCATED RESIDENTIAL BUILDINGS.** A residential building relocated within or into a political subdivision of the state need not comply with the state energy code or section 326.371 provided that, where available, an energy audit is conducted on the relocated building.

(k) **AUTOMATIC GARAGE DOOR OPENING SYSTEMS.** The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(l) **EXIT SIGN ILLUMINATION.** For a new building on which construction is begun on or after October 1, 1993, or an existing building on which remodeling affecting 50 percent or more of the enclosed space is begun on or after October 1, 1993, the code must prohibit the use of internally illuminated exit signs whose electrical consumption during nonemergency operation exceeds 20 watts of resistive power ~~with a maximum total power consumption of 40 volt amperes (VA).~~ All other requirements in the code for exit signs must be complied with. ~~Power consumption in volt amperes is the resistive power divided by the power factor.~~

Sec. 2. Minnesota Statutes 1992, section 116C.54, is amended to read:

116C.54 ADVANCE ~~FORECASTING~~ FORECAST REQUIREMENT.

Subdivision 1. REPORT. Every utility which owns or operates, or plans within the next 15 years to own or operate large electric power generating plants or high voltage transmission lines shall develop forecasts as specified in this section. On or before July 1 of each even-numbered year, every such utility shall submit a report of its forecast to the board. The report may be appropriate portions of a single regional forecast or may be jointly prepared and submitted by two or more utilities and shall contain the following information:

(1) Description of the tentative regional location and general size and type of all large electric power generating plants and high voltage transmission lines to be owned or operated by the utility during the ensuing 15 years or any longer period the board deems necessary;

(2) Identification of all existing generating plants and transmission lines projected to be removed from service during any 15 year period or upon completion of construction of any large electric power generating plants and high voltage transmission lines;

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(3) Statement of the projected demand for electric energy for the ensuing 15 years and the underlying assumptions for this forecast, such information to be as geographically specific as possible where this demand will occur;

(4) Description of the capacity of the electric power system to meet projected demands during the ensuing 15 years;

(5) Description of the utility's relationship to other utilities and regional associations, power pools or networks; and

(6) Other relevant information as may be requested by the board.

On or before July 1 of each odd-numbered year, a utility shall verify or submit revisions to items (1) and (2).

Subd. 2. EXCEPTION. Public electric utilities submitting advance forecasts containing all information specified in subdivision 1 as part of an integrated resource plan filed pursuant to public utilities commission rules shall be excluded from the annual reporting requirement of this section.

Sec. 3. Minnesota Statutes 1992, section 216B.09, is amended to read:

216B.09 STANDARDS; CLASSIFICATIONS; RULES; PRACTICES.

Subdivision 1. COMMISSION AUTHORITY, GENERALLY. The commission, ~~after hearing upon reasonable notice had upon~~ on its own motion or upon complaint and after reasonable notice and hearing, may ascertain and fix just and reasonable standards, classifications, rules, or practices to be observed and followed by any or all public utilities with respect to the service to be furnished;

Subd. 2. ELECTRIC SERVICE. The commission, on its own motion or upon complaint and after reasonable notice and hearing, may ascertain and fix adequate and reasonable standards for the measurement of the quantity, quality, pressure, initial voltage, or other condition pertaining to the supply of the service; prescribe reasonable rules for the examination and testing of the service and for the measurement thereof; establish or approve reasonable rules, specifications, and standards to secure the accuracy of all meters, instruments and equipment used for the measurement of any service of any public utility. In this subdivision, service standards or requirements governing any current or voltage originating from the practice of grounding of electrical systems apply to cooperative associations and municipal utilities providing or furnishing retail electric service to agricultural customers.

Subd. 3. FILINGS. Any standards, classifications, rules, or practices now or hereafter observed or followed by any public utility may be filed by it with the commission, and the same shall continue in force until amended by the public utility or until changed by the commission as herein provided.

The commission may require the filing of all rates, including rates charged to and by public utilities.

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Subd. 4. APPEARANCES BEFORE FEDERAL AGENCY. The commission is empowered to appear before the Federal ~~Power~~ Energy Regulatory Commission to offer evidence and to seek appropriate relief in any case in which the rates charged consumers within the state of Minnesota may be affected.

Sec. 4. Minnesota Statutes 1992, section 216B.16, subdivision 1, is amended to read:

Subdivision 1. **NOTICE.** Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits ~~including an energy conservation improvement plan pursuant to section 216B.241,~~ supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. If the filing utility does not have an approved conservation improvement plan on file with the department of public service, it shall also include in its notice an energy conservation plan pursuant to section 216B.241. The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.

Sec. 5. Minnesota Statutes 1992, section 216B.16, subdivision 1a, is amended to read:

Subd. 1a. **SETTLEMENT.** (a) When a public utility submits a general rate filing, the office of administrative hearings, before conducting a contested case hearing, shall convene a settlement conference including all of the parties for the purpose of encouraging settlement of any or all of the issues in the contested case. If a stipulated settlement is not reached before the contested case hearing, the office of administrative hearings may reconvene the settlement conference during or after completion of the contested case hearing at its discretion or a party's request. The office of administrative hearings or the commission may, upon the request of any party and the public utility, extend the procedural schedule of the contested case in order to permit the parties to engage in settlement discussions. An extension must be for a definite period of time not to exceed 60 days.

(b) If the applicant and all intervening parties agree to a stipulated settlement of the case or parts of the case, the settlement must be submitted to the commission. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing. The commission may accept the settlement on finding that to do so is in the public interest and is supported by substantial evidence. If the commission does not accept the settlement, it may issue an order modifying the settlement subject to the approval of the parties. Each party shall have ten days in which to reject the proposed modi-

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fication. If no party rejects the proposed modification, the commission's order becomes final. If the commission rejects the settlement, or a party rejects the commission's proposed modification, a contested case hearing must be completed.

Sec. 6. Minnesota Statutes 1992, section 216B.16, subdivision 2, is amended to read:

Subd. 2. **SUSPENSION OF PROPOSED RATES; HEARING; FINAL DETERMINATION DEFINED.** (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in ~~paragraph (b)~~ this subdivision or subdivision 1a. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All pre-hearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission; the schedule is deemed to have been approved 12 months after the initial filing and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.

(b) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general

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rates because of the need to make final determinations of other previously filed cases involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made final determinations in the previously filed cases. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(c) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 7. Minnesota Statutes 1992, section 216B.16, subdivision 3, is amended to read:

Subd. 3. **INTERIM RATES.** Notwithstanding any order of suspension of a proposed increase in rates, the commission shall order an interim rate schedule into effect not later than 60 days after the initial filing date. The commission shall order the interim rate schedule ex parte without a public hearing. Notwithstanding the provisions of sections 216.25, 216B.27 and 216B.52, no interim rate schedule ordered by the commission pursuant to this subdivision shall be subject to an application for a rehearing or an appeal to a court until the commission has rendered its final determination. Unless the commission finds that exigent circumstances exist, the interim rate schedule shall be calculated using the proposed test year cost of capital, rate base, and expenses, except that it shall include: (1) a rate of return on common equity for the utility equal to that authorized by the commission in the utility's most recent rate proceeding; (2) rate base or expense items the same in nature and kind as those allowed by a currently effective order of the commission in the utility's most recent rate proceeding; and (3) no change in the existing rate design. In the case of a utility which has not been subject to a prior commission determination, the commission shall base the interim rate schedule on its most recent determination concerning a similar utility.

If, at the time of its final determination, the commission finds that the interim rates are in excess of the rates in the final determination, the commission shall order the utility to refund the excess amount collected under the interim rate schedule, including interest on it which shall be at the rate of interest determined by the commission. The utility shall commence distribution of the refund to its customers within 120 days of the final order, not subject to rehearing or appeal. If, at the time of its final determination, the commission finds that the interim rates are less than the rates in the final determination, the commission shall prescribe a method by which the utility will recover the difference in revenues ~~from~~ between the date of the final determination ~~to~~ and the date the new rate schedules are put into effect. In addition, when an extension is granted for settlement discussions under subdivision 1a, the commission shall allow the utility to also recover the difference in revenues for a length of time equal to the length of the extension.

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If the public utility fails to make refunds within the period of time prescribed by the commission, the commission shall sue therefor and may recover on behalf of all persons entitled to a refund. In addition to the amount of the refund and interest due, the commission shall be entitled to recover reasonable attorney's fees, court costs and estimated cost of administering the distribution of the refund to persons entitled to it. No suit under this subdivision shall be maintained unless instituted within two years after the end of the period of time prescribed by the commission for repayment of refunds. The commission shall not order an interim rate schedule in a general rate case into effect as provided by this subdivision until at least four months after it has made a final determination concerning any previously filed change of the rate schedule or the change has otherwise become effective under subdivision 2, unless:

(1) the commission finds that a four month delay would unreasonably burden the utility, its customers, or its shareholders and that an earlier imposition of interim rates is therefore necessary; or

(2) the utility files a second general rate case at least 12 months after it has filed a previous general rate case for which the commission has extended the suspension period under subdivision 2.

Sec. 8. Minnesota Statutes 1992, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. **LARGE ENERGY FACILITY.** "Large energy facility" means:

(a) any electric power generating plant or combination of plants at a single site with a combined capacity of 80,000 kilowatts or more, or any facility of ~~5,000~~ 50,000 kilowatts or more which requires oil, natural gas, or natural gas liquids as a fuel and for which an installation permit has not been applied for by May 19, 1977 pursuant to Minn. Reg. APC 3(a);

(b) any high voltage transmission line with a capacity of 200 kilovolts or more and with more than 50 miles of its length in Minnesota; or, any high voltage transmission line with a capacity of 300 kilovolts or more with more than 25 miles of its length in Minnesota;

(c) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil or their derivatives;

(d) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(e) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

(f) any underground gas storage facility requiring permit pursuant to section 103I.681;

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(g) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(h) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

Sec. 9. Minnesota Statutes 1992, section 216B.2421, is amended by adding a subdivision to read:

Subd. 3. MULTIFUEL FACILITIES; PRIMARY FUEL SOURCE. If more than one fuel source would be used for any electric power generating plant or combination of plants at a single site, the primary fuel source determines whether the facility is a large energy facility.

Sec. 10. Minnesota Statutes 1992, section 216B.43, is amended to read:

216B.43 HEARINGS; COMPLAINTS.

Upon the filing of an application under section 216B.42 or upon complaint by an affected utility that the provisions of sections 216B.39 to 216B.42 have been violated, the commission shall hold a hearing, upon notice, within ~~45~~ 30 days after the filing of the ~~application~~ of complaint, and shall render its decision within 30 days after ~~said~~ the hearing.

Sec. 11. Minnesota Statutes 1992, section 216B.48, subdivision 1, is amended to read:

Subdivision 1. **DEFINITION OF AFFILIATED INTERESTS.** "Affiliated interests" with a public utility means the following:

(a) Every corporation and person owning or holding directly or indirectly five percent or more of the voting securities of such public utility.

(b) Every corporation and person in any chain of successive ownership of five percent or more of voting securities.

(c) Every corporation five percent or more of whose voting securities is owned by any person or corporation owning five percent or more of the voting securities of such public utility or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities.

(d) Every person who is an officer or director of such public utility or of any corporation in any chain of successive ownership of five percent or more of voting securities.

(e) Every corporation operating a public utility or a servicing organization for furnishing supervisory, construction, engineering, accounting, legal and similar services to utilities, which has one or more officers or one or more directors in common with the public utility, and every other corporation which has direc-

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tors in common with the public utility where the number of the directors is more than one-third of the total number of the utility's directors.

(f) Every corporation or person which the commission may determine as a matter of fact after investigation and hearing is actually exercising any substantial influence over the policies and actions of the public utility even though the influence is not based upon stockholding, stockholders, directors or officers to the extent specified in this section.

(g) Every person or corporation who or which the commission may determine as a matter of fact after investigation and hearing is actually exercising substantial influence over the policies and actions of the public utility in conjunction with one or more other corporations or persons with which or whom they are related by ownership or blood relationship or by action in concert that together they are affiliated with such public utility within the meaning of this section even though no one of them alone is so affiliated.

(h) Every subsidiary of a public utility.

(i) Every part of a corporation in which an operating division is a public utility.

Sec. 12. Minnesota Statutes 1992, section 216B.48, subdivision 3, is amended to read:

Subd. 3. **CONTRACTS.** No contract or arrangement, including any general or continuing arrangement, providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right, or thing, or for the furnishing of any service, property, right, or thing, other than those above enumerated, made or entered into after January 1, 1975 between a public utility and any affiliated interest as defined in Laws 1974, chapter 429 subdivision 1, clauses (a) to (h), or any arrangement between a public utility and an affiliated interest as defined in subdivision 1, clause (i), made or entered into after August 1, 1993, shall be is valid or effective unless and until the contract or arrangement has received the written approval of the commission. Regular recurring transactions under a general or continuing arrangement that has been approved by the commission are valid if they are conducted in accordance with the approved terms and conditions. It shall be the duty of Every public utility ~~to~~ shall file with the commission a verified copy of the contract or arrangement, or a verified summary of the unwritten contract or arrangement, and also of all the contracts and arrangements, whether written or unwritten, entered into prior to January 1, 1975, or, for the purposes of subdivision 1, clause (i), prior to August 1, 1993, and in force and effect at that time. The commission shall approve the contract or arrangement made or entered into after that date only if it ~~shall~~ clearly ~~appear~~ appears and ~~be is~~ established upon investigation that it is reasonable and consistent with the public interest. No contract or arrangement ~~shall~~ may receive the commission's approval unless satisfactory proof is submitted to the commission of the cost to the affiliated interest of rendering the services or of furnishing the property or service ~~described~~

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herein to each public utility. ~~No Proof shall be is~~ satisfactory within the meaning of the foregoing sentence unless only if it includes the original or verified copies of the relevant cost records and other relevant accounts of the affiliated interest, or an abstract or summary as the commission may deem adequate, properly identified and duly authenticated, provided, however, that the commission may, where reasonable, approve or disapprove the contracts or arrangements without the submission of cost records or accounts. The burden of proof to establish the reasonableness of the contract or arrangement ~~shall be is~~ on the public utility.

Sec. 13. Minnesota Statutes 1992, section 216B.48, subdivision 4, is amended to read:

Subd. 4. **CONTRACTS WITH CONSIDERATION LESS THAN \$10,000 NOT EXCEEDING \$50,000.** The provisions of this section requiring the written approval of the commission shall not apply to transactions with affiliated interests where the amount of consideration involved is not in excess of ~~\$10,000~~ \$50,000 or five percent of the capital equity of the utility whichever is smaller; provided, however, that regularly recurring payments under a general or continuing arrangement which aggregate a greater annual amount shall not be broken down into a series of transactions to come within the aforesaid exemption. Such transactions shall be valid or effective without commission approval under this section. However, in any proceeding involving the rates or practices of the public utility, the commission may exclude from the accounts of such public utility any payment or compensation made pursuant to the transaction unless the public utility shall establish the reasonableness of the payment or compensation.

Sec. 14. Minnesota Statutes 1992, section 216C.17, subdivision 3, is amended to read:

Subd. 3. **DUPLICATION.** The commissioner shall, to the maximum extent feasible, provide that forecasts required under this section be consistent with material required by other state and federal agencies in order to prevent unnecessary duplication. Public electric utilities submitting advance forecasts containing all information specified in section 116C.54, subdivision 1, as part of an integrated resource plan filed pursuant to public utilities commission rules shall be excluded from the annual reporting requirement in subdivision 2.

Sec. 15. Minnesota Statutes 1992, section 216C.37, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** In this section:

(a) "Commissioner" means the commissioner of public service. ~~Upon passage of legislation creating a body known as the Minnesota public facilities authority, the duties assigned to the commissioner in this section are delegated to the authority.~~

(b) "Maxi-audit" means a detailed engineering analysis of energy-saving improvements to existing buildings or stationary energy-using systems, including

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(1) modifications to building structures; (2) heating, ventilating, and air conditioning systems; (3) operation practices; (4) lighting; and (5) other factors that relate to energy use. The primary purpose of the engineering analysis is to quantify the economic and engineering feasibility of energy-saving improvements that require capital expenditures or major operational modifications.

(c) "Energy conservation investments" ~~mean~~ means all capital expenditures that are associated with conservation measures identified in a maxi-audit or energy project study, and that have a ten-year or less payback period. ~~Public school districts that received a federal institutional building grant in 1984 to convert a heating system to wood, and that apply for an energy conservation investment loan to match a federal grant for wood conversion, shall be allowed to calculate payback of conservation measures based on the costs of the traditional fuel in use prior to the wood conversion.~~

(d) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(e) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

Sec. 16. Minnesota Statutes 1992, section 299F.011, subdivision 4c, is amended to read:

Subd. 4c. **EXIT SIGN ILLUMINATION.** For a new building on which construction is begun on or after October 1, 1993, or an existing building on which remodeling affecting 50 percent or more of the enclosed space is begun on or after October 1, 1993, the uniform fire code must prohibit the use of internally illuminated exit signs whose electrical consumption during nonemergency operation exceeds 20 watts of resistive power ~~with a maximum total power consumption of 40 volt amperes (VA).~~ All other requirements in the code for exit signs must be complied with. ~~Power consumption in volt amperes is the resistive power divided by the power factor.~~

Sec. 17. Minnesota Statutes 1992, section 446A.03, subdivision 1, is amended to read:

Subdivision 1. **MEMBERSHIP.** The Minnesota public facilities authority consists of the commissioner of trade and economic development, the commissioner of finance, ~~the commissioner of public service,~~ the commissioner of the pollution control agency, and three additional members appointed by the governor from the general public with the advice and consent of the senate.

Sec. 18. Minnesota Statutes 1992, section 446A.10, subdivision 2, is amended to read:

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Subd. 2. **OTHER RESPONSIBILITIES.** (a) The responsibilities for the health care equipment loan program under Minnesota Statutes 1986, section 116M.07, subdivisions 7a, 7b, and 7c; the ~~public school energy conservation loan program under section 216C.37; and the district heating and qualified energy improvement loan program under section 216C.36,~~ are transferred from the Minnesota energy and economic development authority to the Minnesota public facilities authority. ~~The commissioner of public service shall continue to administer the municipal energy grant and loan programs under section 216C.36 and the school energy loan program under section 216C.37 until the commissioner of trade and economic development has adopted rules to implement the financial administration of the programs as provided under sections 216C.36, subdivisions 2, 3b, 3c, 8, 8a, and 11, and 216C.37, subdivisions 1 and 8.~~

(b) Except as otherwise provided in this paragraph, section 15.039 applies to the transfer of responsibilities. The transfer includes 8-1/2 positions from the financial management division of the department of trade and economic development to the community development division of the department of trade and economic development. ~~The commissioner of trade and economic development and the commissioner of public service shall determine which classified and unclassified positions associated with the responsibilities of the grant and loan programs under section 216C.36 and the school energy loan program under section 216C.37 are transferred to the commissioner of public service and which positions are transferred to the commissioner of trade and economic development in order to carry out the purposes of Laws 1987, chapter 386, article 3.~~

Sec. 19. Minnesota Statutes 1992, section 465.74, subdivision 1, is amended to read:

Subdivision 1. **CITIES OF THE FIRST CLASS.** Any city operating or authorized to operate a public utility pursuant to chapter 452 or its charter is authorized to acquire, construct, own, and operate a municipal district heating system pursuant to the provisions of that chapter or its charter. Acquisition or construction of a municipal district heating system shall not be subject to the election requirement of sections 452.11 and 452.12, or city charter provision, but must be approved by a three-fifths vote of the city's council or other governing body. Loans obtained by a municipality pursuant to Minnesota Statutes 1992, section 216C.36 are not subject to the limitations on the amount of money which may be borrowed upon a pledge of the city's full faith and credit or the election requirements for general obligation borrowing, contained in section 452.08.

Sec. 20. Minnesota Statutes 1992, section 465.74, subdivision 4, is amended to read:

Subd. 4. **NET DEBT LIMITS.** The loan obligations or debt incurred by a political subdivision pursuant to section ~~216C.36~~ or 475.525, or Minnesota Statutes 1992, section 216C.36, shall not be considered as a part of its indebtedness under the provisions of its governing charter or of any law of this state fixing a limit of indebtedness.

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Sec. 21. Minnesota Statutes 1992, section 465.74, subdivision 6, is amended to read:

Subd. 6. **DEFINITION.** For the purposes of this section, and chapters 474 and 475, "district heating system" means any existing or proposed facility for (1) the production, through cogeneration or otherwise, of hot water or steam to be used for district heating, or (2) the transmission and distribution of hot water or steam for district heating either directly to heating consumers or to another facility or facilities for transmission and distribution, or (3) any part or combination of the foregoing facilities.

In keeping with the public purpose of ~~section 216C.36, subdivision 1,~~ to encourage state and local leadership and aid in providing available and economical district heating service, the definition of "district heating system" under this section should be broadly construed to allow municipal government sufficient flexibility and authority to evaluate and undertake such policies and projects as will most efficiently and economically encourage local expansion of district heating service.

Sec. 22. Laws 1981, chapter 354, section 4, is amended to read:

Sec. 4. **HERMANTOWN, PROCTOR, RICE LAKE, AND DULUTH; WATER SERVICE.**

Subdivision 1. **DEFINITION.** For the purposes of this section, "local government unit or units" means the cities of Hermantown and Proctor and the town of Rice Lake.

Subd. 2. **REQUEST FOR SERVICE.** By September 1, 1981, the city of Hermantown a local government unit shall submit to the city of Duluth a request for water service including the volume of water needed and the number of years for which the service is requested.

Subd. ~~2.~~ **3. CONTRACT OFFER; RATE.** By April 1, 1982, The city of Duluth shall offer a contract to the city of Hermantown a local government unit to provide the service requested by the city of Hermantown local government unit at a rate determined by the city of Duluth. The rate shall be based on a reasonable allocation of the capital, repair and operating expenses of the Duluth water system which are attributable to the water service requested by the city of Hermantown local government unit, including the full cost of any capital construction and repairs required by the volume of service to the city of Hermantown local government unit. The rate for each local government unit shall provide for an amortization of any construction costs reflected in the rate over a reasonable period not to exceed the terms of the proposed contract.

Subd. ~~3.~~ **4. APPEAL TO PUBLIC UTILITIES COMMISSION.** Not later than 90 days after the city of Duluth offers a contract under subdivision ~~2~~ 3, the city of Hermantown a local government unit may appeal the rate determined by the city of Duluth by filing a petition with the public utilities commission. If a

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petition is filed, the city shall file its answer within 30 days after the petition is filed. The commission, after public notice and hearing, shall determine whether the rate is just and reasonable consistent with the provisions of subdivision ~~2~~ 3. Not later than 120 days after a petition of the city of ~~Hermantown~~ is filed, the commission shall affirm the rate or, if it finds that the rate is not just and reasonable, determine a just and reasonable rate. The rulemaking and contested case procedures of sections ~~15.0412~~ 14.05 to ~~15.0422~~ 14.62 shall not apply to any proceeding required by this subdivision.

Subd. ~~4~~ 5. **CONTRACT.** Not later than 90 days after the rate is affirmed or determined by the commission or, if no appeal is taken under subdivision ~~3~~ 4, not later than 90 days after a contract is offered under subdivision ~~2~~ 3, the cities of ~~Hermantown~~ a local government unit and Duluth shall enter a contract for provision of water service by the city of Duluth to the city of ~~Hermantown~~ local government unit. The rate for the service shall be the rate determined by the city of Duluth pursuant to subdivision ~~2~~ 3 or, if the commission has affirmed or determined a rate, the rate affirmed or determined by the commission.

Sec. 23. VENTILATION STANDARDS REPORT.

The department of administration, building code division, shall in consultation with the department of public service develop recommended ventilation standards for single family homes to include mechanical ventilation or other types of ventilation standards and report the proposed standards to the legislature by January 15, 1994.

Sec. 24. REPEALER.

Minnesota Statutes 1992, section 216C.36, is repealed.

Minnesota Rules, parts 7665.0200; 7665.0210; 7665.0220; 7665.0230; 7665.0240; 7665.0250; 7665.0300; 7665.0310; 7665.0320; 7665.0330; 7665.0340; 7665.0350; 7665.0360; 7665.0370; and 7665.0380, are repealed.

Sec. 25. EFFECTIVE DATE.

Sections 1 and 15 are effective the day following final enactment.

Under Minnesota Statutes 1992, section 645.023, subdivision 1, clause (a), section 22 is effective without local approval on the day following final enactment.

Presented to the governor May 17, 1993

Signed by the governor May 20, 1993, 4:23 p.m.

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