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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. 1645

March 5, 2007

Authored by Bly

The bill was read for the first time and referred to the Energy Finance and Policy Division

March 20, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act
1.2 relating to energy; specifying criteria for affordability programs for low-income
1.3 residential customers; amending Minnesota Statutes 2006, section 216B.16,
1.4 subdivision 15.

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

1.6 Section 1. Minnesota Statutes 2006, section 216B.16, subdivision 15, is amended to
1.7 read:

1.8 Subd. 15. **Low-income affordability programs.** (a) The commission ~~may~~ must
1.9 consider ability to pay as a factor in setting utility rates and may establish affordability
1.10 programs for low-income residential ratepayers in order to ensure affordable, reliable, and
1.11 continuous service to low-income utility customers. By September 1, 2007, a public
1.12 utility serving low-income residential ratepayers who use natural gas for heating must
1.13 file an affordability program with the commission. For purposes of this subdivision,
1.14 "low-income residential ratepayers" means ratepayers who receive energy assistance from
1.15 the low-income home energy assistance program (LIHEAP).

1.16 (b) ~~The purpose of the low-income programs is to~~ Any affordability program the
1.17 commission orders a utility to implement must:

1.18 (1) lower the percentage of income that participating low-income households devote
1.19 to energy bills;

1.20 (2) increase participating customer payments, and to over time by increasing the
1.21 frequency of payments;

1.22 (3) decrease or eliminate participating customer arrears;

1.23 (4) lower the utility costs associated with customer account collection activities; and

2.1 (5) coordinate the program with other available low-income bill payment assistance  
2.2 and conservation resources.

2.3 In ordering ~~low-income~~ affordability programs, the commission may require public  
2.4 utilities to file program evaluations, ~~including the coordination of other available~~  
2.5 ~~low-income bill payment and conservation resources and~~ that measure the effect of the  
2.6 affordability program on:

2.7 (1) ~~reducing~~ the percentage of income that participating households devote to energy  
2.8 bills;

2.9 (2) service disconnections; and

2.10 (3) frequency of customer ~~payment behavior~~ payments, utility collection costs,  
2.11 arrearages, and bad debt.

2.12 (c) The commission must issue orders necessary to implement, administer, and  
2.13 evaluate affordability programs, and to allow a utility to recover program costs, including  
2.14 administrative costs, on a timely basis. The commission may not allow a utility to recover  
2.15 administrative costs, excluding start-up costs, in excess of five percent of total program  
2.16 costs, or program evaluation costs in excess of two percent of total program costs. The  
2.17 commission must permit deferred accounting, with carrying costs, for recovery of program  
2.18 costs incurred during the period between general rate cases.

2.19 (d) Public utilities may use information collected or created for the purpose of  
2.20 administering energy assistance to administer affordability programs.