

# Int. Rates Option 1

The Public Utility Commission shall conduct a study of interim rates for public utilities and report back to the Chairs of the committees with jurisdiction no later than June 30, 2011. The study shall include the following:

- (1) The degree to which interim rates have been different from final rates in rate cases completed over the last five years;
- (2) The items that were significantly reduced or increased in the final rates as compared to interim rates in each such case;
- (3) Alternative methods of setting interim rates that have been used or proposed in other states;
- (4) The benefits and drawbacks of alternative methods of setting interim rates;
- (5) The impact on utilities' customers of interim rates;
- (6) The impact on utilities if interim rates were not awarded;
- (7) Alternative methods of rate regulation that have been used or proposed in other states and that would include a change in interim rates;
- (8) The benefits and drawbacks of alternative rate regulation methods.

# Int. Rates Option 2

## Minnesota Statutes 216B.16 Subd. 3. Interim rate.

(a) 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.

(b) 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.

(c) 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 provided however, if the commission orders final rates that are less than 75% of the interim rate level authorized by the commission, it shall order interest that is 1 percentage point higher than its normal interest rate. 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 between the date of the final determination 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.

(d) 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.

(e) 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.

# Emp. Exp. Option 1

Sec. 2. Minnesota Statutes 2008, section 216B.16, is amended by adding a subdivision to read:

Subd. 17. **Travel, entertainment, and related employee expenses.** (a) The commission may not allow as operating expenses a public utility's travel, entertainment, and related employee expenses that the commission deems unreasonable and unnecessary for the provision of utility service. In order to assist the commission in evaluating the travel, entertainment, and related employee expenses that may be allowed for ratemaking purposes, a public utility filing a general rate case petition shall provide a one-page summary of the total amounts for each expense category included in the petitioning utility's proposed test year for all test year travel, entertainment, and related employee expenses as specified by the commission, including but not limited to the following categories:

(1) air and lodging expenses;

(2) meal expenses;

(3) recreational and entertainment expenses;

(4) board of director-related expenses

(5) board of directors compensation including a description of and the amount of all compensation;

(6) employee expenses for all officers either incurred by or allocated to the utility ;

(7) dues and expenses for memberships in organizations or clubs;

(8) gift expenses;

(9) expenses related to owned, leased, or chartered aircraft; and

(10) lobbying expenses.

(b) the utility must separately itemize every travel, entertainment, and related employee expense, including but not limited to the categories of expenses contained in paragraph incurred by any officer of either the utility or its parent that was charged to the utility during the most recent fiscal year inclusive of the date of the expense, the amount of the expense, the vendor name, and the business purpose of the expense.

(c) All travel, entertainment, and related employee expenses provided by a public utility for ratemaking purposes as set forth in paragraphs (a) and (b) are to be construed as public data that does not meet the definition of nonpublic data or trade secret information under section 13.37, nor is it privileged data under rules of privilege recognized by law.

# Emp. Exp. Option 2

Subd. 17. Travel, entertainment, and related employee expenses. (a) The  
3.4 commission may not allow as operating expenses a public utility's travel, entertainment,  
3.5 and related employee expenses that the commission deems unreasonable and unnecessary  
3.6 for the provision of utility service. In order to assist the commission in evaluating the  
3.7 travel, entertainment, and related employee expenses that may be allowed for ratemaking  
3.8 purposes, a public utility filing a general rate case petition shall include a schedule  
3.9 separately itemizing all travel, entertainment, and related employee expenses as specified  
3.10 by the commission.

(b) The Commission shall also <sup>by order</sup> establish guidelines for the reporting and inclusion of the  
following expenses by utilities in general rate case petitions:

3.11(1) travel and lodging expenses;

3.12(2) food and beverage expenses;

3.13(3) recreational and entertainment expenses;

3.14(4) board of director-related expenses, including and separately itemizing all

3.15 compensation and expense reimbursements;

3.16(6) dues and expenses for memberships in organizations or clubs;

3.17(7) gift expenses;

3.18(8) expenses related to owned, leased, or chartered aircraft; and

3.19(9) lobbying expenses.

# Emp. Exp. Option 3

Sec. 2. Minnesota Statutes 2008, section 216B.16, is amended by adding a subdivision to read:

Subd. 17. **Travel, entertainment, and related employee expenses.** (a) The commission may not allow as operating expenses a public utility's travel, entertainment, and related employee expenses that the commission deems unreasonable and unnecessary for the provision of utility service. The commission shall order a utility filing a general rate case to provide such information as the commission deems necessary to accomplish the purposes of this section. Nothing in this section shall be deemed to prevent any party to a general rate case from requesting additional information concerning any such expenses as provided by rule or statute.