MINNESOTA
PUBLIC UTILITIES COMMISSION

Sasha Bergman, Executive Secretary

NOTICE OF SECOND COMMENT PERIOD AND WORKSHOP

Issued: October 19, 2026

In the Matter of Commission Investigation into Rate-Regulated Electric and Natural Gas Utility Service Affordability

PUC Docket Number(s): E,G999/CI-26-341

Workshop: Second Workshop will be held on November 2, 2026 from 9:30 am to 12:30 pm.
Comment Period: Comment period closes November 6, 2026 at 4:30pm.

Second Topic: How Costs Are Added to Customer Bills

The second topic for this investigation explores potential changes to how costs reach customer bills that would better control costs while maintaining safe, reliable, and increasingly clean utility service; including changes to interim rates, the fuel clause, return on equity, debt to equity ratios, riders, rate design, or other Commission practices.

Topic(s) Open for Comment:

The Commission seeks written comments on the following questions:

1. **Riders, fuel clauses, and incentive to manage costs.** Riders and the fuel clause give utilities timely recovery and may lower financing costs, but they arguably weaken the incentive for rate-regulated utilities to manage costs between rate cases.
    a. What evidence is there, in Minnesota or elsewhere, that these mechanisms have raised or lowered total costs to customers?
    b. What, if any, reforms would preserve rate mechanisms' benefits while further improving cost discipline?

2. **Interim rates and affordability.** Minnesota law allows utilities to collect interim rate increases while the Commission reviews a rate case, subject to refund with interest. While interim rates provide rate-regulated utilities timely cost recovery for costs while a rate case is pending, customers must pay higher bills before the Commission has determined the amount of rate increase that is just and reasonable. Even when refunds are issued, they may come too late to

help customers struggling with higher bills during the proceeding. On the other hand, interim rates arguably help manage financial risk to the utility, potentially reducing its cost of capital.

a. Does the availability of interim rates affect a utilities' incentives to control costs, the size of initial rate requests, or parties' willingness to settle a rate case?
b. Do they have measurable impacts on the utility's financial risk and cost of capital?
c. How do other states balance timely utility cost recovery with customer protections during rate proceedings, and what can Minnesota learn from their experience?
d. What changes, if any, should be considered to Minn. Stat. § 216B.16, subds. 3 and 4, or the Commission's implementation of those provisions?

3. **Return on equity, capital structure, and the cost of capital.**
    a. Are there opportunities to improve how the Commission determines utilities' authorized return on equity (ROE), debt-to-equity ratios, and overall cost of capital to better balance affordability with utilities' ability to attract investment and maintain financial stability?
    b. Should the Commission reconsider how it evaluates these interrelated factors, including the appropriate balance of debt and equity financing, to ensure that customers pay no more than necessary while utilities retain access to capital on reasonable terms?
    c. What specific changes should be considered?

4. **Rate design as a cost-control tool, not just an allocation tool.** Rate design is often treated as dividing up a fixed revenue requirement. However, well-designed rates and incentives can also send signals to customers and the utility to achieve overall cost savings.
    a. To what extent can time-varying rates, demand charges, flexible load programs, or customer-sited resources actually reduce the system costs that need to be recovered, particularly peak-driven generation, transmission, and distribution investment?
    b. How can that reduction best be measured?
    c. Who bears the risk if those savings don't materialize, and how should benefits be shared between participating and non-participating customers?

5. **Priorities for regulatory reform**.
    a. Looking across the full range of Commission rate setting practices, which two or three changes would have the greatest potential to reduce customer bills or slow future cost increases without compromising safety, reliability, or progress toward Minnesota's clean-energy goals?
    b. What specific changes could the Commission implement under existing authority, what would require legislation, and how should their effectiveness be measured?

Background

On September 17, 2026, the Commission directed the Executive Secretary to:

> Open a Commission investigation and establish a docket to examine the affordability of electric and natural gas utility service in Minnesota. Factors to consider include Commission regulatory practices, state and federal requirements, and other factors that affect customer bills. The

investigation will be facilitated by the Regulatory Assistance Project and will result in a report to the Governor and Legislature in early 2027. The Executive Secretary will establish comment periods that facilitate input from the public and interested stakeholders. The final report will identify practical recommendations that could be implemented by the Commission, the Governor, or the Legislature to improve utility affordability and economic vitality while maintaining safe, reliable, and increasingly clean utility service.

The Regulatory Assistance Project (RAP) is facilitating this investigation, which includes three workshops on selected topics. The Commission will also invite written comments on those topics from utilities, consumer advocates, labor organizations, clean energy organizations, businesses, agricultural customers, and other stakeholders to identify concerns and recommend practical reforms.
The first workshop was held on October 13, 2026 and the agenda, presentations and recording of that workshop can be found here: https://mn.gov/puc/about-us/calendar/?trumbaEmbed=view%3Devent%26eventid%3D209675002.

The remaining workshops are scheduled from 9:30 a.m. to 12:30 p.m. Central Time on

- November 2, 2026
- December 8, 2026.

All workshops will be held at the Commission's offices at 121 7th Place East, Suite 350, Saint Paul, Minnesota 55101, and streamed for remote viewing. Viewing information and session agendas will be posted on the Commission's calendar at https://mn.gov/puc/about-us/calendar/.

A separate notice will identify the third topic for this investigation, applicable comment questions, and comment deadlines.

The investigation will culminate in a final report identifying practical, actionable recommendations that the Commission, Governor, or Legislature could implement to improve the affordability of electric and natural gas utility service for Minnesota customers while supporting the state's economic vitality.

Filing Requirements: Utilities and state agencies are **required** to efile documents using the Commission's electronic filing system (eFiling). All other interested persons are encouraged to use eFiling at: https://www.edockets.state.mn.us/EFiling

Submit Public Comments: Members of the public who do not use eFiling may submit comments using any of the following methods:

Online: https://mn.gov/puc/get-involved/public-comments/, and follow the instructions.

Email: consumer.puc@state.mn.us

U.S. Mail: Consumer Affairs Office
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

Full Case Record: See all documents filed in this matter on the Commission's website at: mn.gov/puc/edockets, select *Go to eDockets*, enter 26-341 under Docket #s, and select *Search*.

Subscribe: To receive email notification when new documents are filed in this matter visit: https://www.edockets.state.mn.us/EFiling and select *Subscribe to Dockets*.

Questions about this docket or Commission process and procedure? Contact Commission staff, Mike Bull, at mike.bull@state.mn.us or 651-201-2198.

Change your mailing preferences: Email docketing.puc@state.mn.us or call Leesa Norton at 651-201-2246.

To request this document in another format such as large print or audio, call 651-296-0406 (voice). Consumers with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.