



May 29, 2026

Ms. Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

**Re: In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals
Docket No. G999/CI-21-565**

Dear Ms. Bergman:

Fresh Energy and Minnesota Center for Environmental Advocacy (MCEA) submit these alternative decision options while continuing to support Decision Option 1: Require that all regulated gas utilities eliminate line extension allowances. The enclosed alternatives are modified versions of the joint proposed decision options filed by CEE, Xcel, LIUNA, and ECC on May 22, 2026.

These alternative decision options would establish a timeline for gradually reducing gas utility line extension allowances that is consistent across the rate-regulated gas utilities. Under this proposal, Xcel, CenterPoint, and MERC will each have filed initial gas Integrated Resource Plans (IRPs) before line extension allowances are fully eliminated. Similar to other states that have phased out line extension allowances, gas IRPs can help the Commission and utilities assess the impact of line extension allowances on customer demand and system investments. The proposed timeline also aligns with the 2027–2029 Energy Conservation and Optimization (ECO) Triennial proceeding, providing an opportunity to evaluate how efficient fuel-switching and energy efficiency programs should be updated to support the gradual phaseout of line extension allowances over the course of the Triennial.

Fresh Energy and MCEA do not support any decision option that refers review of line extension allowances back to rate cases. Fresh Energy and MCEA previously raised the line extension allowance issue in rate cases for Xcel, CenterPoint, and MERC. In doing so, we received feedback from parties that rate cases were not the best forum for addressing this issue. As a result, settlements were reached in those dockets agreeing that line extension allowances should be addressed in this Future of Gas docket, where the issue could be decided holistically, for all gas utilities at one time. We believe returning the issue to rate cases would ultimately result in the

same frustrations parties raised previously, including that the issue shouldn't be addressed on a utility-by-utility basis.

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Fresh Energy and MCEA modified CEE/Xcel/LIUNA/ECC 2. For rate-regulated natural gas utilities that include footage allowances in line extension tariffs, establish maximum distances ~~for of 75 feet for service lines and 80 feet for mains as~~ the portion of installation costs not charged to the customer, as follows:~~unless the utility can demonstrate that a greater maximum distance is consistent with the public interest.~~

- By January 1, 2027, reduce line extension allowances to a maximum of 75 feet for service lines and 80 feet for mains;
- by January 1, 2028, reduce line extension allowances to a maximum of 30 feet for service lines and 40 feet for mains;
- by January 1, 2029, fully eliminate line extension allowances.

Fresh Energy and MCEA modified CEE/Xcel/LIUNA/ECC 13. Within 30 days of the Commission's Order, all rate-regulated gas utilities shall file a compliance filing with updated line extension tariffs reflecting the changes made through the Commission's decision in this matter. ~~The compliance filing does not need to include new considerations for line extension tariffs approved by the Commission in this proceeding.~~

Fresh Energy and MCEA modified CEE/Xcel/LIUNA/ECC MODIFIED 15. Require rate-regulated natural gas utilities that include a footage allowance in their line extension tariffs following the Commission's decision in this matter to file a ~~single-family new construction ECO program, or~~ program modification if the utility already offers a single-family new construction ECO program, with the Department that includes the components listed below. Utilities shall prioritize timely implementation of the programmatic components while considering impacts to program partners. Utilities may include provisions in their filing to monitor the ongoing impact of these requirements and propose modifications if needed, consistent with ECO procedures and protocols.

- a. Require participating homes to achieve minimum energy savings of at least 10 percent better than Minnesota's residential building code requirements.
- b. Require installation of an air source or ground source heat pump in lieu of a central air conditioner to be eligible to participate in the program.
- c. Do not require installation of specific natural gas appliances to be eligible for the program and do not make rebate levels contingent on installation of specific natural gas appliances.
- d. Provide a bonus rebate for homes with a UA threshold that is better than Minnesota's residential building code requirements.