

SENATE  
STATE OF MINNESOTA  
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 2315

(SENATE AUTHORS: BENSON and Brown)

DATE	D-PG	OFFICIAL STATUS
03/08/2012	4240	Introduction and first reading
		Referred to Energy, Utilities and Telecommunications
03/19/2012		Comm report: To pass as amended and re-refer to Finance

A bill for an act  
relating to utilities; requiring utility rates be based primarily on cost of service  
between and among consumer classes; making clarifying and technical changes;  
making changes to the low-income affordability program; amending Minnesota  
Statutes 2010, sections 216B.03; 216B.07; 216B.16, by adding subdivisions.

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

Section 1. Minnesota Statutes 2010, section 216B.03, is amended to read:

**216B.03 REASONABLE RATE.**

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

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

Sec. 2. Minnesota Statutes 2010, section 216B.07, is amended to read:

**216B.07 RATE PREFERENCE PROHIBITED.**

No public utility shall, as to rates or service, make or grant any unreasonable preference or advantage to any person or class of consumers or subject any person or class of consumers to any unreasonable prejudice or disadvantage.

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

Sec. 3. Minnesota Statutes 2010, section 216B.16, is amended by adding a subdivision to read:

Subd. 6e. **Revenue allocation among consumer classes.** Cost of service shall be the primary consideration in the commission's determination of revenue allocation among consumer classes. Factors other than cost of service, including impact on business development and job growth, may also be considered and evaluated by the commission in determining revenue allocations. Revenue allocation among consumer classes that deviates from the cost of service must be supported by clear and convincing record evidence.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to filings for rate changes filed on and after that date.

Sec. 4. Minnesota Statutes 2010, section 216B.16, is amended by adding a subdivision to read:

Subd. 15a. **Electric utility low-income affordability program improvements.**  
(a) This subdivision applies only to investor-owned electric public utilities with more than 100,000 residential service customers as of the effective date of this section.

(b) The Department of Commerce, in consultation with other interested parties, is authorized to review and make recommendations to improve low-income affordability programs under subdivision 15.

(c) In addition to the requirements under subdivision 15, any affordability program implemented by a public utility subject to this subdivision must also:

(1) be designed to increase the percentage of low-income residential ratepayers enrolled in the program;

(2) have an adequate and stable source of funding; and

(3) operate efficiently and with minimal administrative expenses.

(d) The allocation and recovery of costs for affordability programs approved under this subdivision must be determined on the basis of each public utility's number of customers. Cost cannot be allocated to rate classes on the basis of revenue or volume of consumption, and cannot be recovered from ratepayers through a volumetric charge.

3.1            (e) Any proposed improvements under paragraph (c) are subject to review and  
3.2            approval by the commission. The Department of Commerce is authorized to administer  
3.3            or assist in the administration of low-income affordability programs approved by the  
3.4            commission under this subdivision.

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