

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F.1830

DATE: March 23, 2004

Version: First Engrossment

Authors: Westrom

Subject: Modifying certain energy statutes

Analyst: Bob Eleff, 651-296-8961

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

House File 1830 has three parts. The first part modifies the electric rate discount for low-income customers required of all public utilities with more than 200,000 residential customers. Currently, the program provides a 50 percent discount on the first 300 kilowatt hours consumed monthly to all participating customers with incomes below 50 percent of the state median income (\$18,885 for an individual, \$36,318 for a family of four).

This bill changes that allocation. While the total amount of available assistance will continue to be calculated based on the 50 percent discount, those monies will be targeted to customers with the lowest incomes and highest energy costs. Customers whose energy bills represent a high proportion of their income will receive more assistance; those whose energy bills represent a lower proportion of their income will receive less assistance, or none at all. Customers who are 62 years of age and older or disabled will continue to receive an amount of assistance, at a minimum, equivalent to the 50 percent discount rate.

The second part of the bill changes the qualifying criteria to enable some small municipal electric utilities to have less burdensome reporting requirements with respect to biennial reports filed with the Department of Commerce regarding their conservation improvement programs.

The bill also repeals the statutory definition of "budget plan" for residential energy customers.

Section

Section

- 1** **Low-income electric rate discount.** Modifies the low-income electric rate discount program by targeting funds to participating customers with the lowest incomes and highest energy costs. Low-income customers who are 62 years of age or older or disabled will continue to receive, at a minimum, a 50 percent discount on the first 300 kilowatt hours consumed monthly. For other low-income customers, the amount of assistance they receive will vary directly with the proportion of their income represented by energy bills. Some low-income customers whose energy bills are a small percentage of their income will no longer receive assistance through this program. This modification is designed to lower the percentage of income low-income customers devote to energy bills, increase their payments, and reduce utilities' collection costs.
- 2** **Conservation improvement by cooperative association or municipality.** Changes the criteria governing reporting requirements with respect to conservation improvement expenditures for municipalities delivering electricity. This section would allow municipalities with less than 60,000,000 kilowatt hours in annual electricity sales to file with the Department of Commerce a letter from the municipal utility's governing board certifying that the required amount of annual conservation spending has been spent on such programs, in place of a more extensive overview and evaluation required of larger utilities. Under current law, only municipalities with gross revenues of less than \$2.5 million in electricity sales annually may file such a letter.
- 3** **Repealer.** This section repeals Minnesota Statutes 2002, section 325E.015, which defines budget payment plans for residential energy customers.