

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 1126

(SENATE AUTHORS: EICHORN)

DATE
02/02/2023

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OFFICIAL STATUS
Introduction and first reading
Referred to Energy, Utilities, Environment, and Climate

1.1 A bill for an act
1.2 relating to energy; amending the eligibility of small natural gas utilities to be
1.3 exempt from regulation by the Minnesota Public Utilities Commission; amending
1.4 Minnesota Statutes 2022, section 216B.16, subdivision 12.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2022, section 216B.16, subdivision 12, is amended to read:

1.7 Subd. 12. **Exemption for small gas utility franchise.** (a) A municipality may file with
1.8 the commission a resolution of its governing body requesting exemption from the provisions
1.9 of this section for a public utility that is under a franchise with the municipality to supply
1.10 natural, manufactured, or mixed gas and that serves ~~650~~ 2,500 or fewer customers in the
1.11 municipality ~~as long as, provided that~~ the public utility serves no more than a total of 5,000
1.12 customers from the system serving the municipality and, if applicable, customers located
1.13 outside the municipality's corporate limits, as provided in paragraph (b).

1.14 (b) The commission shall grant an exemption from this section for that portion of a
1.15 public utility's business that is requested by each municipality it serves. ~~Furthermore, The~~
1.16 commission shall also grant the public utility an exemption from this section for any service
1.17 provided by a system to customers located outside of a municipality's border that is
1.18 ~~considered by the commission to be incidental. The public utility shall file with the~~
1.19 ~~commission and the department all initial and subsequent changes in rates, tariffs, and~~
1.20 ~~contracts for service outside the municipality at least 30 days in advance of implementation~~
1.21 corporate limits, provided that the same applicable tariff rates apply to those customers as
1.22 to customers located within the municipality's corporate limits.

2.1 (c) ~~However,~~ The commission shall require the public utility to adopt the commission's
2.2 policies and procedures governing disconnection during cold weather. The utility shall
2.3 annually submit a copy of its municipally approved rates to the commission.

2.4 (d) In all cases covered by this subdivision in which an exemption for service outside
2.5 of a municipality is granted, the commission may initiate an investigation under section
2.6 216B.17, on its own motion or upon complaint from a customer.

2.7 (e) If a municipality files with the commission a resolution of its governing body
2.8 rescinding the request for exemption, the commission shall regulate the public utility's
2.9 business in that municipality under this section.

2.10 (f) For the purposes of this subdivision, "system" means physically connected
2.11 infrastructure that is owned and operated by a public utility subject to this subdivision and
2.12 that:

2.13 (1) receives wholesale natural, manufactured, or mixed gas from a supplier and delivers
2.14 that gas to the public utility's customers; and

2.15 (2) is not physically connected to another system owned and operated by the same public
2.16 utility.

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