



STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

July 8, 2010

To: Rate-Regulated Natural Gas and Electric Utilities  
Interveners in Pending and Recent Rate Cases

From: Burl W. Haar  
Executive Secretary

Re: Notice of Commission's Consideration of Utility Travel, Entertainment, and Related  
Employee Expenses Given the New Disclosure Requirements of Laws of Minnesota,  
2010, Chapter 328

Earlier this year, the Minnesota Public Utilities Commission expressed interest in examining the appropriate treatment of certain utility expenses regarding travel, entertainment, officer and employee reimbursements, and related expenses. During the 2010 Legislative Session, this issue was addressed by a number of bills that were introduced. In fact, the Legislature did take formal action by passing S. F. 2519, which was signed by the Governor and enacted into law as Chapter 328 of the Laws of Minnesota, 2010.

This Law, effective beginning on August 1, 2010, provides that the Commission may not allow as operating expenses a public utility's travel, entertainment, and related employee expenses that the Commission deems unnecessary and unreasonable to providing utility service. To assist the Commission in making that determination, a public utility filing a general rate case petition must include a schedule separately itemizing all travel, entertainment, and related employee expenses, as specified by the Commission and, including at a minimum, the categories listed in the legislation. For travel and lodging and food and beverage expenses, the utility must disclose the total amounts for each expense category and also provide separate itemization for those expenses incurred by or on behalf of any employee at the level of vice-president or higher or for board members.

Data submitted to the Commission pursuant to this new provision are public data. However, the Commission or an Administrative Law Judge assigned to the case may treat the salary of one or more of the sixth through tenth highest paid officers and employees as private data or issue a protective order governing release of the salary if the utility establishes that the

competitive disadvantage to the utility that would result from the release of the salary outweighs the public interest in access to the data.

At the Commission's regular Agenda Meeting on June 17, 2010, Chair Boyd gave notice of how this change in law affected the Commission's future consideration of such expenses. He made the following statement:

"As you all know, the Commission expressed an interest in examining certain corporate expenses as they relate to rate recovery. Subsequently, the Legislature took up similar issues.

We have asked utilities filing rate cases to supplement their filings on these issues, and we appreciate your cooperation.

Laws of Minnesota, 2010, Chapter 328 requires the disclosure of specific, itemized information related to utility expenses for travel, entertainment, executive compensation and reimbursements, and other related items. The adoption of the law will facilitate the fact-finding process inherent in rate proceedings which and thereby is expected to assist the Commission in its task of deciding what expenditures are necessary and reasonable on a case by case basis in rate petitions. It is important to note that the law requires disclosure, but leaves it to the Commission to determine how to evaluate the information provided and apply it in the rate-making.

The adoption of this Law clarifies the obligation of utilities when filing rate cases and obviates the need for any special further inquiry in this issue by the Commission. As such, there will not be any further action taken by the Commission at this time."

Utilities should familiarize themselves with the requirements of Chapter 328, codified as Minnesota Statutes Section 216B.16, subdivision 17, to ensure that future rate case filings comply with the law.

This notice is to inform you of the status of the Commission's interest into these matters and of the new law moving forward.

If you have any questions, please contact either Burl W. Haar, Executive Secretary, at [burl.haar@state.mn.us](mailto:burl.haar@state.mn.us) or Dan Wolf, Assistant Executive Secretary, at [dan.wolf@state.mn.us](mailto:dan.wolf@state.mn.us), of the Commission staff.