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Public Utilities Commission

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<https://mn.gov/puc/>

AT A GLANCE

With one of the smallest Commission staffs in the country, the MN Public Utilities Commission (PUC):

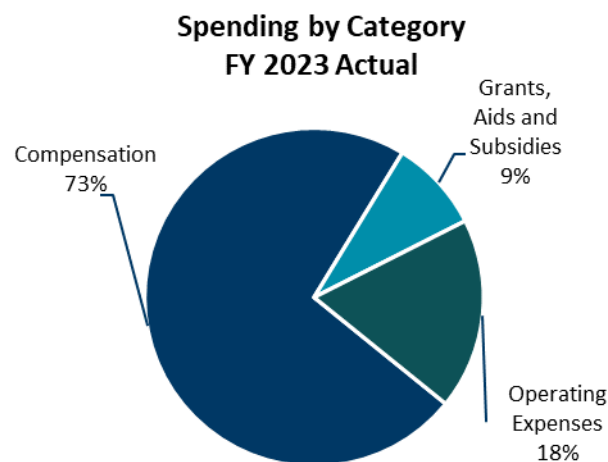
- Regulates the rates and services of three cornerstone industries in Minnesota's economy: electricity, natural gas and telephone utilities.
- Determines need for and location of large energy facilities.
- Manages an average of 765 unique dockets annually over the past 5 years.
- Through the Consumer Affairs Office, engages in over 35,000 contacts annually with consumers and utilities.

PURPOSE

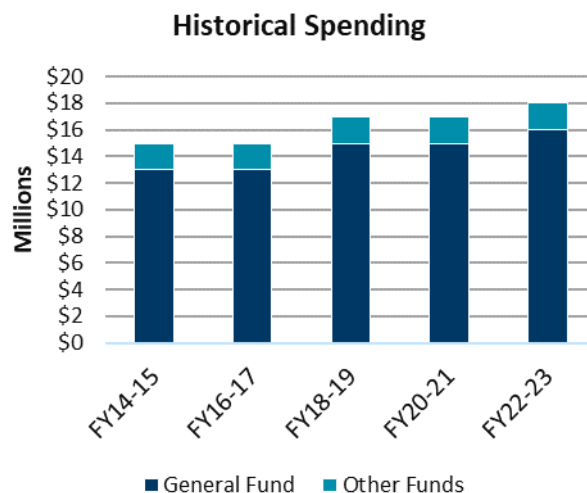
The Minnesota Public Utilities Commission's mission is to improve the lives of all Minnesotans by ensuring safe, reliable, and sustainable utility services at just and reasonable rates. The Commission also reviews the need for and location of energy facilities, including wind and solar farms, natural gas facilities and other power plants, transmission lines, and oil pipelines.

Working in partnership with other state agencies, the Commission engages the public to ensure decisions are made based on a fully developed record, and in the public interest. This requires balancing the needs for reliable electric and gas service, affordable rates, community impacts, and environmental stewardship. When acting as a quasi-judicial body, Commission decisions are based on a set of guidelines or statutory criteria applied to the factual and legal record. Commission Orders are enforceable under the law.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Commission has a total annual general fund budget of approximately \$11.106 Million. Nearly 100% of the agency's expenditures are recovered through special assessment authority (Minnesota Statutes, Sections 216B.62 and 237.295) and returned to the state general fund. The agency also administers the Telephone Assistance

Program from a special revenue fund. Reimbursement grants are provided to telephone companies who assist their eligible low-income customers with reduced rates.

STRATEGIES

The Commission emphasizes several strategies to fulfill its mission. These include:

- Court-like, evidence-based decision-making process that ensures fairness and transparency, relying on ongoing participation by state agencies, regulated companies, the public, and a diverse stakeholder base.
- Active engagement with local, regional, and national stakeholders and subject matter experts to anticipate conditions affecting provision of necessary services.
- Regular Consultation with Tribal Nations in Minnesota.
- Regulatory tools and processes to mitigate rate impacts.
- Public outreach and mediation services to assist and educate utility customers.
- Commissioner and staff engagement in regional organizations of state Commissions, regional transmission organizations and energy markets (i.e. MISO and SPP), and national forums (e.g. FERC) to advance Minnesota's interests related to reliability, sustainability, and affordability.

RESULTS

The Commission's work implementing Minnesota laws and policies, with active engagement by industry, stakeholders, and the public, have produced important results. These include:

- Minnesota's average natural gas prices for residential customers per MCF were below the national averages in 2021 (\$9.40 MN vs \$12.18 US) and 2022 (\$12.12 in MN vs \$14.75 US). Minnesota natural gas prices in 2021-2022 are comparable to 2005 prices after over a decade of lower prices.¹
- Between 2020–2022, Minnesota's average electricity rates were below the national average except for industrial rates in 2021; however, Minnesota only achieved 95% of the national average for residential customers in 2021–2022 and commercial customers in 2020.²
- Minnesota remains a leader in generation from renewable energy. In 2023, renewables accounted for 32% of total in-state electricity generation, coal fueled 22%, nuclear power supplied 21%, and natural gas contributed 24%.³
- Minnesota electric utilities have met or exceeded 1.5% annual energy savings each year since 2011, and gas utilities have generally met or exceeded 1.0% energy savings each year.⁴
- In 2022, 83% of residents and 82% of businesses and city governments in Minnesota reported having landline telephone service (regulated by the PUC).⁵
- Minnesota's state regulatory staff size remains well below states of comparable size, while its workload is equal to other states of comparable population size.
- Minnesota regulators' leadership in regional and national forums have enhanced Minnesota's stature among the states and protected its vital interests.

¹ Energy Information Agency (EIA), Price of Natural Gas Delivered to Residential Consumers. Accessible at: Average Residential Price (https://www.eia.gov/dnav/ng/ng_pri_sum_a_EPGO_PRS_DMcf_a.htm). MCF is thousand cubic feet which is equivalent to 1.036 million British thermal units (MMBtu).

² Department of Commerce, 2024 Quadrennial Energy Policy and Conservation Report (Quad Report), p. 71. PUC chapter using Energy Information Agency (EIA) data. Accessible at 2024 Energy Policy and Conservation Quadrennial Report (<https://mn.gov/commerce-stat/energy/EnergyPolicyandConservationQuadrennialReport2024.pdf>).

³ Department of Commerce, 2024 Quad Report, p. 103. Using EIA data.

⁴ Department of Commerce, 2024 Quad Report, p. 141.

⁵ Department of Commerce, Assessment of Landline Telephone Access and Use in Minnesota, conducted by Wilder Research (November 2022), electronically filed in Docket No. P999/PR-22-630 accessible at MN DOC Efiling (<https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=eDocketsResult&userType=public>).

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Measure data source</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|-------------------------------|--|--|-----------------------------------|-----------------------|--------------------------|
| Quantity | Orders Issued by the Commission | Data is publicly available in eDockets and compiled by staff | 603 | 612 | FY 2022-23; FY 2023-2024 |
| Quality | Percentage of Consumer Affairs Office complaints appealed by consumers | Data collected by program staff | N/A (appeals statute new in 2023) | 0.14% | FY 2023-2024 |
| Results | Percent of Commission Orders Issued within Statutory Deadlines | Data collected by program staff | 100% | 100% | FY 2020-21; FY 2022-23* |

Legal Authority: Minnesota Statutes, Chapters 216A, 216B, 216E, 216F, 216G and 237.

Public Utilities Commission

Agency Expenditure Overview

(Dollars in Thousands)

| | Actual FY22 | Actual FY23 | Actual FY24 | Estimate FY25 | Forecast Base | |
|--------------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|
| | | | | | FY26 | FY27 |
| <u>Expenditures by Fund</u> | | | | | | |
| 1000 - General | 7,797 | 8,307 | 10,037 | 12,128 | 11,551 | 11,396 |
| 2000 - Restrict Misc Special Revenue | 1,378 | 1,213 | 1,521 | 1,788 | 7,152 | 7,132 |
| 2340 - Renewable Development | | | | 1,000 | | |
| Total | 9,175 | 9,519 | 11,557 | 14,916 | 18,703 | 18,528 |
| Biennial Change | | | | 7,779 | | 10,758 |
| Biennial % Change | | | | 42 | | 41 |

Expenditures by Program

| | | | | | | |
|-----------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Public Utilities Commission | 9,175 | 9,519 | 11,557 | 14,916 | 18,703 | 18,528 |
| Total | 9,175 | 9,519 | 11,557 | 14,916 | 18,703 | 18,528 |

Expenditures by Category

| | | | | | | |
|-----------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Compensation | 6,373 | 6,938 | 8,604 | 10,030 | 12,984 | 12,901 |
| Operating Expenses | 1,850 | 1,741 | 1,953 | 3,390 | 4,954 | 4,882 |
| Grants, Aids and Subsidies | 929 | 840 | 1,000 | 770 | 750 | 730 |
| Other Financial Transaction | 23 | 0 | | 726 | 15 | 15 |
| Total | 9,175 | 9,519 | 11,557 | 14,916 | 18,703 | 18,528 |

| | | | | | | |
|---|--------------|--------------|---------------|---------------|---------------|---------------|
| Total Agency Expenditures | 9,175 | 9,519 | 11,557 | 14,916 | 18,703 | 18,528 |
| Internal Billing Expenditures | | | | | 470 | 470 |
| Expenditures Less Internal Billing | 9,175 | 9,519 | 11,557 | 14,916 | 18,233 | 18,058 |

Full-Time Equivalents

| | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 51.10 | 57.34 | 64.37 | 80.50 | 99.67 | 98.74 |
|--------------|--------------|--------------|--------------|--------------|--------------|

Public Utilities Commission

Agency Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | |
|-----------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 |
| 1000 - General | | | | | | |
| Balance Forward In | | 395 | | 711 | | |
| Direct Appropriation | 8,185 | 8,314 | 10,748 | 11,417 | 11,551 | 11,396 |
| Transfers Out | | 325 | | | | |
| Cancellations | | 77 | | | | |
| Balance Forward Out | 388 | | 711 | | | |
| Expenditures | 7,797 | 8,307 | 10,037 | 12,128 | 11,551 | 11,396 |
| Biennial Change in Expenditures | | | | 6,061 | | 782 |
| Biennial % Change in Expenditures | | | | 38 | | 4 |
| Full-Time Equivalents | 50.60 | 56.82 | 63.87 | 79.00 | 79.00 | 77.00 |

2000 - Restrict Misc Special Revenue

| | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 3,008 | 3,193 | 3,376 | 2,917 | 3,079 | 3,241 |
| Receipts | 1,551 | 1,395 | 1,062 | 1,950 | 7,314 | 7,294 |
| Balance Forward Out | 3,181 | 3,376 | 2,918 | 3,079 | 3,241 | 3,403 |
| Expenditures | 1,378 | 1,213 | 1,521 | 1,788 | 7,152 | 7,132 |
| Biennial Change in Expenditures | | | | 718 | | 10,975 |
| Biennial % Change in Expenditures | | | | 28 | | 332 |
| Full-Time Equivalents | 0.50 | 0.52 | 0.50 | 1.50 | 20.67 | 21.74 |

2340 - Renewable Development

| | | | | | | |
|-----------------------------------|--|--|--------------|--|---|---------|
| Direct Appropriation | | | 1,000 | | 0 | 0 |
| Expenditures | | | 1,000 | | | |
| Biennial Change in Expenditures | | | 1,000 | | | (1,000) |
| Biennial % Change in Expenditures | | | | | | |

(Dollars in Thousands)

| | FY25 | FY26 | FY27 | Biennium 2026-27 |
|---|---------------|---------------|---------------|---------------------|
| <i>Direct</i> | | | | |
| Fund: 1000 - General | | | | |
| FY2025 Appropriations | 11,417 | 11,417 | 11,417 | 22,834 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (5) | (5) | (10) |
| Current Law Base Change | | 122 | (33) | 89 |
| Minnesota Paid Leave Allocation | | 17 | 17 | 34 |
| Forecast Base | 11,417 | 11,551 | 11,396 | 22,947 |
| Fund: 2340 - Renewable Development | | | | |
| FY2025 Appropriations | 1,000 | 1,000 | 1,000 | 2,000 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (1,000) | (1,000) | (2,000) |
| Forecast Base | 1,000 | | | |
| <i>Dedicated</i> | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Planned Spending | 1,788 | 7,152 | 7,132 | 14,284 |
| Forecast Base | 1,788 | 7,152 | 7,132 | 14,284 |
| <i>Revenue Change Summary</i> | | | | |
| <i>Dedicated</i> | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Forecast Revenues | 1,950 | 7,314 | 7,294 | 14,608 |
| <i>Non-Dedicated</i> | | | | |
| Fund: 1000 - General | | | | |
| Forecast Revenues | 12,007 | 12,007 | 12,007 | 24,014 |