

1.1 **Senator Senjem from the Committee on Energy and Utilities Finance and Policy,**
1.2 **to which was referred**

1.3 **S.F. No. 3838:** A bill for an act relating to energy; responding to the polar vortex in
1.4 February 2021; allowing a refundable tax credit for excess energy costs due to extreme cold
1.5 weather in February 2021; requiring utilities to disclose certain information; appropriating
1.6 money.

1.7 Reports the same back with the recommendation that the bill be amended as follows:

1.8 Delete everything after the enacting clause and insert:

1.9 **"Section 1. CUSTOMER HEATING COSTS BILL RELIEF.**

1.10 **Subdivision 1. Definitions.** (a) For the purposes of this section, the following terms have
1.11 the meanings given.

1.12 **(b) "Commission" means the Public Utilities Commission.**

1.13 **(c) "Commissioner" means the commissioner of commerce.**

1.14 **(d) "Supplier" means a person who furnishes propane or heating oil at retail to customers**
1.15 **in Minnesota as their primary heat source.**

1.16 **(e) "Residential customer" means a residential customer of a utility who is subject to**
1.17 **the surcharge authorized by the commission in Docket No. G999/CI-21-135.**

1.18 **(f) "Utility" means a public utility as defined in Minnesota Statutes, section 216B.02,**
1.19 **subdivision 4, that furnishes natural gas at retail to customers in Minnesota.**

1.20 **(g) "Small business customer" means a commercial customer consuming an average of**
1.21 **1500 therms per month or less.**

1.22 **Subd. 2. Purpose.** The legislature recognizes that costs for natural gas, propane, and
1.23 heating oil have increased to levels that have become unaffordable. In order to address the
1.24 issue of heating affordability, the customer heating costs bill relief described in this section
1.25 is provided as a mechanism for relief to customers of utilities and suppliers in this state.

1.26 **Subd. 3. Allocation of appropriation; implementation.** (a) The commissioner shall
1.27 allocate at least 90 percent of the amount appropriated in section 4 among utilities as provided
1.28 in paragraph (c) for bill credits to residential and small business customers of a utility to
1.29 address heating cost affordability.

1.30 **(b) The amounts not allocated for bill credits under paragraph (a) shall be allocated to**
1.31 **suppliers to address heating cost affordability for supplier customers and for administrative**
1.32 **costs for the commissioner.**

- 2.1 (c) To implement the bill credits and relief authorized by this section, the commissioner
- 2.2 shall work with utilities and suppliers to ensure timely distribution of benefits. Funding for
- 2.3 utility customers shall be distributed in proportion to each utility's share of total gas
- 2.4 consumption for residential and small business customers and shall be distributed between
- 2.5 residential and small business customers in proportion to each customer class' share of total
- 2.6 gas consumption.
- 2.7 Subd. 4. **Utility plans.** A utility shall file a plan to implement customer heating costs
- 2.8 bill relief with the commission. The commission shall approve plans submitted to the
- 2.9 commission by each utility.
- 2.10 Subd. 5. **Apportionment of bill credits.** A bill credit issued under this section may be
- 2.11 apportioned to customers over a period of up to 12 months if deemed appropriate by the
- 2.12 commission. Bill credits must be applied to customer bills beginning no later than September
- 2.13 1, 2022.
- 2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 2.15 **Sec. 2. MUNICIPAL UTILITIES; DISCLOSURE OF COSTS; REIMBURSEMENT**
- 2.16 **FOR RESERVE FUNDS.**
- 2.17 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
- 2.18 the meanings given.
- 2.19 (b) "Critical period" means the period beginning February 12, 2021, and ending February
- 2.20 17, 2021.
- 2.21 (c) "Incremental cost" means the incremental cost of natural gas purchased during the
- 2.22 critical period, calculated by multiplying the utility's incremental price by its impacted
- 2.23 volume.
- 2.24 (d) "Incremental price" means the average unit price a utility paid for natural gas
- 2.25 purchased for immediate delivery during the critical period, minus the average natural gas
- 2.26 unit price for wholesale natural gas the utility paid during the period between February 5,
- 2.27 2021, and February 10, 2021.
- 2.28 (e) "Impacted volume" means the volume of natural gas a utility purchased for immediate
- 2.29 delivery in Minnesota during the critical period.
- 2.30 (f) "Utility" means a nonprofit municipal utility established under Minnesota Statutes,
- 2.31 chapter 412, that (1) is owned by the city to which it provides service, and (2) sells natural
- 2.32 gas to retail customers in Minnesota.

- 3.1 Subd. 2. Utilities must disclose increased energy costs. No later than July 1, 2022, a
- 3.2 utility must calculate, for each of its customers that received natural gas service during the
- 3.3 critical period, the incremental price multiplied by the volume of natural gas consumed by
- 3.4 the customer during the critical period. The utility must certify and forward that calculation
- 3.5 in a written notice to each customer.
- 3.6 Subd. 3. Reimbursement for reserve revenues. A utility that paid for wholesale natural
- 3.7 gas purchased during the critical period, in whole or in part, by drawing down accumulated
- 3.8 reserve revenues may apply to the commissioner of commerce for a rebate equal to its
- 3.9 incremental cost minus any payment of its incremental cost by natural gas customers. The
- 3.10 commissioner shall require a utility to submit evidence supporting the rebate request amount
- 3.11 with a rebate application.
- 3.12 Subd. 4. Appropriation. \$35,000,000 in fiscal year 2023 is appropriated from the general
- 3.13 fund to the commissioner of commerce for the purpose of making rebates to municipal
- 3.14 utilities under subdivision 3. This is a onetime appropriation. Any unexpended funds
- 3.15 remaining on December 31, 2022, cancel to the general fund.

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

3.17 **Sec. 3. TAX CREDIT FOR EXCESS ENERGY COSTS FOR MUNICIPAL UTILITY**

3.18 **CUSTOMERS.**

3.19 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have

3.20 the meanings given.

3.21 (b) "Excess energy costs" means the amount of energy costs disclosed to a taxpayer by

3.22 a utility under section 2, subdivision 2.

3.23 (c) The definitions in section 2, subdivision 1, and Minnesota Statutes, section 290.01,

3.24 apply for this section.

3.25 Subd. 2. Credit allowed. (a) An individual income taxpayer is allowed a credit against

3.26 the tax due under Minnesota Statutes, chapter 290, equal to the amount of the taxpayer's

3.27 excess energy costs.

3.28 (b) Credits allowed to a partnership, a limited liability company taxed as a partnership,

3.29 or an S corporation are passed through pro rata to the partners, members, or shareholders

3.30 based on their share of the entity's income for the taxable year.

3.31 Subd. 3. Credit refundable. (a) If the amount of credit which a taxpayer would be

3.32 eligible to receive under this section exceeds the claimant's tax liability under Minnesota

4.1 Statutes, chapter 290, the excess amount of the credit shall be refunded to the claimant by
 4.2 the commissioner of revenue.

4.3 (b) An amount sufficient to pay the refunds required by this section is appropriated to
 4.4 the commissioner of revenue from the general fund.

4.5 Subd. 4. Denial of double benefit. For a taxpayer who deducted excess energy costs in
 4.6 calculating adjusted gross income and claimed the credit under this section, the amount of
 4.7 excess energy costs is an addition, as defined in Minnesota Statutes, section 290.0131,
 4.8 subdivision 1. The rules governing additions in that section apply for this subdivision.

4.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 4.10 after December 31, 2020, and before January 1, 2022.

4.11 **Sec. 4. APPROPRIATION; CUSTOMER HEATING COSTS BILL RELIEF.**

4.12 \$...... in fiscal year 2023 is appropriated from the general fund to the commissioner of
 4.13 commerce to address heating cost affordability for customers as described in section 1. Of
 4.14 this amount, up to \$150,000 is for the commissioner for costs to administer section 1. This
 4.15 is a onetime appropriation. Any unexpended funds remaining at the end of the biennium
 4.16 cancel to the general fund.

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

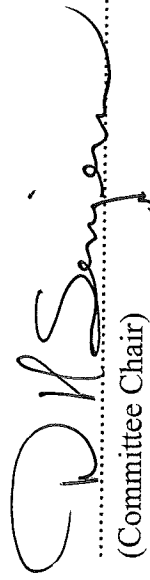
4.18 Delete the title and insert:

4.19 "A bill for an act

4.20 relating to energy; authorizing customer heating cost bill relief; providing
 4.21 reimbursement to municipal utilities for reserve funds; allowing a tax credit for
 4.22 excess energy costs for municipal utility customers; appropriating money."

4.23 And when so amended the bill do pass and be re-referred to the Committee on Taxes.
 4.24 Amendments adopted. Report adopted.

4.25
 4.26


 (Committee Chair)

4.27
 4.28

March 29, 2022..... 3/29/22
 (Date of Committee recommendation)