



July 8, 2025

Docket No: G999/CI-21-565

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

Initial Comments from the Midwest Building Decarbonization Coalition, Sierra Club, Resilient Cities and Communities, Cooperative Energy Futures Community Power , Native Sun Community Power Development, Justice Impacted Individuals Voting Effectively, and Just Us Gardens

The Midwest Building Decarbonization Coalition, Sierra Club, Resilient Cities and Communities, Cooperative Energy Futures Community Power , Native Sun Community Power Development, Justice Impacted Individuals Voting Effectively, and Just Us Gardens (collectively "Commenters") appreciates the Minnesota Public Utilities Commission's ("Commission") leadership in exploring the future of natural gas in Minnesota. We commend the Commission's efforts to encourage broad participation in this important conversation and respectfully submit the following comments for consideration.

Commenters recommend a prompt phase-out of existing gas line extension policies for rate-regulated utilities. Allowing subsidized expansion of gas infrastructure not only is misaligned with the state's climate goals, but also supports a system that harms public health and overlooks significant equity concerns.

1. Aligning policy with climate goals

Phasing out line extension allowances is an actionable intermediate step towards Minnesota's climate goals. In Minnesota, the residential sector ranks as the fifth-largest contributor to GHG emissions. The Minnesota Climate Action Framework targets a 50% reduction in GHG emissions from existing buildings by 2035, relative to 2005 levels.¹ State laws, like the 2021 ECO Act, and Commission proceedings like this one have already codified a shift away from gas, aligning with these climate commitments.

Line extension policies were originally designed to expand the gas system under the belief that such expansion served the public good, justified its costs, and assumed continued system growth. Based on these assumptions, it was deemed appropriate to subsidize the upfront infrastructure costs for new

¹ <https://climate.state.mn.us/sites/climate-action/files/Climate%20Action%20Framework.pdf>



customers, costs ultimately borne by existing ratepayers. However, these assumptions are no longer valid due to climate science, statewide decarbonization goals, and legislative direction. Requiring existing gas customers to subsidize line extensions is not in the financial interest of existing customers. Continuing to expand a gas system that Minnesota is actively working to step away from contradicts the state's long-term strategy.

Proponents of line extension policies often argue that eliminating these subsidies could increase housing costs. But these policies largely only apply to new housing developments requiring gas system connections. In 2020, Minnesota authorized 28,148 new, privately owned housing units,² out of a total housing stock of 2,485,558.³ That's just 1.13% of the state's housing. Line extension policies are not a driver of the housing affordability crisis nor can they meaningfully alleviate it. It's also important to note that all-electric construction generally results in lower overall costs, when compared to baseline code homes. Even with line extension subsidies, building all-electric remains the more cost-effective option. A study in New York State found that all-electric single-family homes were \$7,500-\$8,200 cheaper to construct than baseline code homes in the study area.⁴

Continuing to subsidize line extensions locks Minnesotans into decades of reliance on fossil fuel infrastructure, since utilities recover these costs slowly over time. These costs should be borne by new customers who choose to connect, particularly now that there are viable alternatives like electric service, making this less an obligation to serve and more a matter of customer choice. As Minnesota works toward an equitable energy transition, phasing out line extension subsidies is a logical and necessary first step. To meet its climate goals, the state must stop expanding the very gas system it has committed to leaving behind.

2. Public health considerations

The combustion of gas in homes poses a serious public health risk. While major gas appliances like furnaces and water heaters are typically vented to release combustion pollutants outdoors, others, like gas stoves, emit pollutants directly into the home.

Gas stoves emit harmful pollutants, including nitrogen dioxide (NO₂), benzene (C₆H₆), carbon monoxide (CO), formaldehyde (H₂CO), and particulate matter (PM). Of these, NO₂ and benzene are especially concerning because typical gas stove usage can elevate indoor concentrations above health benchmarks. Typical use of a gas stove increases exposure to NO₂ by 4.0 parts per billion on average across the United States, which is 75% of the World Health Organization's exposure guideline.⁵ Alarming, researchers

² <https://www.census.gov/library/visualizations/interactive/annual-new-privately-owned-housing-units.html>

³ <https://data.census.gov/table/DECENNIALCD1182020.H1?q=minnesota+housing+units>

⁴ <https://newbuildings.org/resource/cost-study-of-the-building-decarbonization-code/>

⁵ <https://www.science.org/doi/10.1126/sciadv.adm8680>



found that pollutant levels can exceed health benchmarks in bedrooms within just one hour of stove use, and remain elevated for hours afterward.

There is a large breadth of peer-reviewed studies that consistently have shown associations between exposure to NO₂ and increased asthma symptoms, an increase in inhaler use, and an increased number of asthma attacks among children.⁶ While those with asthma, and vulnerable populations, like children, are more likely to experience these acute symptoms, the adverse health effects of gas are not limited to people with asthma. NO₂ exposure has been linked to chronic obstructive pulmonary disease morbidity⁷ and to respiratory exacerbations⁸, even among those without known lung disease. Long-term exposure not only leads to negative health outcomes, but also results in missed days at school or work, increased healthcare use, and other broader impacts. There are also disparities in health outcomes based on race and socioeconomic status. Low-income households and households of color have higher rates of heart disease,⁹ asthma,¹⁰ and other chronic diseases.¹¹

The disparities in health outcomes as a function of race and socioeconomic status cannot be ignored. Low-income households and households of color have higher rates of heart disease,¹² asthma,¹³ and other chronic diseases.¹⁴ These same communities are also more likely to live in homes where gas combustion occurs, placing them at greater risk.

The evidence is clear that gas combustion in homes contributes to both GHG emissions and serious health risks. These impacts are not distributed equally, low-income communities and communities of color, already facing higher rates of chronic disease, bear a disproportionate burden. Continuing to subsidize the expansion of a system that deepens health disparities and locks households into long-term gas use undermines both public health and Minnesota's climate goals.

3. Equity considerations

The transition to electrification is already well underway. In 2024, air-source heat pumps outsold gas furnaces by the widest margin to date. Americans purchased 32% more heat pumps than gas furnaces, making them the most popular heating option. At the same time, a number of municipalities, often in higher-income areas, have adopted all-electric requirements for new construction, leading the move away from gas. Oak Park, Illinois was the first town in the midwest to pass an ordinance requiring new

⁶ <https://www.atsjournals.org/doi/10.1513/AnnalsATS.202306-533VP>

⁷ <https://academic.oup.com/aje/article-abstract/165/4/435/109238?redirectedFrom=fulltext&login=false>

⁸ <https://thorax.bmj.com/content/66/7/591>

⁹ <https://pmc.ncbi.nlm.nih.gov/articles/PMC4541436/>

¹⁰ <https://pmc.ncbi.nlm.nih.gov/articles/PMC2820073/>

¹¹ <https://pmc.ncbi.nlm.nih.gov/articles/PMC3794652/>

¹² <https://pmc.ncbi.nlm.nih.gov/articles/PMC4541436/>

¹³ <https://pmc.ncbi.nlm.nih.gov/articles/PMC2820073/>

¹⁴ <https://pmc.ncbi.nlm.nih.gov/articles/PMC3794652/>



buildings to be all electric.¹⁵ Oak Park has a median household income of \$108,026, significantly above the state average in Illinois of \$81,702.¹⁶

As wealthier households exit the gas system, the cost of maintaining that infrastructure will increasingly fall on a shrinking pool of ratepayers, primarily lower-income households who cannot afford to leave the gas system. Because utilities recover infrastructure costs over decades, today's gas subsidies will be paid for by those who remain in the gas system for decades to come. When the California Public Utilities Commission decided to eliminate gas line extension allowances in 2022, they explained their reasoning by stating that "any new gas infrastructure is likely to become a stranded asset."¹⁷ It is crucial for Minnesota to promptly phase out line extension policies to prevent this cost burden from continuing to grow. Without any action, Minnesota risks continuing to grow this infrastructure significantly and further entrenching a system that is misaligned with Minnesota's climate goals.

4. Conclusion

The Commission has an opportunity to take a meaningful, common-sense step towards aligning state utility policies with Minnesota's climate, health, and equity goals. Promptly phasing out gas line extension subsidies is a practical and necessary action to curb the expansion of gas infrastructure, reduce long-term financial burdens on low-income households, and protect public health. As the transition to clean energy accelerates, Minnesota can lead the Midwest by signaling a clear commitment to an equitable, electrified future. We urge the Commission to act promptly to end these outdated policies that burden ratepayers and no longer reflect the state's long-term vision.

Signatories:

The Midwest Building Decarbonization Coalition

Sierra Club

Resilient Cities and Communities

Cooperative Energy Futures

Community Power

Native Sun Community Power Development

JIIIVE (Justice Impacted Individuals Voting Effectively)

Just Us Gardens

¹⁵ <https://www.mwalliance.org/blog/new-construction-oak-park-will-now-be-all-electric>

¹⁶ <https://www.census.gov/quickfacts/fact/table/IL,oakparkvillageillinois/PST045224>

¹⁷ <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K876/496876177.PDF>

From: [Joanne Lee](#)
To: [Staff, CAO \(PUC\)](#)
Cc: [Jacob Serfling](#)
Subject: MWBDC Initial Comment on Docket No. G999/CI-21-565
Date: Tuesday, July 8, 2025 10:38:07 AM
Attachments: [20250708_MWBDC_InitialComment_G999_CI-21-565.pdf](#)

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Dear Commission Staff,

Please find attached our initial comment regarding Docket No. G999/CI-21-565.

Thank you,
Joanne

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Joanne Lee (she/her)
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