

Rochester Public Utilities' Advanced Metering Infrastructure Upgrade Project

Issue

Rochester Public Utilities is the state's largest municipal utility. It is undertaking a large endeavor to update all electric and water meters for its 60,000 and 42,000 customers, respectively to allow better connectivity, modernization of services, and other benefits. It is understood that water equipment is exempt from sales tax; electric is not.

Problem

The current state law does not provide sales tax exemption for electric utility equipment, although local governments and nonprofits are generally exempt from sales tax (Minn. Stat. 297A.70). When local governments pay the state sales tax (6.875%) on equipment, it raises the cost of the project, which eventually would be paid for by the utility customers, city residents and business owners.



Solution

Exempting this specific metering upgrade will allow for savings to the project—a cost that would otherwise fall to residents and businesses in Rochester to pay via utility rates.

Impact

Reduced project costs allow for more capacity to fulfill the overall goal of needed updates to the meters in Rochester.

