

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 2164

(SENATE AUTHORS: DAHLE, Marty, Schmit, Goodwin and Koenen)

DATE	D-PG	OFFICIAL STATUS
03/03/2014	5921	Introduction and first reading Referred to Environment and Energy
03/10/2014	6050a	Comm report: To pass as amended and re-refer to Commerce
03/20/2014	6405a	Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act
 1.2 relating to energy; regulating terms of sale and service and the discontinuance of
 1.3 service during the heating season with respect to residential propane customers;
 1.4 proposing coding for new law in Minnesota Statutes, chapter 325E.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[325E.0271] DEFINITIONS.**

1.7 Subdivision 1. **Scope.** For the purposes of sections 325E.0271 to 325E.0276, the
 1.8 terms defined in this section have the meanings given them.

1.9 Subd. 2. **Customer.** "Customer" means a person who has an established relationship
 1.10 with a propane distributor and whose propane system meets the safety guidelines
 1.11 established by the propane distributor for residential heating service.

1.12 Subd. 3. **LIHEAP.** "LIHEAP" means the low-income home energy assistance
 1.13 program.

1.14 Subd. 4. **Propane distributor.** "Propane distributor" means a person who sells
 1.15 propane at retail to customers as their primary residential heat source; propane distributors
 1.16 are not public utilities.

1.17 Subd. 5. **Residential heating service.** "Residential heating service" means the
 1.18 provision of the primary source of heat for the interior of a residential structure.

1.19 Sec. 2. **[325E.0272] PRICE AND FEE DISCLOSURE.**

1.20 A propane distributor must provide a document listing the current per-gallon price of
 1.21 propane and all additional charges, fees, and discounts that pertain to residential heating
 1.22 service. The document must be:

1.23 (1) made available to the general public upon request; and

2.1 (2) provided to new customers before residential heating service is initiated.

2.2 Sec. 3. **[325E.0273] BUDGET PAYMENT PLAN.**

2.3 (a) A propane distributor who offers customers a budget payment plan must make that
2.4 plan available to all customers, including those who participate in the LIHEAP program.

2.5 (b) A budget payment plan must equalize a customer's estimated annual propane bill
2.6 by dividing it into equal monthly payments. Any budget plan started after the propane
2.7 distributor's traditional budget plan start date will be divided by the remaining months
2.8 in the budget plan year. Any positive balance remaining at the end of a year may, at the
2.9 customer's discretion, be provided to the customer as a cash payment or carried over as a
2.10 credit on the customer's bill for the next year.

2.11 (c) A propane distributor must notify a customer on a budget payment plan of a price
2.12 or fee change that may affect the monthly amount due under the budget payment plan
2.13 by more than 20 percent.

2.14 (d) A propane distributor may alter or terminate the plan if a customer has failed to
2.15 pay two monthly payments during the period of the budget payment plan. In lieu of the
2.16 requirements of this section, the parties may enter into a mutually agreeable plan.

2.17 Sec. 4. **[325E.0274] PROPANE PURCHASE CONTRACTS.**

2.18 A propane distributor is prohibited from adding any service, distribution,
2.19 transportation, or similar fees to customer billings for those customers who have entered
2.20 into a contract for prepurchasing or capitated pricing of propane for the period of the
2.21 contract provided that:

2.22 (1) the customer has met all obligations of that contract; and

2.23 (2) the propane distributor can receive product from its contracted supply points and
2.24 a force majeure has not been declared by the propane distributor's supplier.

2.25 Sec. 5. **[325E.0275] NONDISCRIMINATION.**

2.26 A propane distributor that offers customers service and service options including,
2.27 but not limited to, prepurchase contracts, keep-fill delivery, and credit payments, must
2.28 offer the same terms and conditions to all new and existing customers.

2.29 Sec. 6. **[325E.0276] TERMS OF SALE.**

2.30 Subdivision 1. **Cash sales.** A propane distributor with an available supply of
2.31 propane must not refuse to sell propane to a customer who:

3.1 (1) pays the distributor's established price upon delivery in cash, by certified or
 3.2 cashier's check, or by commercial money order or its equivalent; or

3.3 (2) receives energy assistance from LIHEAP or a governmental or private agency
 3.4 that has funds available to pay for a delivery.

3.5 Subd. 2. **LIHEAP participation and payments** A propane distributor who accepts
 3.6 LIHEAP payments must, upon request, make available to its customers information
 3.7 regarding LIHEAP, including income eligibility and contact information for organizations
 3.8 accepting LIHEAP applications.

3.9 Subd. 3. **Third-party credit disclosure.** A propane distributor must not make
 3.10 known the names of past or present delinquent customers to other propane distributors,
 3.11 except in the course of a routine credit check performed when a prospective customer
 3.12 applies for credit privileges.

3.13 Subd. 4. **Security deposits.** During the heating season, a propane distributor may
 3.14 not require the customer to pay a security deposit as a condition of service. At all other
 3.15 times, a security deposit may not exceed \$200.

3.16 Sec. 7. **SHORT-TERM LOAN PROGRAM.**

3.17 Prior to the commencement of the 2015 legislative session, the commissioner of
 3.18 commerce must submit to the legislature proposed legislation creating a short-term loan
 3.19 program for persons in need of propane between October 15 and April 15 of any year and
 3.20 who are financially unable to purchase it. The program must:

3.21 (1) be state funded;

3.22 (2) require repayment within a short period of time; and

3.23 (3) be capable of rapidly making payments to propane distributors in consideration
 3.24 of the loan recipient's circumstances, and be subject to audit and verification.

3.25 Sec. 8. **FRONT-LOAD LIHEAP PROGRAM FOR DELIVERED FUELS.**

3.26 The Minnesota Energy Assistance Program shall annually borrow from the general
 3.27 fund 75 percent of the traditional funds expended on delivered fuels to front load the
 3.28 LIHEAP program for those delivered fuels allowing for purchase and delivery of product
 3.29 in the summer and early fall when it is more cost-effective for the state, LIHEAP
 3.30 participants, and propane distributors. The following conditions shall apply:

3.31 (1) the delivered fuels program would begin August 1 of each year;

3.32 (2) funds needed to operate the early program must be borrowed from the general
 3.33 fund and paid back upon the state's receipt of funds from the federal government; and

4.1 (3) at the department's discretion, it may either (i) take applications and fund
4.2 individual LIHEAP clients; or (ii) prebuy fuel from participating LIHEAP delivered
4.3 fuels distributors.