



OFFICE OF THE ATTORNEY GENERAL

State of Minnesota

ST. PAUL, MN 55155

LORI SWANSON
ATTORNEY GENERAL

May 8, 2015

Via electronic mail

Mr. Alan Muller
Energy and Environmental Consulting
alan@greendel.org

Dear Mr. Muller:

I thank you for your email dated May 5, 2015.

You oppose SF1735/HF843, which, among other things, changes the standards and procedures for multiyear rate plans for public utilities. You believe that Xcel Energy and other utilities have a history of failing to act in the public interest without strong regulatory oversight. You ask for this Office's position on the legislation.

I am a proponent of strong regulatory oversight for public utilities. This Office has testified against this bill (as well as telephone deregulation initiatives) in multiple committee hearings in both the state Senate and the House this year. One highly troubling aspect of the bill in its original form was its attempt to do away with the contested rate case system. I am told that over \$800 million has been saved for ratepayers since 2010 as a result of the contested case process in current law, which disallows a utility from raising rates unless it can prove its request through an adversarial process that entails sworn witness testimony, cross examination of witnesses, and findings and conclusions by an administrative law judge. The original version of the House bill would have eliminated this process. Our testimony also raised serious concerns about the proposed five-year rate-setting period, which moves away from cost-based rates in favor of formula rates and automatic escalations, and the impact this legislation would have on Minnesota's interim rate system, which allows utilities to significantly over-collect rates during the rate case process and return the money to ratepayers much later at a low interest rate.

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While my Office can testify in opposition to legislation—as we have repeatedly done here—I do not get to vote on such initiatives. Accordingly, to the extent that you have concern about these or other deregulation bills (including the telephone deregulation bill (HF1066/SF736), I strongly encourage you to share your views with members of the state legislature. As you may know, you may identify legislators online at www.leg.state.mn.us.

I thank you again for your correspondence.

Sincerely,



LORI SWANSON
Attorney General