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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):

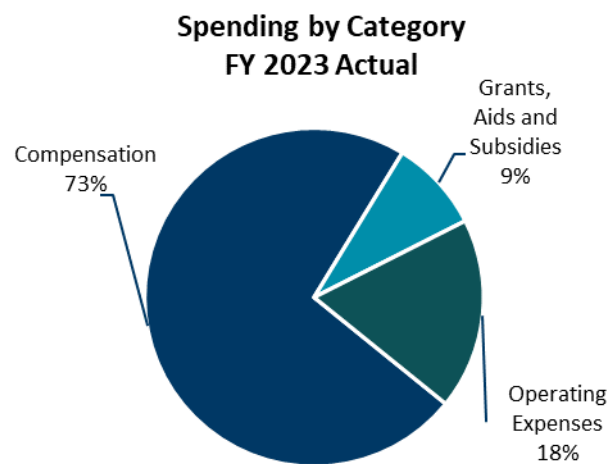
- Regulates the rates and services of three cornerstone industries in Minnesota's economy: electricity, natural gas and telephone utilities.
- Determines need for and location of large energy facilities.
- Manages an average of 765 unique dockets annually over the past 5 years.
- Through the Consumer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

PURPOSE

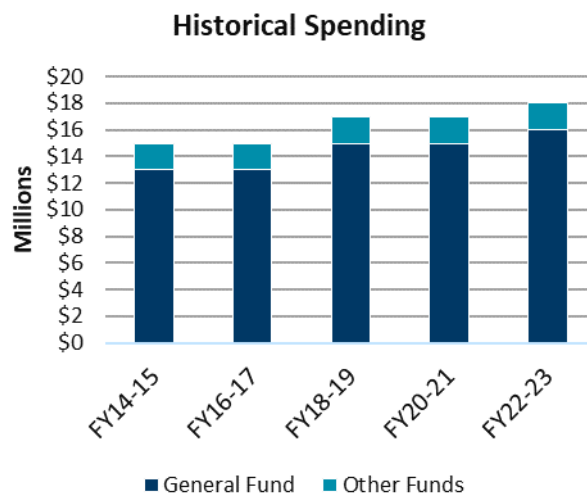
The Minnesota Public Utilities Commission's mission is to improve the lives of all Minnesotans by ensuring safe, reliable, and sustainable utility services at just and reasonable rates. The Commission also reviews the need for and location of energy facilities, including wind and solar farms, natural 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	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	7,797	8,307	10,037	12,128	11,551	11,396	13,330	13,417
2000 - Restrict Misc Special Revenue	1,378	1,213	1,521	1,788	7,152	7,132	7,152	7,132
2340 - Renewable Development				1,000				
Total	9,175	9,519	11,557	14,916	18,703	18,528	20,482	20,549
Biennial Change				7,779		10,758		14,558
Biennial % Change				42		41		55
Governor's Change from Base								3,800
Governor's % Change from Base								10

Expenditures by Program

Public Utilities Commission	9,175	9,519	11,557	14,916	18,703	18,528	20,482	20,549
Total	9,175	9,519	11,557	14,916	18,703	18,528	20,482	20,549

Expenditures by Category

Compensation	6,373	6,938	8,604	10,030	12,984	12,901	14,022	14,181
Operating Expenses	1,850	1,741	1,953	3,390	4,954	4,882	5,695	5,623
Grants, Aids and Subsidies	929	840	1,000	770	750	730	750	730
Other Financial Transaction	23	0		726	15	15	15	15
Total	9,175	9,519	11,557	14,916	18,703	18,528	20,482	20,549

Total Agency Expenditures	9,175	9,519	11,557	14,916	18,703	18,528	20,482	20,549
Internal Billing Expenditures					470	470	470	470
Expenditures Less Internal Billing	9,175	9,519	11,557	14,916	18,233	18,058	20,012	20,079

Full-Time Equivalent

	51.10	57.34	64.37	80.50	99.67	98.74	108.67	107.74
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Public Utilities Commission

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		395		711				
Direct Appropriation	8,185	8,314	10,748	11,417	11,551	11,396	13,330	13,417
Transfers Out		325						
Cancellations		77						
Balance Forward Out	388		711					
Expenditures	7,797	8,307	10,037	12,128	11,551	11,396	13,330	13,417
Biennial Change in Expenditures				6,061		782		4,582
Biennial % Change in Expenditures				38		4		21
Governor's Change from Base								3,800
Governor's % Change from Base								17
Full-Time Equivalents	50.60	56.82	63.87	79.00	79.00	77.00	88.00	86.00

2000 - Restrict Misc Special Revenue

Balance Forward In	3,008	3,193	3,376	2,917	3,079	3,241	3,079	3,241
Receipts	1,551	1,395	1,062	1,950	7,314	7,294	7,314	7,294
Balance Forward Out	3,181	3,376	2,918	3,079	3,241	3,403	3,241	3,403
Expenditures	1,378	1,213	1,521	1,788	7,152	7,132	7,152	7,132
Biennial Change in Expenditures				718		10,975		10,975
Biennial % Change in Expenditures				28		332		332
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.50	0.52	0.50	1.50	20.67	21.74	20.67	21.74

2340 - Renewable Development

Direct Appropriation			1,000		0	0	0	0
Expenditures			1,000					
Biennial Change in Expenditures			1,000			(1,000)		(1,000)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
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
Change Items				
Operating Adjustment		236	478	714
Natural Gas Utility Resource Planning and Coordination		553	553	1,106
Technology Maintenance and Innovation		820	820	1,640
Tribal Liaison		170	170	340
Total Governor's Recommendations	11,417	13,330	13,417	26,747
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			
Total Governor's Recommendations	1,000			
Dedicated				
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
Total Governor's Recommendations	1,788	7,152	7,132	14,284
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,950	7,314	7,294	14,608
Total Governor's Recommendations	1,950	7,314	7,294	14,608
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	12,007	12,007	12,007	24,014
Change Items				

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Natural Gas Utility Resource Planning and Coordination		553	553	1,106
Technology Maintenance and Innovation		820	820	1,640
Tribal Liaison		170	170	340
Total Governor's Recommendations	12,007	13,550	13,550	27,100

Public Utilities Commission

FY 2026-27 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	236	478	478	478
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	236	478	478	478
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$236 thousand in FY 2026 and \$478 thousand in each subsequent year from the general fund to help address operating cost increases at the Public Utilities Commission (PUC).

Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program's ability to conduct business with less staffing and its impact to service delivery. This recommendation provides additional resources to help address these cost pressures and pay for agency operations.

Proposal:

The Governor recommends increasing agency operating budgets to support current services. For the PUC, this funding will help cover expected growth in employee compensation and insurance and other operating costs.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	236	478	714	478	478	956
Total All Funds	236	478	714	478	478	956

Results:

This recommendation is intended to help the PUC address rising cost pressures and mitigate impacts to current levels of service and information to the public.

Public Utilities Commission

FY 2026-27 Biennial Budget Change Item

Change Item Title: Natural Gas Utility Resource Planning and Coordination

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	553	553	553	553
Revenues	553	553	553	553
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	3	3	3	3

Recommendation:

The Governor recommends \$553 thousand in FY 2026 and each year thereafter to support three FTE and modeling software licenses to address the Public Utilities Commission's new and increasing regulatory responsibilities for natural gas utility resource planning and coordination. Most of the agency's general fund expenditures are recovered through special assessment authority (Minnesota Statutes, Sections 216B.62 and 237.295) and returned to the state's general fund.

Rationale/Background:

This proposal will enable the Commission to advance state policies to decarbonize the gas sector, protect ratepayers from price spikes, and ensure system reliability. The need is driven by recent weather events, policy changes, and industry trends. This proposed increase in staffing capacity is necessary for the Commission to oversee the energy transition in the gas sector, consistent with state law.

Natural gas utilities are local distribution companies (LDC) that purchase natural gas in wholesale markets relying on pipeline capacity, transportation services, and fuel storage to get the natural gas to their system where they distribute that purchased gas to retail customers of the utility for heating homes, businesses, and industrial processes. The costs of wholesale purchased gas for an LDC is passed on directly on to their customers. In recent years, the Midwest has experienced two Winter Storms (2021 and 2022) which underscored the risks to Minnesota customers of unrelieved exposure to unregulated national gas wholesale supply markets, and which highlighted the interdependence of the electric grid and natural gas pipelines. In response, federal and state regulators and policy makers have developed initiatives to begin to diversify natural gas supply and to address gas-electric system harmonization to ensure safe, reliable, and affordable energy services.

In Minnesota, the Legislature adopted the Natural Gas Innovation Act of 2021, Minnesota Statutes 216B.2427, and directed the Commission to consider how natural gas utilities can diversify the natural gas supply while reducing greenhouse gas emissions through multiple strategies including use of low-carbon fuels, increased energy efficiency and strategic electrification. In addition, the Minnesota Legislature also adopted the Energy Conservation Optimization Act of 2021 which, among other things, allows for utility incentives for strategic electrification for retail customers of natural gas utilities. Lastly, the Commission is in the process of finalizing gas utility integrated resource plan (IRPs) filing requirements and anticipate utilities will begin to file their plans in 2026.

As a result, the Commission has taken on new responsibilities that require additional resources.

Proposal:

This Natural Gas Utility Resource Planning and Coordination initiative includes three necessary components:

1. **Gas Utility Resource Planning.** Gas Utility Integrated Resource Plans (IRPs) involve significant modelling and technical analysis on the part of the Commission, not unlike the electric IRPs we currently evaluate. However, the gas industry is structured differently from the electric sector and the modeling and scenario analysis will require unique analytic expertise and tools. (1 FTE + \$75,000 for gas modeling software license)
2. **Natural Gas Innovation Plans.** As utilities implement Natural Gas Innovation Act Plans under the Natural Gas Innovation Act of 2021, the utility regulatory model will change in that the utility may no longer be distribution-only but will also be involved in procuring or owning alternatives to wholesale natural gas supply, such as hydrogen electrolyzers, renewable natural gas PPAs, etc. This will raise new regulatory issues for gas utilities around cost recovery, infrastructure investments, and competitive acquisition. These issues will make gas utility rate cases more complex and result in other dockets related to cost recovery and competitive acquisition. The Commission has processed the first two such plans (one for CenterPoint and one for Xcel Energy) and the agency better understands the challenges it faces to implement the 2021 law and the resources that it needs. (1 FTE)
3. **Regional and Federal Engagement.** The strategic electrification discussed in natural gas proceedings impacts the resource planning of electric utilities which participate in regional electricity markets with complex considerations that impact affordability, reliability, and the type of generation that serves Minnesota. It is increasingly important that Minnesota deepen our engagement in federal and regional efforts to ensure the reliability and affordability of essential utility services, so that Minnesota's interests are well-represented. The recent winter storms referenced above resulted in federal initiatives to address gas-electric system coordination to ensure safe, reliable, and affordable energy services during periods of great stress on these systems. Commissioners and Commission staff are tracking and participating in national discussions related to the interdependence of the natural gas and electric systems within numerous venues, such as the National Association of Regulatory Utility Commissions, the North American Energy Standards Board, the Federal Energy Regulatory Commission and within the regional transmission organizations in which our utilities participate (the Mid-Continent Independent System Operator and the Southwest Power Pool). This work involves close coordination and collaboration with the Department of Commerce's Office of Energy Reliability and Security (OERS), and this budget initiative will support the Commission's sustained engagement in that work. (1 FTE, +\$75,000 for electric modeling software license).

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund - Expenditures	553	553	1,106	553	553	1,106
General Funds - Non-dedicated Revenue	553	553	1,106	553	553	1,106
Total All Funds	0	0	0	0	0	0

Impact on Children and Families:

The purpose of resource planning is to ensure we have adequate energy to power and heat Minnesota homes and businesses at affordable rates consistent with state energy policies. This proposal does not directly impact the state's efforts to bridge the opportunity gap for children and families but will help ensure that the essential electric and natural gas services upon which these families depend will continue to be affordable and reliable. Adequate staffing and resourcing in this area helps the Commission dedicate staffing resources to review utility disconnection policies and affordability programs and overall cost recovery proposals that impact customer bills.

Equity and Inclusion:

Questions pertaining to equity impacts are raised in Commission notices, and equity issues are regularly addressed in Commission dockets. In the gas utility resource planning requirements docket, the Commission

adopted proposals by participants on procedural justice considerations, and requiring gas utilities to report both on how equity was considered in the 5-year action plan, the entire planning process, and the non-pipeline alternatives analysis prioritizing alternatives to expansion in environmental justice areas of concerns.

Tribal Consultation:

As the PUC implements this budget initiative, we will continue the agency’s outreach to federally recognized Tribal Nations that share geography with Minnesota to discuss how these dynamics impact Tribal members and to address concerns. The State of Minnesota acknowledges and supports the unique status of the Minnesota Tribes and their absolute right to existence, self-governance, and self-determination. The State of Minnesota and the Tribal governments in Minnesota significantly benefit from working together, learning from one another, and partnering where possible.

Results:

The Natural Gas Utility Resource Planning and Coordination budget initiative will allow the Commission to better address an increasingly complex natural gas utility industry and filings to better ensure the reliability and affordability of the natural gas and electricity services that are essential to Minnesotans. These resources are necessary to ensure that the Commission can stay on schedule in reviewing and approving Gas Resource Plans and NGIA plans.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measure data source</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percent of Commission Orders Issued within Statutory Deadlines	Data collected by program staff	100%	100%	FY 2020-21; FY 2022-23*

Public Utilities Commission

FY 2026-27 Biennial Budget Change Item

Change Item Title: Technology Maintenance and Innovation

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	820	820	820	820
Revenues	820	820	820	820
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	5	5	5	5

Recommendation:

The Governor recommends \$820 thousand in FY 2026 and each year thereafter to support four FTEs for dedicated MNIT staff and IT modernizations, and one FTE for dedicated Public Utilities Commission (PUC) staff. This investment would provide ongoing support for agency technology applications, public participation, and related training requirements. Most of the agency's general fund expenditures are recovered through special assessment authority (Minnesota Statutes, Sections 216B.62 and 237.295) and returned to the state's general fund.

Rationale/Background:

As the Commission grows from a small state agency to a medium-sized one following the 2023 and 2024 legislative sessions, the PUC needs critical information technology resources and modernizations to efficiently perform its core regulatory tasks with public access and accountability. The PUC operates its regulatory program, consumer affairs support, and business functions on shared interagency applications that are outdated and impacted by frequent interruptions and outages. In addition to recent growth, the Commission is also incorporating a staff unit from the Department of Commerce to implement the Energy Infrastructure Permitting Act. This requires updates to legacy applications and new IT systems to manage work and expand public engagement.

This appropriation will provide the Commission with dedicated resources to maintain core regulatory applications; support and update an interactive public meeting platform; integrate enterprise-wide IT updates; provide agencywide training; and manage all IT-related work. With enhanced and ongoing IT support, the PUC will be able to manage its work with greater transparency, customer engagement, and efficiency.

The PUC relies on a suite of applications that are administered by the Department of Commerce and are vital to performing the regulatory functions of the Commission. Resources are needed to ensure these applications are maintained to ensure the accuracy of business functions such as billing and assessments, and public access to the docketing system. Moreover, ongoing support is needed to ensure that the agency is automating work to the extent possible.

Proposal:

Currently, the Commission pays for general desktop IT support service, but does not have dedicated IT support for maintenance of applications, IT infrastructure, and all other business needs. This request was developed in partnership with MN.IT based on their assessment of PUC's needs, and includes the following components. In total, the request is for ongoing support of 5 FTE.

- 1.5 FTE for a developer to work on maintaining and updating applications. Most of these applications are shared with the Department of Commerce and the developer resources would be part of the MN.IT at Commerce team.
- 1 FTE for a Project Manager/Business Analyst to oversee and manage all IT projects across the Commission; ensuring timely completion and functionality of work product. This FTE would also provide advice on business solutions to ongoing challenges.
- 0.5 FTE for public meeting support. The PUC provides a hybrid meeting format for its public meetings. Ongoing technical support is needed to troubleshoot and minimize disruptions.
- 1 FTE for SharePoint and Office 365 support. PUC staff rely on these systems to perform daily work activities and need dedicated in-house support to provide ongoing updates and troubleshoot as needed.
- 1 FTE to serve as a trainer and agency liaison and to MN.IT services. As technology evolves, there is an ongoing need for agencywide training. This person would also assist the agency in serving as a liaison to MN.IT services.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund - Expenditures	820	820	1,640	820	820	1,640
General Fund - Non-dedicated Revenue	820	820	1,640	820	820	1,640
Total All Funds	0	0	0	0	0	0

Impact on Children and Families:

This proposal does not directly impact the state's efforts to increase equity and bridge the opportunity gap for children and families.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs:

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Staff costs (MNIT or other agency)	\$665,600	\$665,600	\$665,600	\$665,600	\$665,600	\$665,600
Total	\$665,600	\$665,600	\$665,600	\$665,600	\$665,600	\$665,600
MNIT FTEs	4	4	4	4	4	4
Agency FTEs	1	1	1	1	1	1

Results:

With this investment, the Commission will be better positioned to deliver consistent, uninterrupted, customer services. This proposal is for ongoing IT support for agency technology applications, public participation, and related training requirements. The PUC's online records management system, billing and assessment system, consumer affairs database, and public meetings all rely on IT software and applications but lack any dedicated resources for maintenance and updates. This investment will reduce the risk of disruption to business activities related to IT failures. Moreover, dedicated IT staff will help the Commission identify and develop solutions to enhance the customer experience and digital services.

Public Utilities Commission

FY 2026-27 Biennial Budget Change Item

Change Item Title: Tribal Liaison

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	170	170	170	170
Revenues	170	170	170	170
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$170 thousand in FY 2026 and each year thereafter to support one FTE as the agency's tribal relations liaison and coordinator to initiate, develop, and maintain the agency's statutorily required tribal consultation policy. Most of the agency's general fund expenditures are recovered through special assessment authority (Minnesota Statutes, Sections 216B.62 and 237.295) and returned to the state's general fund.

Rationale/Background:

The 2024 Minnesota Legislature added the Public Utilities Commission (PUC) to the list agencies required to consult with Minnesota Tribal governments. This proposal will enable the PUC to implement the agency's consultation policy and comply with consultation requirements.

The PUC voluntarily developed a consultation plan and appointed a tribal liaison in 2019. The Commission has worked to hold consultations annually with the 11 federally recognized tribes in Minnesota every year since. In implementing its consultation plan, the PUC has found that through consistent engagement with Tribal Nations, a more robust record is developed which PUC commissioners can base their decisions on. It also helps to ensure that Tribal leaders are aware of issues before the PUC that may impact their interests.

In addition to developing a tribal consultation plan and participating in annual consultations, the PUC has held issue consultations, held Commission planning meetings at a Tribal government's request, participates in several Tribally led organizations, sent Commissioners and staff to tribal state relations training, and has implemented a system for notifying Tribal Nations of dockets that may be of interest.

This tribal consultation work is expected to increase as the volume of permit applications is rapidly increasing, and the requirements of the Energy Infrastructure Permitting Act warrant increased tribal engagement and outreach. This requires resources for a full-time employee at the PUC to continue and enhance its tribal engagement efforts.

Proposal:

The Public Utilities Commission would hire one FTE as the agency's tribal relations liaison. This proposal represents the salary and associated benefits, equipment, supplies, rent, travel, and IT. This requirement is necessary for the Public Utilities Commission to meet the statutory requirements.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund - Expenditures	170	170	340	170	170	340
General Fund - Non-dedicated Revenue	170	170	340	170	170	340
Total All Funds	0	0	0	0	0	0

Impact on Children and Families:

This proposal does not directly impact the state's efforts to increase equity and bridge the opportunity gap for children and families.

Equity and Inclusion:

This proposal is designed to build the agency's relationships with Minnesota's federally recognized Indian Tribes. The State of Minnesota acknowledges and supports the unique status of the Minnesota Tribes and their absolute right to existence, self-governance, and self-determination. The State of Minnesota and the Tribal governments in Minnesota significantly benefit from working together, learning from one another, and partnering where possible.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

This proposal is designed to build the agency's relationship with Minnesota's federally recognized Indian Tribes. The State of Minnesota acknowledges and supports the unique status of the Minnesota Tribes and their absolute right to existence, self-governance, and self-determination. The State of Minnesota and the Minnesota Tribal governments significantly benefit from working together, learning from one another, and partnering where possible.

Results:

The result of this appropriation is full compliance with statutory requirements. This includes Government to Government consultations, and agencywide training activities.

Type of Measure	Name of Measure	Measure data source	Previous	Current	Dates
Quantity	Number of tribal consultations	Data collected by program staff	9 (2023)	6 (2024)	Various
Quantity	Number of staff, managers, supervisors, and commissioners attending TSRT	Data collected by program staff	11 (2023)	10 (2024)	Various