

HF1289 - 0 - Participant Compensation Provisions; PUC

Chief Author: **Athena Hollins**
 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **3/18/2021 10:08:08 AM**
 Lead Agency: **Public Utilities Commission**
 Other Agencies:
 Commerce Dept

| 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 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
| Commerce Dept | - | - | - | - | - | - |
| General Fund | - | - | - | - | - | - |
| Public Utilities Commission | | | | | | |
| General Fund | - | 28 | 28 | 28 | 28 | 28 |
| State Total | | | | | | |
| General Fund | - | 28 | 28 | 28 | 28 | 28 |
| Total | - | 28 | 28 | 28 | 28 | 28 |
| Biennial Total | | | 56 | | | 56 |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
| Commerce Dept | - | - | - | - | - |
| General Fund | - | .25 | .25 | .25 | .25 |
| Public Utilities Commission | | | | | |
| General Fund | - | .25 | .25 | .25 | .25 |
| Total | - | .5 | .5 | .5 | .5 |

Lead 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: Christian Larson **Date:** 3/18/2021 10:08:08 AM
Phone: 651-284-6436 **Email:** christian.larson@lbo.leg.mn

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 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
| Commerce Dept | - | - | - | - | - |
| General Fund | - | - | - | - | - |
| Public Utilities Commission | | | | | |
| General Fund | - | 28 | 28 | 28 | 28 |
| Total | - | 28 | 28 | 28 | 28 |
| Biennial Total | | | 56 | | 56 |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | |
| Commerce Dept | - | - | - | - | - |
| General Fund | - | 30 | 30 | 30 | 30 |
| Public Utilities Commission | | | | | |
| General Fund | - | 28 | 28 | 28 | 28 |
| Total | - | 58 | 58 | 58 | 58 |
| Biennial Total | | | 116 | | 116 |
| 2 - Revenues, Transfers In* | | | | | |
| Commerce Dept | - | - | - | - | - |
| General Fund | - | 30 | 30 | 30 | 30 |
| Public Utilities Commission | | | | | |
| General Fund | - | - | - | - | - |
| Total | - | 30 | 30 | 30 | 30 |
| Biennial Total | | | 60 | | 60 |

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 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **3/18/2021 10:08:08 AM**
 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 | |
|-----------------------|----------|--------|--------|----------|--------|
| | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
| Dollars in Thousands | | | | | |
| General Fund | - | 28 | 28 | 28 | 28 |
| Total | - | 28 | 28 | 28 | 28 |
| Biennial Total | | | 56 | | 56 |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
| 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: Christian Larson **Date:** 3/18/2021 10:06:12 AM
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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 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | |
| General Fund | - | 28 | 28 | 28 | 28 | 28 |
| Total | - | 28 | 28 | 28 | 28 | 28 |
| Biennial Total | | | 56 | | | 56 |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| General Fund | - | 28 | 28 | 28 | 28 | 28 |
| Total | - | 28 | 28 | 28 | 28 | 28 |
| Biennial Total | | | 56 | | | 56 |
| 2 - Revenues, Transfers In* | | | | | | |
| General Fund | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

Bill Description

HF1289-0 modifies Minnesota Statutes, §216B.16, subdivision 10. The existing statute provides for compensation to formal intervenors in Public Utilities Commission (PUC) rate case proceedings if the intervenor has materially assisted the Commission and would face financial hardship absent an award of compensation.

The bill would expand the types of proceedings for which compensation could be awarded, expand the types of entities that could apply for compensation to include tribal governments, eliminate the financial hardship criterion, and increase the potential amount of compensation. Additionally, the proposal requires the Commission to allow a utility to recover costs associated with participant compensation.

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 substantial time in the recent past. The PUC assumes that by expanding the types of proceedings, eliminating the need criteria, increasing the amount of compensation available for participants, and by allowing utilities to recover costs, 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. The bill is not clear as to whether it applies only to proceedings under Minnesota Statutes 216B, or could also apply to other types of proceedings. Given that the bill amends 216B.16 for purposes of this fiscal note, the PUC assumes that it is limited to proceedings under 216B, which still includes a wide variety of possible proceedings in addition to rate cases 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 changing criteria for evaluation, and the cost recovery analysis that would be required in separate proceedings with the utilities, the PUC assumes there will be at least 3 requests for compensation annually. PUC staff will need to perform analysis of each filing, write briefing papers for Commissioners, and review compliance and cost-recovery filings for each compensation request. We assume that with different and more entities requesting compensation and the changes in evaluation criteria, considerably more 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. Therefore, it 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. It is general fund neutral.

Expenditure and/or Revenue Formula

| | | | | |
|----------------------|--------|--------|--------|--------|
| Salary | FY22 | FY23 | FY24 | FY25 |
| Rates Analyst 3 | 17,732 | 17,732 | 17,732 | 17,732 |
| Fringe | 5,320 | 5,320 | 5,320 | 5,320 |
| Other Employee Costs | 4,842 | 4,842 | 4,842 | 4,842 |
| TOTAL Cost | 27,894 | 27,894 | 27,894 | 27,894 |

Long-Term Fiscal Considerations

The need for staffing resources will be ongoing.

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Kay Urquhart

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Chief Author: **Athena Hollins**
 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **3/18/2021 10:08:08 AM**
 Agency: **Commerce Dept**

| 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 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
| General Fund | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
| 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: Christian Larson **Date:** 3/17/2021 8:47:50 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 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | |
| General Fund | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| General Fund | - | 30 | 30 | 30 | 30 | 30 |
| Total | - | 30 | 30 | 30 | 30 | 30 |
| Biennial Total | | | 60 | | | 60 |
| 2 - Revenues, Transfers In* | | | | | | |
| General Fund | - | 30 | 30 | 30 | 30 | 30 |
| Total | - | 30 | 30 | 30 | 30 | 30 |
| Biennial Total | | | 60 | | | 60 |

Bill Description

HF1289 proposes to modify Minnesota §216B.16, subdivision 10. The existing statute allows for intervenor compensation in specific Minnesota Public Utilities Commission proceedings and the proposed modifications are detailed as follows:

Section 1

Expands the eligibility for different types of entities to receive compensation under this statute. Instead of the eligibility being limited to nonprofit organizations or an individual being granted formal intervenor status, additional participants such as a tax-exempt 501(c)(3) located in Minnesota and governed under Chapter 317A, tribal governments, and Minnesota residents would be eligible for compensation under this proposal. The proposal also eliminates hardship as a criterion for receiving compensation and adjusts the compensation cap for participants by utility size while retaining the requirement to demonstrate there has been a material contribution by the participant. Additionally, the proposal requires the Commission to allow a utility to recover costs associated with participant compensation.

Assumptions

The Department assumes that by expanding the eligibility criteria for participants, increasing the amount available for participants, and by allowing utilities to recover costs, there will be more interest and appeals to the Commission for compensation. The Department assumes that any entity eligible under this proposal can participate in any docket type and petition for compensation. There are scores of entities that could meet the new eligibility criteria. There are also many proceedings eligible entities could participate in including rate cases, rider petitions, integrated resource plans, integrated distribution plans, rate design issues, etc. Given the potential for increased requests, the changing criteria for evaluation, and the cost recovery analysis that would be required in separate proceedings with the utilities, the Department assumes it will need additional resources of .25 FTE at a Public Utilities Rates Analyst 3 (PURA 3) level. Additionally, given that there is no sunset to this provision, this will be an ongoing resource need for the Department.

Commerce assumes these costs will be assessed back to the utilities.

Expenditure and/or Revenue Formula

.25 FTE PURA 3 on an ongoing basis.

| | | | FY22 | FY23 | FY24 |
|-------------------------------|--|--|--------|--------|--------|
| Salary | | | 17,732 | 17,732 | 17,732 |
| Fringe | | | 5,320 | 5,320 | 5,320 |
| Other Personnel Related Costs | | | 6,477 | 6,477 | 6,477 |
| | | | 29,528 | 29,528 | 29,528 |

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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