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Fiscal Note

2023-2024 Legislative Session

HF2439 - 0 - Compensation for Participants in PUC Proceedings

Chief Author: **Athena Hollins**
 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **3/7/2023 12:47:33 PM**
 Agency: **Public Utilities Commission**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	.25	.25	.25	.25
Total	-	.25	.25	.25	.25

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 3/7/2023 12:47:33 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	32	32	32	32	32
Total		-	32	32	32	32
Biennial Total				64		64
2 - Revenues, Transfers In*						
General Fund	-	32	32	32	32	32
Total		-	32	32	32	32
Biennial Total				64		64

Bill Description

Minnesota Statutes, §216B.16, subdivision 10, currently provides for compensation to formal intervenors in Public Utilities Commission (PUC) electric and natural gas rate case proceedings if the intervenor has materially assisted the Commission and would face financial hardship absent an award of compensation. Any one intervenor cannot receive more than \$50,000 in one proceeding.

This bill would expand the types of proceedings for which the PUC could award compensation, expand the types of entities that could apply for compensation, and increase the potential amount of compensation. The bill establishes the process for participants to seek compensation and sets limits on the amount of compensation that may be received by participants and paid by utilities. The proposal allows the Commission to issue orders allowing a utility to recover costs associated with participant compensation on a timely basis.

The Commission must file a report with the legislature by July 1, 2025, that includes, but is not limited to:

- The amount of compensation paid each year by each utility;
- Each recipient of compensation, the Commission dockets in which compensation was awarded, and the compensation amounts; and
- The impact of the Commission's adoption of the positions of compensated participants.

Assumptions

In the last 15 years, there have been seven requests for intervenor compensation in rate cases under the existing statute, six of them from the same entity. The seventh request was from an individual and was denied. Therefore, processing intervenor compensation requests has not taken a significant amount of time in the recent past. The PUC assumes that by expanding the types of proceedings, expanding the entities that are eligible, and increasing the amount of compensation available for participants there will be more requests for compensation and more interest by other stakeholders in those requests.

It is difficult to estimate how many petitions for compensation the PUC will receive annually. In addition to rate cases (which are the only type of proceeding covered under current law), the bill would provide for intervenor compensation for a wide variety of possible proceedings, such as resource plans, renewable energy standards, distribution plans, certificates of need, and miscellaneous rates.

Given the potential for an increased number of requests, the changed criteria for evaluation, and the higher possible

compensation amounts, the PUC assumes there will be at least 3 requests for compensation annually. We assume that with different and more entities requesting compensation and the changes in evaluation criteria, considerably more PUC staff resources will need to be devoted to each request than in the recent past, since there have been few requests in the last 15 years, and mostly all from the same entity. There also is the potential for utility cost recovery requests. The PUC also must file a one-time report by July 1, 2025.

Therefore, the PUC will need additional resources of .25 FTE at a Rates Analyst 3 level. Additionally, given that there is no sunset to this provision, this will be an ongoing resource need.

Current bill language does not appropriate funds to the Commission. If additional funds are appropriated, they would be recovered from the rate-regulated utilities and credited back to the general fund.

Expenditure and/or Revenue Formula

			FY23	FY24	FY25
Salary - 0.25 Rates Analyst 3			20,744	20,744	20,744
Fringe			6,223	6,223	6,223
Other Personnel Related Costs			5,052	5,052	5,052
Total			32,019	32,019	32,019

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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