



# Update to Senate Energy, Utilities, Environment, and Climate Committee

February 25, 2026

Sasha Bergman | Executive Secretary

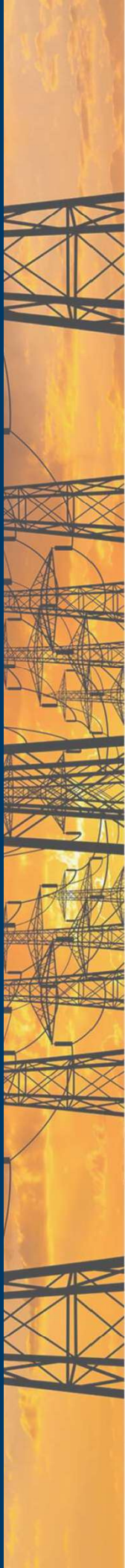
Mike Bull | Deputy Executive Secretary

# Agenda

- Overview of the Minnesota Public Utilities Commission
- Affordability
- Legislative Updates
  - Energy Infrastructure Permitting Reform
  - Data Center Tariffs
  - Solar Ombudsperson
  - Quick Updates on Other Legislative Topics



# Overview of the Minnesota Public Utilities Commission



# PUC Mission & Statutory Obligation

- Improve the lives of all Minnesotans by ensuring **safe, reliable, and sustainable** utility services at just and reasonable rates.
- ***Our obligation*** is to implement the statutes as written by the legislature.
- Specific statutes include:
  - Utility Rate Cases – 216B.16
  - Long Range Utility Resource Planning – 216B.2422
  - Transmission Planning – 216B.2425
  - Natural Gas Innovation Plans – 216B.2427
  - Carbon Free and Renewable Standards – 216B.1691
  - Tribal Consultation – 10.65

# Independent Regulatory Agency

## Elements of all three branches of government:

- ***Quasi-judicial*** when resolving disputes between parties
- ***Quasi-legislative*** when setting forward-looking rates or setting industry-wide policies as directed by the Legislature
- ***Administrative*** when enforcing statutes, rules or orders

# PUC Commissioners



**Katie Sieben**  
(Chair)



**Joseph Sullivan**  
(Vice-chair)



**Hwikwon Ham**



**Audrey Partridge**



**John Tuma**

# Enforcing the Regulatory Compact

## **Comprehensive regulation of essential energy services provided by for-profit utilities**

Minnesota law requires gas and electric utilities to provide safe and reliable service to all customers in their service territory at just, reasonable and nondiscriminatory rates.

In exchange

- Electric utilities have the exclusive right to serve all customers in their territories
- Rate regulated utilities are entitled to recover the proven cost of service, plus a reasonable return

# PUC Regulation

**Set Rates** for Investor-Owned Utilities and cooperative utilities whose members have decided to have their rates regulated

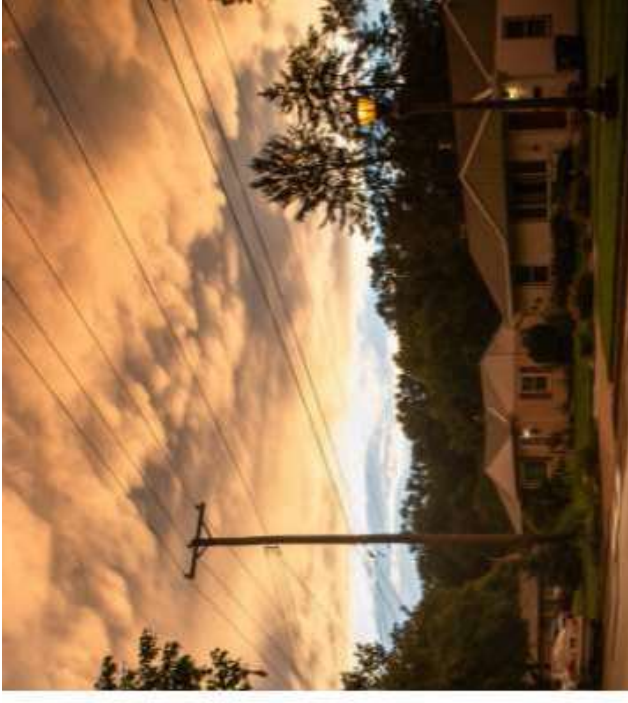
- **Electric:** Xcel Energy, Minnesota Power, Otter Tail Power, and Dakota Electric Association
- **Natural gas:** CenterPoint Energy, Minnesota Energy Resources (MERC), Great Plains Natural Gas, Greater Minnesota Gas, Xcel Energy

## **Enforce Service Quality**

- Electric and Natural Gas
- Landline Telephone Service

# PUC Regulation

- **Oversee Comprehensive Energy System Planning**
  - Generation planning and resource selection
  - Transmission planning and investment
  - Distribution planning and investment
  - Natural Gas Resource Planning
- **Determine Need and Issue Permits for Large Energy Infrastructure**
- **Implementation of State Energy Policy**



# Affordability

# Affordability Context

For the utilities the PUC rate regulates, affordability is always a priority. Some factors driving cost increases include:

- Inflation
- Increased wholesale commodity costs
- Loss of federal tax incentives and credits
- Federal DOE decisions to extend operation of uneconomic coal plants
- Infrastructure that is end-of-life
- Load growth

# Affordability Begins With Oversight Over Utility Planning

- The Commission oversees several utility planning processes
  - Integrated Resource Planning for electric and gas utilities
  - Integrated Distribution Planning for electric utilities
  - Transmission planning for transmission owning utilities
- Starts “Big Picture” – Looking for the optimal *portfolio* of utility investments needed to serve forecasted demand, compared with numerous alternatives
- Cost, reliability, compliance with federal and state law are the focus

# Rate Cases: Where the Rubber Meets the Road

- **Any rate increase must be approved by the Commission** before it is passed along to customers. In most cases multiple intervenors, including Commerce and the OAG, help analyze all cost increases.
- **Rate cases are the critical opportunity for the Commission to police utility costs** before they are charged to the customer
- All the various and myriad costs of running a utility and providing service to customers — capital, operations, maintenance — are **painstakingly and comprehensively reviewed and questioned in a trial like setting**
- Through that process, utility rate requests are whittled down to the **bare minimum necessary to operate the utility and provide reliable service to customers**

# Affordability In Action

- **Disallowed well over \$1 billion** in proposed rate increases from 2020-2024.
- **Eliminated an estimated \$687 million** from the forecasted cost of Xcel's Community Solar Garden (CSG) Program
- ALLETE acquisition conditions will **deliver an estimated \$200 million in benefits to Minnesota Power customers.**

## Affordability in Outcome

According to a recent DOE/LBNL study, Minnesota's residential electric rates have *declined relative to inflation*

## Change in average price of electricity

Sept. 2018-Aug. '25



➔ Tap to explore the data

Note: Prices are for residential electricity, inflation-adjusted to August 2025. Source: U.S. Energy Information Administration

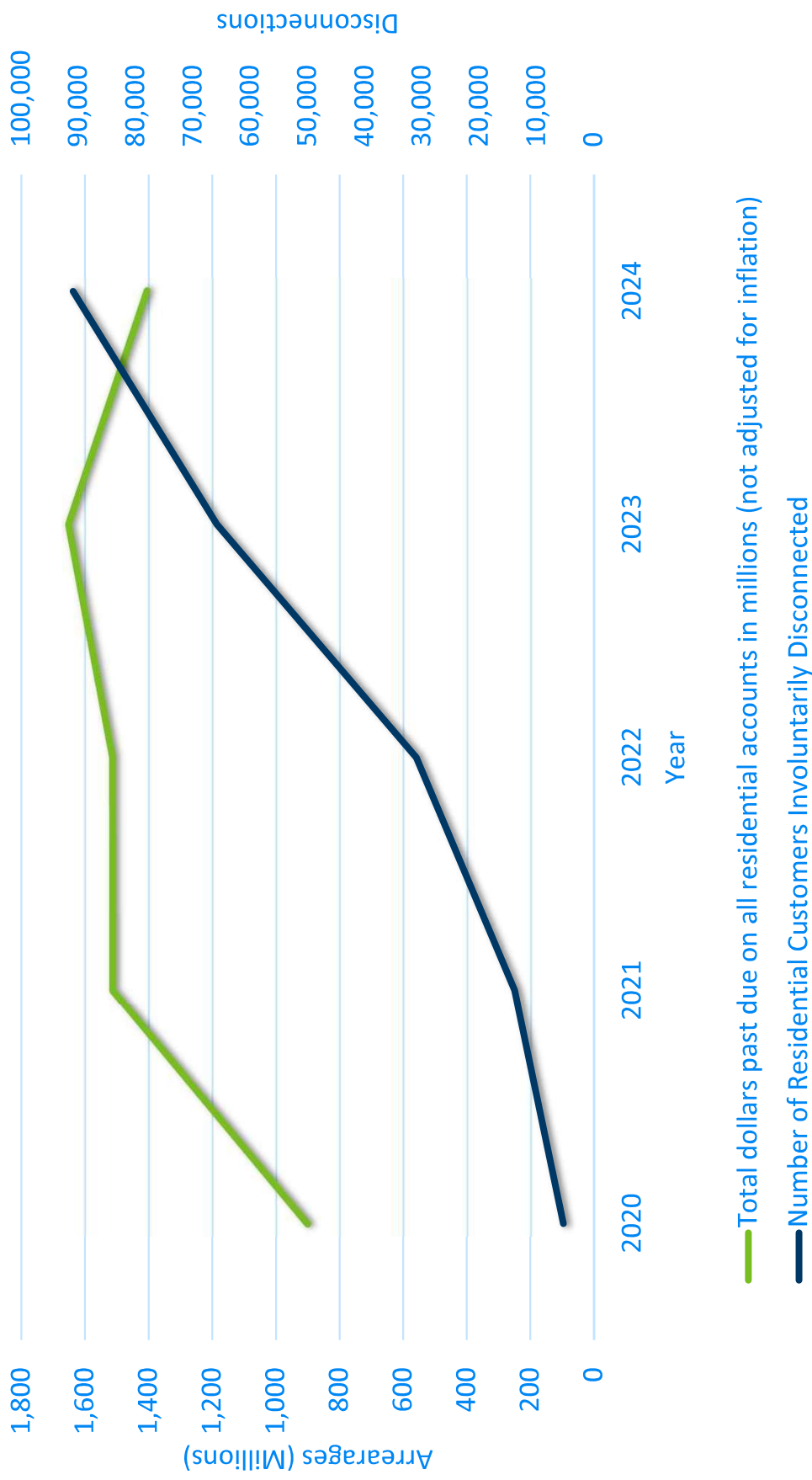
## Affordability in Outcome

Preliminary data from the EIA/DOE shows Minnesota's 2025 residential electric bills are *the 5th lowest in the nation*

Rank	State	Est Avg Bill
1	Utah	\$101.16
2	New Mexico	\$102.09
3	Montana	\$109.23
4	Colorado	\$110.20
5	Minnesota	\$111.57
6	Iowa	\$112.74
7	Idaho	\$115.64
8	Wyoming	\$116.30
9	Nebraska	\$119.69
10	South Dakota	\$120.80

# But Households Are Still Hurting

## Statewide Arrearages and Disconnections (2020-2024)



# Multi-Layered Approach

To address this, the PUC takes a multi-layered approach that combines:

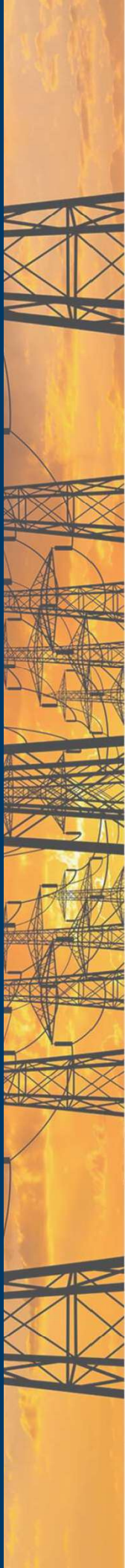
- Strict regulation of utility costs
- Utility bill assistance programs, and
- Coordination with state and federal partners
  - Low Income Home Weatherization
  - Low Income Home Energy Assistance Program

# Interim Rates

Utility	Type	Effective Date	Rate Increase
Minnesota Power	Electric	Jan 1, 2024	13.8 %
Dakota Electric	Electric	Jan 1, 2025	9.50 %
Otter Tail Power	Electric	Jan 1, 2026	11.34 %
Xcel Energy	Gas	Jan 1, 2026	6.8%



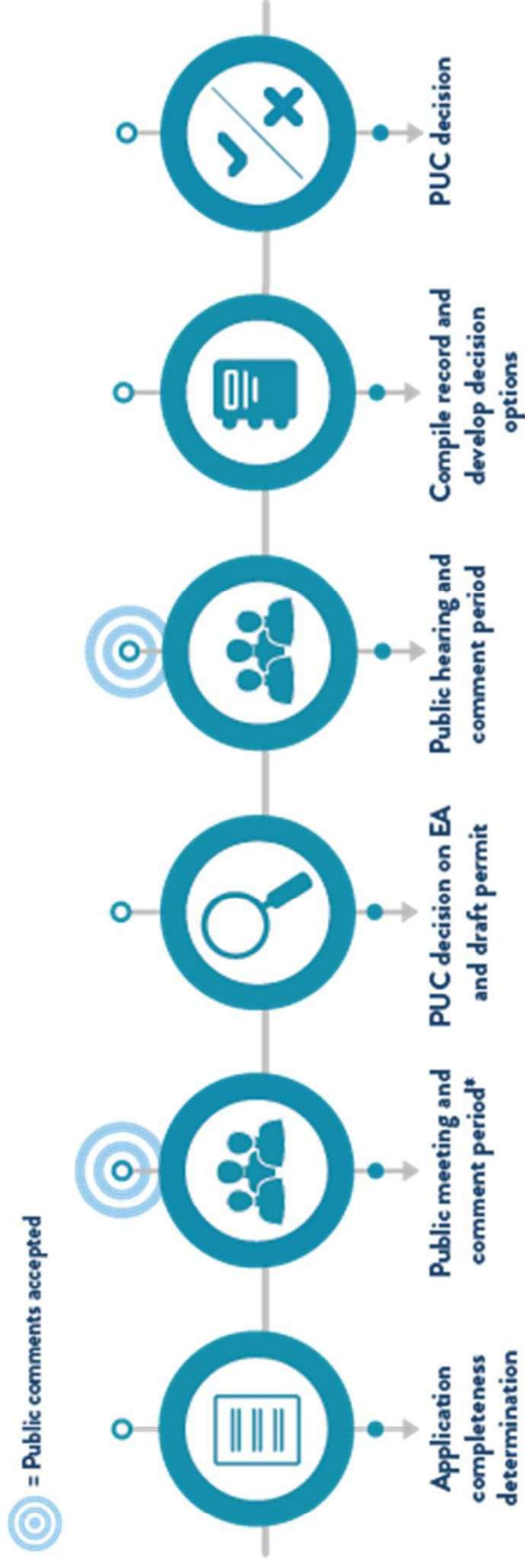
# Legislative Implementation Updates



# Permitting Reform Law

- Legislation passed in 2024, effective July 1, 2025
- Created two review processes: Standard and Major
- Transferred Environmental Review staff to PUC
- Established formal pre-application process and pre-application draft review
- Allows Environmental Assessments to be prepared by applicant under Standard Review, subject to review

# Permitting Reform Implementation – Standard Review



\* = Either MN CAH or the Commission will preside over hearings

Range between 108 and 182 days\*

\*Or up to ~269 days if the Commission grants an extension as allowed under Minnesota Statutes 216I.08

# Permitting Reform Implementation Status and Next Steps

- First application submitted under the new statute 216I on Nov. 3, 2025; application completeness determined Nov. 18, 2025
  - Docket TL-25-269
  - The Commission is poised to act within and potentially before the six-month deadline
- Four total applications submitted under the new statute for standard review process
- No major review applications received yet
- Monitoring timelines and refining processes

# Data Center Tariffs

- Minn Stat section 216B.1622, establishes protections for ratepayers regarding data centers (called “Very Large Customers” in this statute)
- Requires the Commission to ensure that all costs attributable to the utility's very large customers are assigned to the very large customer class and not charged to customers outside that class
- The Commission is currently taking comments on Xcel's filing under this statute, in Docket No. 25-289, with a decision likely in late spring

# Ombudsperson Update

- Created by Laws of Minnesota 2024, chapter 127, article 42, section 54
- Ombudsperson tasked with assisting applicants seeking to interconnect small solar projects to utility distribution systems
- Funded by a surcharge on each interconnection application
- Legislation limited MN PUC to one position – 149 cases handled last year

# 2024 Legislation: Implementation Highlights

## **Thermal Energy Network Deployment Work Group (Docket No. 24-275)**

- Convened stakeholders to explore potential regulatory opportunities and development barriers to thermal energy networks; provided stakeholder recommendations to the Legislature in December 2025

## **Grid Enhancing Technologies (Docket No. 25-99)**

- Directed electric utilities with significant transmission in MN to evaluate and analyze feasibility and cost-effectiveness of installing grid enhancing technologies at congested areas and propose an implementation plan in its biannual transmission report. We'll take this issue up in late spring

# 2024 Legislation: Implementation Highlights

## **Interconnection and Distribution Upgrades (Dockets No. 24-288 and 24-318)**

- PUC proceedings to establish standards for sharing costs necessary to upgrade utility distribution systems to allow for interconnection of distributed generation facilities

## **Landlords/Third-Party Billers (Docket No. 24-399)**

- New law imposes comprehensive requirements on landlords/Third Party Biller regarding shared-metered residential buildings

# Implementation of Other Recent Legislation

- **Natural Gas Innovation Act (2021)**
  - CenterPoint Innovation Plan Approved July 2024 (23-215)
  - Xcel Energy Innovation Plan Approved February 2025 (Docket No. 23-518)
- **Carbon-Free Standard (2023) (Docket No. 23-151)**
  - Utilities Covered by the CFS (12/2023)
  - Reporting Procedures (4/2024)
  - Compliance Accounting Procedures (9/2025)
  - Eligible Technologies and Lifecycle Analysis Framework (decided 1/2026 – Order Pending; Docket Still Open)
  - Off-Ramps (Comment Period Open)

# Stay Informed

## Connect

**Monthly newsletter**

**PUC calendar**

Upcoming meetings and agenda items

**Social media**



## Participate

**Public meetings**  
(virtual or in-person)

**Comment**

Online, email or mail

## Assistance

**Utility service or bill issues, contact CAO**

(651) 296-0406  
consumer.puc@state.mn.us

**Website**

Instructional & educational videos  
eDockets

Open comment periods



# Questions