

A REPORT
ON
PERFORMANCE REGULATION PLANS
FOR
GAS UTILITY SERVICE

Report to the Legislature

March 9, 2012

As required by
Minnesota Statutes §216B.1675

Submitted by the Minnesota Public Utilities Commission

INTRODUCTION

Statutory Reporting Requirement

Minnesota Statutes (2010), Section 216B.1675, subdivision 13 requires the Minnesota Public Utilities Commission (the “Commission”) to submit a one-time report to the Minnesota Legislature evaluating the effectiveness of all plans approved by the Commission under the general provisions of Minn. Stat. § 216B.1675.

This report is to fulfill the reporting requirement of this section.

Costs of Preparing Report

Pursuant to Minnesota Statutes (2010), Section 3.197, it is estimated that the costs incurred by the Commission in preparing this Report are minimal. Special funding was not appropriated for the costs of preparing this report.

BACKGROUND

Minnesota Statutes (2010), Section 216B.1675, first enacted in 1997, authorizes performance-based regulation plans for public utilities offering natural gas service. The statute states that it is the intent that such plans “provide the utility with increased earnings for efficient performance and decreased earnings for inefficient performance.”¹ The section of law goes on to set forth the process by which a utility would petition for approval of such a plan, the elements such a plan must contain, a notice to customers that a petition has been made, and Commission review and action on the proposed plan.

The Commission is required to issue a one-time report to the Legislature evaluating the effectiveness of all plans approved by the Commission under these provisions.²

COMMISSION ACTIONS AND EVALUATION

This statutory scheme requires that a performance-based regulation plan must be initiated by the filing of a petition by a public utility offering natural gas service. There is no requirement for a Commission-initiated action in this regard.

No gas utility has petitioned the Commission for approval of such a program pursuant to these provisions. Consequently, the Commission has not approved any such plans. Thus, there are no natural gas performance-based regulation plans to evaluate.

¹ Minn. Stat. § 216B.1675, subdivision 1

² Minn. Stat. § 216B.1675, subdivision 13