



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

March 20, 2017

The Honorable Kurt Daudt
Speaker of the House
Room 463, State Office Bldg.
St. Paul, Minnesota 55155

Dear Mr. Speaker:

I have vetoed and am returning Chapter 8, House File 234, a bill relating to the regulation of municipal electric utilities and rural electric cooperatives by the Public Utilities Commission (PUC).

On February 9, I stated the following:

“The PUC plays an essential role in Minnesota, safeguarding the interests of Minnesota utility customers now and in the future. As Legislators consider additional proposals regarding the PUC this session, they should know that I will not accept any bill that limits or weakens the Commission’s authority to protect the interests of Minnesota’s energy consumers. I will, however, consider any serious proposal to improve the functioning of this essential public body.”

House File 234 removes the PUC’s authority to resolve disputes between consumers and their municipal or cooperative utilities. I believe the PUC uniquely retains the expertise in energy issues needed to fairly resolve these disputes. While the bill allows for third-party mediation to resolve disputes, it does not provide any guidance on how this mediation would work. Eliminating the PUC’s role would remove critical consumer protection for customers. I strongly believe that a customer in Greater Minnesota should be afforded the same consumer protection by the PUC as a customer in Minneapolis or Saint Paul. The effect of this proposed legislation would negatively impact Minnesota’s progress toward more renewable and efficient energy. All Minnesota customers – from family farmers to large businesses – should be able to invest in technology to produce clean and efficient energy with the assurance that the PUC is available to provide consumer protection.

I have heard from many Minnesotans in opposition to this bill. One farmer used the Consumer Affairs Office at the PUC to try to mediate a dispute with his cooperative over a fee charged on his farm’s wind turbine. When that informal process did not resolve the issue, he was able to have an independent review completed by the PUC. That proceeding resulted in the fee being removed from the farmer’s bill. I have also heard from Archer Daniels Midland Company (ADM), and its attempt to seek a fair stand-by rate from the municipal utility in the community that hosts one of its processing plants. ADM is planning to construct an on-site combined heat and power cogeneration plant that would be highly energy and cost efficient.

The company is very concerned because the rate quoted by the municipal utility was nearly 300% more than stand-by rates charged by other utilities. If this legislation were to be enacted, ADM is concerned that keeping its processing plant in Greater Minnesota will no longer be financially feasible.

This legislation would create uncertainty for all municipal and cooperative electric utility customers seeking to produce their own renewable and efficient energy. It could impact economic development in Greater Minnesota, and the thousands of jobs in renewable energy in our state.

I cannot support this legislation.

Sincerely,

A handwritten signature in black ink that reads "Mark Dayton". The signature is stylized and cursive.

Mark Dayton
Governor

cc: Senator Michelle L. Fischbach, President of the Senate
Senator Paul E. Gazelka, Senate Majority Leader
Senator Thomas M. Bakk, Senate Minority Leader
Senator Bill Weber, Senate
Representative Melissa Hortman, House Minority Leader
Representative Dave Baker, House
The Honorable Steve Simon, Secretary of State
Mr. Cal R. Ludeman, Secretary of the Senate
Mr. Patrick Murphy, Chief Clerk of the House of Representatives
Mr. Paul Marinac, Revisor of Statutes