

**Subject** Exempting small gas utilities from PUC regulation

**Authors** Igo

**Analyst** Bob Eleff

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## Summary

Current law allows a public utility providing natural gas service to a municipality containing no more than 650 customers to be exempt from rate regulation by the Minnesota Public Utilities Commission, provided that: (1) the total number of customers served by the public utility is 5,000 or fewer; and (2) the number of customers located outside of municipal borders is incidental.

House File 252 makes four changes in the qualifying criteria for exemption: (1) up to 2,500 customers may be located in a single municipality; (2) the natural gas system serving a municipality may not be physically connected to another system owned and operated by the same utility; (3) identical tariff rates apply both within and outside of municipal borders; and (4) the requirement that the number of nonmunicipal customers be incidental is stricken.