

INTERNATIONAL UNION OF OPERATING ENGINEERS

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2829 Anthony Lane South, Minneapolis, MN 55418-3285
Phone (612) 788-9441 • Toll Free (866) 788-9441 • Fax (612) 788-1936

In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals

PUC Docket Number(s): G999/CI-21-565

Thank you for the opportunity to submit supplemental comments regarding potential changes to cost allocation policies for gas line extensions.

The International Union of Operating Engineers Local 49 (IUOE Local 49) is a construction labor union in Minnesota representing heavy equipment operators and mechanics, along with stationary engineers. The change to the natural gas infrastructure system is a critical issue for IUOE Local 49. A significant portion of our members earn a living for themselves and provide for their families building and maintaining the state's natural gas infrastructure. Also, our members are among the millions of Minnesotans who depend on that infrastructure every day for the reliable and affordable delivery of essential utility services to heat their homes, run their appliances, and power their businesses.

At the outset, we believe it is important to state that the existing regulatory and policy framework works well for IUOE Local 49 members and their families. The system is reliable, affordable, and safe. It also provides good employment opportunities for our members. At the same time, we recognize that other groups have concerns with the future of the natural gas system in Minnesota, though we do not agree with some of the conclusions they have reached in their comments. We appreciate the Commission providing this venue to assess the current cost allocation policies for gas line extensions.

Many of the arguments against the continuation of free footage allowances (LEAs) are based on the erroneous assumption that the natural gas system is at imminent risk of disuse. In their initial comments the Citizens Utility Board of Minnesota (CUB) states that “Residential gas demand is no longer increasing” and “Local market trends...shift away from gas use in homes and businesses.” These comments conflate the decline in natural gas consumption per customer, due to efficiency improvements and changes to building codes, with a reduction in natural gas customers across the utilities. We agree with LIUNA’s reply comment “While their comments cite projections from the U.S. Energy Information Agency that consumption will fall, CUB fails to distinguish between demand for natural gas as a commodity and demand for the transmission and distribution infrastructure required for gas to fill its role as a backup fuel, per the G21 report.” If CUB’s interpretation is accepted it creates a misleading premise that there is a shrinking number of the public that need the natural gas system, while numerous metrics provided in the natural gas utilities’ comments show instead that there are increasing customer numbers for their utility systems year over year.

Similarly, in CURE’s reply comments they state, “If new customers wish to connect to the outdated natural gas system, then they should pay for the cost of the extension as well as for the future decommissioning of this extension.” This statement seems to subjectively decide that the Commission should no longer treat the natural gas utility system as a public utility because it is “outdated.” By all metrics provided in this docket, this is not the case, instead the natural gas utility system is a vital component of Minnesota’s infrastructure that ensures the safety of Minnesota residents in its coldest months. We do agree with CURE’s comment “Thus far, free allowances have economically made sense. Utilities benefitted...meant individual customers paid less.” However, we disagree with CURE’s later assertion that the natural gas system is no longer growing in customer base as we state above, and with this continued growth the free allowances still make sense in our view.

Also, in CURE’s reply comments they state “Utilities and the HVAC/heat pump industry need more electricians to bring about electrification for low-income rural communities. These trades can provide family-sustaining jobs that help raise households out of poverty and into self-reliance.” While the need for more trained electricians in the future is true, their concern for the livelihoods of tradespeople seems disingenuous at best. Their comments continuously call for the ending of an entire industry that has provided thousands of family sustaining jobs to

tradespeople including our members. Many of their stated concerns revolve around future costs and stability of the natural gas system. If they are concerned about the creation of family sustaining jobs, lower resource costs, and commodity cost resiliency they should be advocating for the high electrification with gas back up scenario found in the G21 report, and not the rapid decommissioning of Minnesota's natural gas utility system they appear to support.

Minnesota's ambitious climate goals will require us to utilize every available resource to reach them. Even with increased electrification, natural gas provides a critical heating back up for millions of Minnesotans, our members included. Local 49 supports continuation of the existing gas line extension policies for rate regulated gas utilities at this time.

We thank the commission for the opportunity to add our voice to the conversation.

Sincerely,

Nathan Runke
Regulatory Affairs Coordinator
International Union of Operating Engineers, Local 49

Date: September, 5th 2025