4.1 DEFINITION OF CONTESTED CASE

The Administrative Procedure Act (APA) defines a contested case as "a proceeding before an agency in which the legal rights, duties, or privileges of specific parties are required by law or constitutional right to be determined after an agency hearing."1 This definition includes such a wide variety of matters, however, that describing contested cases in terms general enough to fit all of their variations is difficult.

The variety of contested cases can be seen from a few examples. Contested cases are used to set electric and gas rates, to determine whether a securities broker should have his or her license revoked, to decide the route of a power line, to judge the validity of fines assessed against nursing homes, to grant or deny variances from environmental protection rules, to set utility rates, to determine the propriety of occupational safety and health citations and fines, to decide whether to issue a certificate of need for a new power plant, to hear alleged violations of the state human rights law, to determine the necessity for environmental impact statements, to decide if a physician should be disciplined for violating a rule or a statute, to consider whether a new bank or savings and loan association should be chartered, to decide whether to revoke or suspend a real estate agent's license, to consider the revocation of day care or foster care licenses, to determine whether reparations should be awarded to crime victims, and to determine a number of other proposed actions.

In the simplest terms, the purpose of a contested case is to provide a hearing to an individual or group of individuals who have been directly impacted in some way by proposed governmental action. Since the purpose of a contested case is to determine the rights of individuals, contested cases tend to take on the characteristics of judicial proceedings in terms of procedure and formality. In contrast, rulemaking proceedings, which establish standards or rules of conduct applicable to society generally, are more loosely and informally structured, and are similar to legislative hearings on proposed bills.

As the definition emphasizes, contested case hearings are appropriate when the rights of specific parties are involved. Administrative action that affects a large number of people is more commonly accomplished through a rulemaking proceeding. However, an agency may choose, in the course of a contested case proceeding, to establish a standard or principle of general application.2

1 MINN. STAT. § 14.02, subd. 3 (2014).
2 SEC v. Chenery Corp., 332 U.S. 194, 203 (1947); see also § 16.6.