

Staff Briefing Papers

Meeting Date March 12, 2026

Agenda Item 3**

Company CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas

Great Plains Natural Gas Co.

Northern States Power Co. d/b/a Xcel Energy

Minnesota Energy Resources Corp.

Docket No. G-999/CI-21-135

In the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers

G-008/M-21-138

In the Matter of the Petition of CenterPoint Energy Minnesota Gas for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions

G-004/M-21-235

In the Matter of the Petition by Great Plains Natural Gas Co. for Approval of Rule Variances to Recover Natural Gas Costs from February 2021

G-002/CI-21-610

In the Matter of the Petition of Xcel Energy to Recover February 2021 Natural Gas Costs

G-011/CI-21-611

In the Matter of the Petition of Minnesota Energy Resources Corp. for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

- Issues
- Do the Gas Utilities’¹ annual compliance filings comply with the February 2023 and June 2025 Commission’s Orders?
 - Are Great Plains’ conclusions of its voluntary conservation report reasonable?
 - Are the Gas Utilities’ reports regarding interruptible customer compliance and incorporation of curtailment calls reasonable?
 - Are the Gas Utilities’ reports regarding hedging, procurement and customer communication strategies achieving reasonable savings for ratepayers?
 - Should the Gas Utilities’ August 1, 2025 Annual Compliance Filings be accepted and approved?

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✓ Relevant Documents

	Date
CenterPoint Energy – Compliance Filing (Cross Filed in Dockets 21-135 and 21-138)	August 1, 2025
Great Plains Natural Gas Co. – Compliance Filing (Cross Filed in Dockets 21-135 and 21-235)	August 1, 2025
Xcel Energy – Compliance Filing (Cross Filed in Dockets 21-135 and 21-610)	August 1, 2025
Minnesota Energy Resources Corp. – Compliance Filing (Cross Filed in Dockets 21-135 and 21-611)	August 1, 2025
Department of Commerce – Comments (Public and Trade Secret) (Cross Filed in Dockets 21-135 and 21-138)	December 8, 2025
Department of Commerce – Comments (Cross Filed in Dockets 21-135 and 21-235)	December 8, 2025
Department of Commerce – Comments (Cross Filed in Dockets 21-135 and 21-610)	December 8, 2025
Department of Commerce – Comments (Cross Filed in Dockets 21-135 and 21-611)	December 8, 2025
CenterPoint Energy – Reply Comments (Cross Filed in Dockets 21-135 and 21-138)	December 18, 2025

¹ The Gas Utilities are CenterPoint Energy Minnesota Gas (CenterPoint Energy), Great Plains Natural Gas Co. (Great Plains), Xcel Energy (Xcel) and Minnesota Energy Resources Corp. (MERC).

✓ **Relevant Documents**

Great Plains Natural Gas Co. – Reply Comments
(Cross Filed in Dockets 21-135 and 21-235)

Date

December 18, 2025

Xcel Energy – Reply Comments
(Cross Filed in Dockets 21-135 and 21-610)

December 18, 2025

Minnesota Energy Resources Corp. – Reply Comments
(Cross Filed in Dockets 21-135 and 21-611)

December 18, 2025

Department of Commerce – Response to Reply Comments
(Cross Filed in Dockets 21-135 and 21-610)

January 14, 2026

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I. Background

On February 12 – 22, 2021, a combination of significant disruptions in natural gas supply combined with a sharp rise in natural gas demand, led to an extraordinary increase in natural gas spot market prices in Minnesota (Winter Storm Uri or February 2021 Pricing Event).

On October 19, 2022, the Minnesota Public Utilities Commission (Commission) issued Orders² disallowing recovery of some extraordinary gas costs. The Orders also required the Gas Utilities to file plans to better protect ratepayers from future price spikes in the natural gas spot market and to discuss the possibility of incorporating long-term resource planning into gas-utility regulations.

On February 17, 2023, the Commission issued Orders in the Uri Dockets directing the Gas Utilities to, by August 1, file an annual compliance detailing the utility's recent efforts to protect ratepayers from future price spikes in the market for natural gas.

On August 1, 2023, the Gas Utilities submitted their first annual compliance filings (ACF or ACFs).

On January 26, 2024, the Gas Utilities filed a compliance filing notifying the Commission of cost impacts on gas commodity purchases due to extreme market conditions between January 12-17, 2024 (January 2024 Pricing Event).

On July 30, 2024, the Commission issued Orders approving the 2023 ACFs, and required the Gas Utilities to evaluate the storage service options provided by the interstate pipelines that serve them to determine which storage service option is most appropriate for their situation.

On August 1, 2024, the Gas Utilities filed their second annual compliance.

On June 2, 2025, the Commission issued Orders approving the 2024 ACFs and refined the Gas Utilities' pricing-event reporting requirements by modifying Ordering Paragraph 3 of the February 17, 2023 Order. Under the revised requirement, the Gas Utilities must notify the Commission within three days of the first day gas prices spike to five times the purchased gas adjustment (PGA) cost. Additionally, the Commission ordered the Gas Utilities to report on the incorporation of curtailment calls and interruptible customer compliance.

On August 1, 2025, the Gas Utilities filed their third annual compliance.

On December 8, 2025, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments recommending that CenterPoint, MERC, Great Plains and Xcel

² Docket G-999/CI-21-135, G-008/M-21-138, G-004/M-21-235, G-002/CI-21-610 and G-011/CI-21-611 (collectively, Uri Dockets).

compliance filings be accepted and approved. Additionally, the Department recommended that Great Plains analyze several potential financial and operational outcomes of its voluntary conservation program for firm customers in its August 1, 2026 ACF.

On December 18, 2025, CenterPoint and MERC filed Reply Comments in support of the Department's approval recommendation. Xcel Energy filed Reply Comments addressing the estimated balance of extraordinary gas costs as of December 31, 2026, and the proposed treatment following the end of the recovery period. Additionally, Great Plains filed Reply Comments in support of the Department's approval recommendation and stated that it would continue to evaluate a voluntary conservation program and its potential impacts.

On January 14, 2026, the Department filed a Response to Xcel's Reply Comments, noting that Xcel's under-recovery of extraordinary gas costs is attributable to lower sales from warmer-than expected winters. Additionally, the Department recommended that Xcel Energy's compliance filing be accepted and approved.

The Gas Utilities' 2025 ACFs addressed the following Ordering Paragraphs in the Commission's February 17, 2023 and June 2, 2025 Orders.

II. February 17, 2023 Order

- Ordering Paragraph 2 – Interruptible Tariffs: No later than its next rate case, each gas utility in this docket shall update its existing interruptible tariffs to ensure customers understand the possibility of economic interruptions and propose new or alternative interruptible tariffs that include additional economic curtailment provisions that could protect the system from future price spikes.
- Ordering Paragraph 3 – Gas Price Spike Filing: If a gas utility in this docket pays prices on the daily spot market that exceed five times the average price of gas in the utility's filed purchased-gas adjustment for the current month when the gas was purchased, the utility shall make a filing to the Commission within 14 days identifying its costs for procuring gas for Minnesota customers while gas prices were inflated above this amount, what actions the utility took to account for or mitigate those costs, and justifications for why its actions were prudent.
- Ordering Paragraph 4: The gas utilities in this docket shall participate in the North American Energy Standards Board (NAESB) Gas/Electric Harmonization Forum and other relevant efforts to track and pursue beneficial reforms, such as improving the force majeure language in the NAESB standard contract.
- Ordering Paragraph 5: The gas utilities in this docket shall continue exploring the availability and cost of contracting, hedging, and supply options that would provide better protection against price spikes.



Staff Briefing Papers for Docket No. **G-999/CI-21-135, G-008/M-21-138, G-004/M-21-235, G-002/CI-21-610, and G-011/CI-21-611 on March 12, 2026**

- Ordering Paragraph 6: The gas utilities in this docket shall consider variations to, and explain their plans to, incorporate a greater degree of baseload purchases.
- Ordering Paragraph 7: The gas utilities in this docket shall explore modifications to storage inventory management that could preserve withdrawal capabilities for later in the winter.
- Ordering Paragraph 8: The gas utilities in this docket shall commit to improving their supply reserve margin practices to minimize these quantities to the greatest extent reasonable and be prepared to explain the level of their supply reserve margins in the future.
- Ordering Paragraph 9: In future contract demand entitlement filings, the gas utilities in this docket shall discuss how changes to their pipeline capacity affect their supply diversity and, if pipeline capacity comes at a cost premium but increases supply diversity, provide a meaningful cost/benefit discussion of the tradeoff, including a comparison with the least-cost capacity option.
- Ordering Paragraph 10: Each gas utility in this docket shall include in its relevant annual, forward-looking gas planning or hedging filings: its expected supply mixes across different load and weather conditions throughout each month of the upcoming winter season, the forecasted minimum, average, and maximum day load requirements, the expected mix of baseload, storage, and spot supply on those days.
- Ordering Paragraph 11: The gas utilities in this docket shall design plans that study customer responses to conservation calls.
- Ordering Paragraph 12: CenterPoint shall use the circumstances of the event, the prevailing winter, and the status of its fuel inventory to inform its peak-shaving dispatch decisions.
- Ordering Paragraph 13: Xcel shall use the circumstances of the event, the prevailing winter, and the status of its fuel inventory to inform its peak-shaving dispatch decisions.
- Ordering Paragraph 14: Xcel and CenterPoint shall file dynamic proposals for calling on peaking resources that recognize that these decisions depend on the economic and situational context of the utility and the market.

III. June 2, 2025 Order

- Ordering Paragraph 5: Great Plains must summarize the consultant's report on voluntary conservation in the August 2025 compliance filing.
- Ordering Paragraph 6: The Gas Utilities must include in future August compliance filings



a report on how they are improving incorporation of curtailment calls into their gas supply planning processes for both reliability and economic purposes.

- Ordering Paragraph 7: The Gas Utilities must report, in future August compliance filings, on how they are improving interruptible customer compliance with curtailment orders.
- Ordering Paragraph 8: The Gas Utilities must continue the reporting obligations outlined in ordering paragraphs 3, 5-11, and 14-15 of the Commission’s February 17, 2023 Order in their future August compliance filings.
- Ordering Paragraph 9: The Commission hereby modifies ordering paragraph three of the February 17, 2023, Order, to read as follows:

The utility shall notify the Commission of a pricing event within 3 days of the first day gas prices spike to five times the PGA cost. The notification shall be filed in e-dockets and include the date of the initial price spike and the impacted hubs.

In addition, if a gas utility in this docket pays prices on the daily spot market that exceed five times the average price of gas in the utility’s filed purchased-gas adjustment for the current month when the gas was purchased, the utility shall make a filing to the Commission within 14 days following the last day of the price event identifying:

- A. Its costs for procuring gas for Minnesota customers while gas prices were inflated above this amount,
- B. What actions the utility took to account for or mitigate those costs, and
- C. Justifications for why its actions were prudent.

IV. CenterPoint Energy – Initial Filing

A. Responses to February 17, 2023 Order

1. Ordering Paragraphs 2, 3, 4 – Interruptible Tariffs, Gas Price Spike Filings, and NAESB Reforms

Regarding interruptible tariffs, CenterPoint Energy filed a rate case on November 1, 2023, that updated existing interruptible tariffs and proposed new and alternative tariffs with economic curtailment provisions.³ The tariffs became effective September 1, 2025.

Regarding gas price spike filings, CenterPoint reported that prices during the 2024–2025 winter season did not trigger the notification filing requirements. Additionally, over the 2025 Martin

³ Docket No. G-008/GR-23-173, Schedule 17.

Luther King Jr. Day weekend, CenterPoint notified the Department of Commerce of elevated prices and described how the system was managing the colder weather conditions.

Regarding NAESB reforms, CenterPoint reported no new developments but affirmed its ongoing commitment to collaborating with NAESB to improve contract language.

2. Ordering Paragraphs 5, 6, 10 – Contracting, Hedging, Supply Options, Baseload, Gas Supply Planning

To maintain reliability, price stability and protection, CenterPoint’s supply portfolio consists of baseload supplies, call options, daily spot market purchases, storage and peaking supplies.

CenterPoint has continued to evaluate its supply plan and procurement strategies to further protect customers from extraordinary costs due to price volatility or future market price spikes as follows:

- Increased baseload first-of-the-month index purchases which reduced the percentage of planned supply to be met through daily/swing gas purchases.
- Ensured CenterPoint’s supply mix strategy at its primary receipt points is to be met by a blend of first-of-the-month index purchases as well as daily index purchases to better achieve price diversification.
- Acted on securing long-term hedges of 24-months beginning April 1, 2023 and will continue to evaluate these opportunities going forward.
- Received approval from the Commission to modify the structure of the hedging order to allow for more flexibility and to accommodate future customer growth in Docket G-008/M-23-360.⁴
- Adjusted Winter Season 2024-2025 hedging strategy to be based on a maximum hedged volume of 25 percent of anticipated customer load requirements.
- Continue to evaluate and explore storage opportunities whose acquisitions would further stabilize CenterPoint’s supply portfolio (i.e., East Cheyenne and ANR Pipeline Company).

CenterPoint continued to increase baseload First-of-Month (FOM) index purchases, which reduced the percentage of supply to be met through daily/swing gas purchases. Table 1 illustrates the planned increase in baseload FOM index purchases compared to planned total system purchases over the last four years:

⁴ *In the Matter of the Petition of CenterPoint Energy for Approval of an Extension of Rule Variances to Minnesota Rules to Recover the Costs of Certain Natural Gas Financial Instruments Through the Purchased Gas Adjustment Clause*, G-008/M-23-360, ORDER APPROVING USE OF FINANCIAL INSTRUMENTS AND EXTENDING RULE VARIANCE at 4-5 (April 23, 2024).

Table 1 – CenterPoint’s Baseload Index Purchases⁵

Winter Plan Year	Baseload - Index Price (Dth)	Total System Purchases (Dth)	Percent of Total System Purchases
2020-2021	21,050,000	104,336,576	20%
2021-2022	28,100,000	107,636,370	26%
2022-2023	26,669,930	103,458,231	26%
2023-2024	27,145,000	102,444,522	26%
2024-2025	29,969,950	102,390,966	29%

CenterPoint addressed its actual and forward-looking gas planning in the annual Gas Procurement Plan (GPP) that was filed on July 28, 2025.⁶ This document can be referenced for supply purchase planning; including but not limited to, hedging plan, supply mix strategy, and expected load requirements.

3. Ordering Paragraphs 7, 12 – Storage, Peak Shaving

In September 2023, CenterPoint participated in the Ventura Xpress Project Open Season (Project) posted by ANR Pipeline Company (ANR) for 4.5 Bcf of firm storage services. The Project would deliver approximately 75,000 Dth/day from ANR storage to the Ventura interconnect on Northern Border Pipeline Company. CenterPoint was awarded the full capacity for 15-years with April 1, 2025 as the earliest in-service date. The Commission approved the associated demand charges for this storage service on February 17, 2026.⁷

On April 1, 2024, CenterPoint requested approval of demand charges associated with the Tenaska and East Cheyenne storage partnership transaction, for firm storage services effective April 1, 2024 to March 31, 2029.⁸ East Cheyenne held an open season for 2.5 Bcf maximum yearly storage capacity and a maximum withdrawal deliverability of 30,000 Dth/day. Tenaska agreed to hold the storage capacity and deliver to CenterPoint at a mutually agreeable Northern Natural Gas (NNG) receipt point. The Commission approved these demand changes on June 23, 2025.⁹

On April 1, 2025, CenterPoint requested approval of demand charges for an additional 3.2 Bcf of East Cheyenne storage in a subsequent partnership with Tenaska, for a term ending March

⁵ CenterPoint Energy, Compliance Filing Annual Report, August 1, 2025, Docket No. G-008/M-21-138, at 7.

⁶ Docket No. G-008/M-23-360.

⁷ *In the Matter of CenterPoint Energy Minnesota Gas’ Request for Change in Demand Units*, Docket No. G-008/M-25-72, ORDER, at 1-2 (February 17, 2026).

⁸ *In the Matter of CenterPoint Energy Minnesota Gas’ Request for Change in Demand Units*, Docket No. G-008/M-24-146, ORDER at 1 (June 23, 2025).

⁹ *Id.* at Ordering Paragraph 5.

31, 2028. This proposed storage would increase the total capacity held by CenterPoint and Tenaska to 5.7 Bcf, or 68,400 Dth/day. The Commission approved the associated demand charges for this storage service on February 17, 2026.¹⁰

CenterPoint planned to maintain its highest level of storage withdrawal capability through the end of January to mid-February. Historically, January experienced peak day throughput until the occurrence of Winter Storm Uri. Table 2 illustrates CenterPoint's maximum storage withdrawal deliverability.

Table 2 - CenterPoint's Withdrawal Deliverability¹¹

Pipeline/Source	Storage Capacity (Bcf)	Max Withdrawal Deliverability (Dth)
Northern Natural Gas Company	3,291,777	57,094
ANR Pipeline Company	4,583,640	75,000
Natural Gas Pipeline Company	15,823,950	210,986
Medford Underground Storage (Company Owned)	2,100,000	55,000
BP Canada Marketer Storage (NNG)	10,000,000	120,000
Tenaska Marketer Storage (East Cheyenne)	5,700,000	68,400
Total Volume	41,499,367	586,480

As of the August 1 compliance filing, CenterPoint had not implemented changes to its peak-shaving dispatch decisions. However, CenterPoint has evaluated the need to dispatch them on a case-by-case basis given the overall economic and situational condition of the utility and the market.

4. Ordering Paragraph 8 – Supply Reserve Margin

CenterPoint identified several factors in determining whether to acquire gas supplies in excess of forecasted load, which include monthly pipeline imbalance levels, storage inventory levels, pipeline constraints and the availability of System Management Service (SMS) balancing, potential supply cuts, and weather forecast uncertainty.

CenterPoint matched gas supplies as closely as possible to forecasted load. On most days, supply/demand levels are closely balanced. However, on high demand days, CenterPoint procured slightly more gas than it forecasted as needed to ensure reliable service, to avoid punitive imbalance penalties, cover any potential supply cuts, and adjust to forecast uncertainty.

¹⁰ *In the Matter of CenterPoint Energy Minnesota Gas' Request for Change in Demand Units*, Docket No. G-008/M-25-72, ORDER, at 1-2 (February 17, 2026).

¹¹ CenterPoint Energy, Compliance Filing Annual Report, August 1, 2025, Docket No. G-008/M-21-138, at 8.



5. Ordering Paragraph 9 – Demand Entitlement

On April 1, 2025, CenterPoint discussed the relevant information in its most recent Demand Entitlement filing.¹²

6. Ordering Paragraph 11 – Conservation Calls

CenterPoint noted that, if the commodity cost exceeded five times the monthly weighted average cost of gas (WACOG), it would initiate customer conservation calls. If the expected next day gas price was over five times the WACOG, additional communication would be disseminated via the website, email, and social media platforms.

To study customer response to conservation calls, CenterPoint will also review models of expected gas usage of similar weather days without conservation calls and compare to actual usage during the said conservation call. If conservation calls occur during the 2025-2026 heating season, CenterPoint will report in the 2026 ACF.

During the 2024-2025 winter season, CenterPoint did not issue any conservation communications, as prices did not reach the five-times WACOG threshold. However, CenterPoint noted that it regularly communicates with customers throughout the year – via news releases, social media, customer emails and on-bill messages – to provide energy- and cost saving guidance, including payment assistance resources, no- and low-cost savings tips, and information on energy efficiency programs.

7. Ordering Paragraph 14 – Peaking Resources

CenterPoint noted that, in September 2022, it had proposed to implement a peak-shaving dispatch protocol based on a defined price threshold, but its proposal was not approved. CenterPoint will continue to evaluate dispatch decisions on a case-by-case basis, considering current market conditions and circumstances of the forthcoming event.

B. Responses to the June 2, 2025 Order

1. Ordering Paragraphs 6 and 7 – Incorporation of Curtailment Calls, Interruptible Customer Compliance

CenterPoint continued to use curtailment, particularly in areas with historical trends indicating a need to shed load. CenterPoint also evaluated market conditions for economic and supply reliability concerns, with curtailment serving as one of several tools in daily decision making. Other factors considered include available supply options, expected weather, recent market activity, and peak-shaving asset utilization. CenterPoint further noted that it quantified expected load-shed amounts for each rate category to better assess the potential impact of curtailment.

¹² Docket No. G-008/M-25-72.



Additionally, CenterPoint reported that automated calling and texting were implemented during the 2023-2024 heating season to enable more efficient customer outreach. Daily Gas Supply calls allow CenterPoint to identify specific daily curtailment needs and anticipate potential customer inquiries. When curtailment is required, CenterPoint seeks to notify customers the evening prior, providing sufficient time to prepare for the 9:00 am deadline the following day.

CenterPoint noted several measures taken with interruptible customers to ensure compliance and reduce occurrences of unauthorized gas usage, as outlined below:

- Conducted curtailment readiness emails and/or meetings with third-party marketers and shippers each November;
- Updated the curtailment database monthly, including account changes, customer additions and removals, third-party updates, customer classification, etc.;
- Performed annual outreach to all interruptible customers to verify and update contact information;
- Hosted Annual Seasonal Energy Management Seminars each October to discuss readiness;
- Implemented automated calling and texting starting in the 2023–2024 heating season;
- Conducted in-person visits to key customers;
- Held daily gas supply calls to track specific curtailment needs and anticipate potential customer inquiries;
- Contacted customers who took unauthorized gas during curtailment events to determine what went wrong and prevent recurrence;
- Engaged the 46 smallest Small Volume Dual Fuel-A customers to gauge interest in switching to firm service;
- Maintained ongoing communication through Key Account Managers, Gas Control/Supply, and engineering teams; and
- Monitored cold-weather equipment failures and lack of available backup fuel to inform future curtailments.

V. Great Plains Natural Gas Co. – Initial Filing

A. Responses to February 17, 2023 Order

1. Ordering Paragraphs 3, 4 – Gas Price Spike Filings, NAESB Reforms

Regarding gas price spike filings, Great Plains reported that prices during the 2024–2025 winter season did not trigger the notification filing requirements.

Regarding NAESB Reforms, Great Plains did not supply information relative to this Ordering Paragraph in the August 1, 2025 compliance filing.

2. Ordering Paragraphs 5, 6, 10 – Contracting, Hedging, Supply Options, Baseload, Gas Supply Planning

Great Plains continued to explore intra-month hedging products offered by suppliers but has not yet identified a cost-effective option. As a small, highly localized utility, Great Plains noted that it lacks the risk tolerance and portfolio diversity needed to mitigate short-term price spikes through complex hedging strategies. Consequently, Great Plains evaluated both fixed- and index-based offers against prevailing market expectations and prefers fixed-price options during periods of potential volatility.

Additionally, Great Plains reported that it adjusted its contracting strategies for base supply, day/spot supply, and storage, as discussed in further detail in Ordering Paragraphs 6 and 7.

Beginning in the 2021-2022 heating season, Great Plains increased base supply purchases during the November through March period. Base supply levels increased to 75 percent of normalized load through the 2023-2024 season and to 80 percent in the following season. After a warmer than normal 2024-2025 season, which resulted in oversupply conditions, Great Plains determined that it would increase base supply purchases beyond 80 percent.

To meet daily design-day supply requirements, Great Plains secured swing supply to ensure availability. However, over the past two years, Great Plains' annual reliance of swing supplies has declined in favor of spot (fixed-priced) purchases.

In regard to Ordering Paragraph 10, Great Plains stated that it plans to comply in future forward-looking gas planning or hedging filings.

3. Ordering Paragraph 7 – Storage

Great Plains' storage accounted for approximately 10 percent of annual firm supply requirements and 8 percent of total annual supply requirements, reflecting an increase from prior years due to the removal of Wahpeton, North Dakota's supply obligations.

Great Plains has a total contracted storage inventory capacity of 267,547 dekatherms. Rather than relying on swing supplies or participating in the high spot market, this storage is used only when foreseeable pricing events may occur. Gas is strategically held for use during such events or until withdrawals are required to cycle inventory, which typically occurs in late January.

Great Plains identified three types of Northern Natural Gas storage service options: 1) 4-step, 2) 3-step, and 3) Gas-in-Place (GIP), which were evaluated in detail in the August 2024 Compliance Filing. Great Plains determined that the GIP option is the most effective, as it has successfully supported inventory control while preserving access to maximum withdrawal capability later in the heating season.

4. Ordering Paragraph 8 – Supply Reserve Margin

Great Plains stated that daily natural gas delivery requirements are based on forecasted load, which is continuously monitored and primarily driven by temperature forecasts. Deviations from the forecasted load are generally limited to balance corrections and are avoided during periods of high market prices.

5. Ordering Paragraph 9 – Demand Entitlement

Great Plains noted its transportation contracts are structured and long-term in nature, thus changes to pipeline capacity do not regularly affect supply diversity. Currently, it is not seeking contracts for incremental capacity or changes to its transportation services portfolio.

6. Ordering Paragraph 11 – Conservation Calls

In mid-2024, Great Plains conducted a survey of residential and firm commercial customers to assess their willingness to respond to curtailment calls or energy conservation requests during extreme weather events. A summary of the survey results is provided below in response to Ordering Paragraph 5 of the June 2, 2025 Order.

B. Responses to June 2, 2025 Order

1. Ordering Paragraph 5 – Voluntary Conservation Report

Great Plains provided a summary of the survey results as follows:¹³

Voluntary Conservation:

Approximately 62 percent of residential customers and 67 percent of non-residential customers were very to extremely likely to reduce their thermostat by 3-4 degrees for 1-2 hours. Willingness declined as the duration increased; for a 6–8-hour period, participation likelihood fell to 26 percent for residential customers and 37 percent for non-residential customers.

Preferred Communication Channels:

Approximately 91 percent of residential customers and 89 percent of non-residential customers prefer to receive notifications of upcoming extreme weather events via text message or email.

Thermostat Control Demand Response:

Approximately 27 percent of residential customers and 32 percent of non-residential customers expressed interest in receiving an internet connected thermostat as part of a program allowing Great Plains to automatically adjust settings to reduce gas consumption during extreme weather events. Survey responses also indicated that the likelihood of participating in a demand response program increased as the incentive amount increased.

¹³ Great Plains, Compliance Filing Annual Report, August 1, 2025, Docket No. G-004/M-21-235, Attachment A.



Great Plains concluded that the survey results do not support further pursuit of voluntary conservation programs for firm customers, as such programs lack the structure necessary to effectively and reliably manage consumer consumption. Great Plains also noted that a survey cannot reasonably measure customer fatigue and that any short-term conservation benefits would likely be offset by increased load once thermostat settings return to normal. Accordingly, Great Plains determined it is not comfortable maintaining safe and reliable service through a voluntary conservation program.

2. Ordering Paragraphs 6 and 7 – Incorporation of Curtailment Calls, Interruptible Customer Compliance

Great Plains noted that it continually considers curtailment calls in its gas supply planning process and will implement interruptions or curtailments (or conservation measures) for its interruptible customers under the following circumstances:

1. When operating conditions on the distribution system or upstream transmission systems are not operating at full capacity, such as during pipeline facility outages, line hits, or scheduled or unscheduled maintenance.
2. When expected customer demand exceeds transmission or distribution capacity.

In these situations, interruptible customers are required to curtail or interrupt natural gas usage to ensure that firm customers continue to receive service.

For curtailment events, Great Plains implemented an automated notification system that provides affected customers with permitted consumption details, requires acknowledgement of the notification, and allows direct customer follow-up as needed.

Great Plains stated that its interruptible customers have a strong record of complying with curtailment orders and that the penalties outlined in the Conditions of Service within its interruptible rate schedules have effectively deterred noncompliance.

In instances where penalties do not achieve compliance, Great Plains noted that it retains the discretion to shut off a customer's gas supply if the customer fails to curtail or interrupt usage when requested.¹⁴

Based on this history, Great Plains suggested that no improvement efforts are necessary at this time.

¹⁴ See Paragraph 2 of Great Plains' interruptible sales rate schedules and Paragraph 4 for interruptible transportation rate schedules.

VI. MERC – Initial Filing

A. Responses to February 17, 2023 Order

1. Ordering Paragraphs 2, 9, 10 – Interruptible Tariffs, Demand Entitlement, Hedging

MERC did not supply information regarding these Ordering Paragraphs in the August 1, 2025 compliance filing, indicating that the material has been, or will be, submitted in other dockets, such as rate cases and demand-entitlement filings.

2. Ordering Paragraphs 3, 4 – Gas Price Spike Filings, NAESB Reforms

Regarding gas price spike filings, MERC reported that prices during the 2024–2025 winter season did not trigger the notification filing requirements.

Regarding NAESB reforms, MERC stated that it participated in the NAESB Forum from 2022–2023, but no substantive contract changes resulted. MERC will continue to monitor and participate in future actions on this topic.

3. Ordering Paragraphs 5, 6 – Gas Supply Planning, Contracting, Hedging, and Supply Options

MERC evaluated its gas contracting, purchasing, hedging, storage, peak-shaving, and other related practices and implemented the following improvements and modifications to better protect customers from extraordinary future natural gas price spikes.

Gas Contracting

MERC relied on NAESB agreements with its suppliers, which provided protection consistent with industry standards. MERC did not identify any modifications that could reasonably or cost-effectively be incorporated into these agreements but will continue to evaluate potential changes in the future.

For all gas supply purchases with a term of one month or longer, MERC sends a request for proposal (RFP) letter and bid form to every supplier with an executed NAESB agreement. MERC continually sought to add suppliers to enhance the diversity of natural gas supplies for customers. The RFP outlines products, locations, and applicable price indices (e.g., FOM,¹⁵ Gas

¹⁵ Index that is published by Platts' Inside FERC or Natural Gas Intelligence publications. The FOM index represents the average of reported fixed-price deals over the last five business days of the month for delivery of gas the following month. The FOM index is typically published on the first business day of the month in which the index is representing the flow of gas. The index represents a "market average price." There is a specific index for each trading hub with liquid transactions.

Daily Daily,¹⁶ etc.), and requests bids by a specified date and time. All bids are analyzed to maximize customer value based on reliability, need, supply diversity, price, term, location, and quantity before contracts are awarded.

In recent winter heating seasons, MERC issued RFPs to approximately 60 suppliers seeking bids on more than 30 products. Additionally, MERC issued RFPs on availability and pricing for additional products that could better protect customers from future price spikes. For example, MERC sought bids on call options priced at the FOM index in addition to those based on daily pricing. This type of product provides flexibility to call on gas supplies when needed, reducing exposure to daily market volatility. Since the winter of 2020–2021, however, MERC has received only a limited number of bids for this product type, and the pricing has been too costly to be beneficial to customers.

MERC issued several RFPs as part of an Asset Management Agreement (AMA) for the 2025–2026 winter heating season. These RFPs included capacity releases and call options traditionally priced on daily indices but were requested to be FOM based. Despite minimal prior interest in FOM call products, MERC executed two agreements providing FOM call supply at multiple Northern Border Pipeline and Northern Natural Gas interconnects for the 2025–2026 winter heating season, significantly reducing exposure to daily price spikes. MERC will continue soliciting these products and exploring other physical products that help protect customers from daily price volatility.

Hedging

MERC’s hedging objective is to reduce price volatility for a portion of its supply, while maintaining reasonably priced natural gas.

MERC’s hedging activities are subject to substantial oversight, periodic review, and Commission requirements intended to ensure the use of effective hedging tools while recognizing that these instruments carry costs to customers (i.e., premiums). The Commission has authorized MERC to hedge “contingent upon MERC only using financial hedging instruments for risk hedging on behalf of ratepayers and not for speculation.”¹⁷ Hedging approval is limited to specified

¹⁶ Index that is published by S&P Global’s Platts. Platts Gas Daily indices are based upon trade data reported to Platts by market participants and the Intercontinental Exchange for natural gas transactions. The indices are calculated using detailed transaction level data from these participants. Platts editors screen the data for outliers that may be further examined and potentially removed. A volume weighted average is then calculated from the remaining set of data. The daily price index represents the average of reported fixed-price deals for next day delivery and is typically distributed the night before the day gas is to flow (for weekends and holidays, there is one index set on the last business day prior to the group of non-business days to which the index is applicable).

¹⁷ *In the Matter of the Petition of Minnesota Energy Resources Corporation for Extension of Rule Variances to Recover the Costs of Financial Instruments through the Purchased Gas Adjustment*, Docket No. G-011/M-20-833, ORDER at 1-2 (April 9, 2021). (Agreeing with and adopting the recommendations of the Department attached to and incorporated into the Order, including the recommending that “MERC only use financial instruments for risk hedging on behalf of ratepayers and not for speculation”).

instruments, capped at 30 percent of MERC’s total projected heating-season sales volumes, and subject to various reporting and review requirements.

MERC’s hedging strategy covers approximately 30 percent of normal expected winter volumes using financial instruments — roughly 10 percent futures and 20 percent options. Although prices have been relatively stable in recent years, forward winter prices remain elevated, resulting in correspondingly high strike prices for purchased call options.

MERC will continue to explore the availability of other products, such as summer-priced winter delivery supply, and incremental storage, that could help hedge against winter price spikes.

Peak Shaving

MERC continued evaluating the feasibility of incorporating peak shaving into its gas supply portfolio and determined it would not be feasible at most locations due to limited customer demand and constraints on transporting peak-shaving supplies to other parts of the distribution system. Although the Rochester area may have sufficient demand to support peak shaving, MERC continued to have excess capacity reserve margins for Rochester; therefore, peak shaving is not needed at this time.

MERC also identified a need for increased supply deliverability in the Farmington area. Peak shaving was examined as a potential solution to the forecasted requirement but was ultimately deemed infeasible because of cost and operational limitations. MERC indicated it would provide more detailed information in its August 1, 2025 Demand Entitlement Filing for the NNG system.

Baseload

MERC has increased its baseload volumes since the 2020–2021 winter season and contracted for approximately 20 percent more baseload for 2025–2026 than in 2020–2021.

Additional protection from daily price exposure has been achieved through monthly-priced supply call contracts within AMAs, beginning in the 2023–2024 winter heating season and increasing in percentage for the upcoming 2025-2026 winter heating season.

As shown in Table 3 below, MERC has consistently reduced its exposure to daily prices.

Table 3 – MERC’s Total Supply Mix, 2020 – 2025

MERC Total Supply Mix	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Daily Priced	27%	21%	17%	11%	11%	7%
Monthly Priced	35%	42%	45%	51%	51%	55%
Storage	38%	38%	38%	38%	38%	37%

MERC has successfully reduced its exposure to daily prices and continues to evaluate supply-mix variations that further limit daily price exposure while securing sufficient and reliable

volumes to meet customer demand.

4. Ordering Paragraph 7 – Storage

MERC utilizes storage to support natural gas deliverability during periods of high demand and to provide operational flexibility in balancing the system. In addition to these operational benefits, storage serves as a physical price hedge by reducing winter purchases and allowing gas to be acquired in the summer for later delivery.

MERC maintained pipeline storage contracts with ANR and NNG. ANR storage is deliverable only to MERC's Consolidated PGA system, while NNG storage serves customers on MERC's NNG PGA system.

On the Consolidated PGA system, MERC increased its ANR storage by 5,000 Dth/day effective April 1, 2022.¹⁸ The ANR storage contract is a ratcheted service with a maximum storage quantity of 1,004,700 Dth and a maximum daily withdrawal of 20,094 Dth/day.¹⁹

On the NNG PGA system, contracted NNG storage capacity is fully subscribed. If additional storage becomes available, MERC will evaluate its viability and cost-effectiveness within the gas supply portfolio.

Beginning in the 2023–2024 heating season, MERC executed an agreement with a counterparty to permanently acquire NNG storage service. This permanent acquisition protects storage rights for the long-term benefit of customers. MERC continued to pursue other potential storage options that could be incorporated into its gas supply portfolio at a reasonable cost on either the NNG or Consolidated PGA systems.

5. Ordering Paragraph 8 – Supply Reserve Margin

MERC enhanced its forecasting practice by isolating large electric generation demand from overall system demand. This reduced uncertainty related to transportation deliveries and the effects of electric generation load. Removing this variability enabled MERC to better align supply with demand forecasts and reduced the likelihood of purchasing daily-priced gas during price spike events. Additional factors, pipeline deliverability constraints, production issues, and freeze-offs, may occur during severe weather and are considered when determining the daily supply reserve margin.

6. Ordering Paragraph 11 – Conservation Calls

In 2024, MERC surveyed its firm system sales commercial and industrial (C&I) customers to

¹⁸ See MERC's Petition, *In the Matter Minnesota Energy Resources Corporation's Petition for Approval of a Change in Demand Entitlement for its Consolidated System*, Docket No. G-011/M-22-423, August 1, 2022.

¹⁹ A ratchet is when the withdrawal rights are reduced from the maximum storage withdrawal capability based on either volume or date.

assess their response to conservation calls. The survey confirmed observed usage patterns: while many C&I customers were willing to reduce consumption by adjusting thermostats, far fewer were willing or able to cut energy use related to production or business activities. Because these customers rely on natural gas for their core business activities, conservation calls to C&I firm system sales customers are unlikely to yield substantial reductions in natural gas usage.

MERC maintains a Gas Price Spike Customer Communications Plan, with details previously filed with the Commission on August 30, 2021.²⁰ MERC also noted that voluntary conservation requests have significant limitations for gas supply planning and cost mitigation, particularly in extreme circumstances such as Winter Storm Uri in February 2021. For instance, reducing daily gas purchases could result in shortfalls, with pipeline penalties potentially far exceeding any savings from avoided gas costs.²¹

B. Responses to June 2, 2025 Order

1. Ordering Paragraphs 6 and 7 – Incorporation of Curtailment Calls, Interruptible Customer Compliance

Regarding Ordering Paragraph 6, MERC explained that, prior to each winter season, it prepares a design-day forecast for interruptible customers by pipeline region. As the likelihood of severe weather increases, MERC evaluates multiple factors, including pipeline declarations, anticipated or communicated supply reductions, national and local weather conditions, and market prices.

MERC indicated that its daily gas supply planning begins early in the morning on the day before gas flow, using a total system forecast that incorporates transportation customers, firm sales customers, and interruptible sales customers. The forecast accounts for the expected gas supply from transportation customers to determine the system's remaining supply needs. If the forecast indicates that incremental daily-priced supply is required, MERC has until 8:15 a.m. on the day of flow to decide whether to execute any daily supply calls.²²

MERC noted that market prices at the relevant supply basins are also considered. If prices indicate a potential spike, MERC may implement curtailment calls for economic purposes, interrupting interruptible-system sales customers to reduce or avoid daily-priced purchases.

If reliability concerns arise due to supply cuts or disruptions from interstate pipelines or system pressure issues, MERC evaluates the effect of curtailment on the situation. When a curtailment can help mitigate reliability risks, MERC issues a curtailment call to interruptible-system sales customers, and potentially interruptible transportation customers, for reliability purposes.

²⁰ Docket Nos. G-999/CI-21-135 and G-011/CI-21-611.

²¹ MERC, Compliance Filing Annual Report, August 1, 2025, Docket No. G-011/M-21-611, at 8.

²² *Id.* at 9.

Regarding Ordering Paragraph 7, MERC communicated curtailment obligations to interruptible customers through an annual letter. Customers confirmed their understanding of the terms and conditions of interruptible service and verified key personnel contact information. MERC also conducted an annual test of its customer notification system to ensure customer contact information is accurate and the system functioned properly.

MERC maintained open communication channels with interruptible customers, particularly when a customer becomes ineligible for interruptible service.²³

MERC has observed no issues with customer compliance, as analysis of recent data shows that interruptible customers respond appropriately to curtailment calls. Over the past five years, there have been no instances of noncompliance. MERC attributed this to the effectiveness of its communication processes and procedures in ensuring interruptible customers understand and meet curtailment expectations.

VII. Xcel Energy – Initial Filing

A. Responses to February 17, 2023 Order

1. Ordering Paragraphs 2, 3, 4 – Interruptible Tariffs, Gas Price Spike Filings, NAESB Reforms

Regarding interruptible tariffs, in its most recent Gas Rate Case²⁴ Xcel proposed tariff language to ensure that all interruptible customers understood the potential for curtailment during extraordinary economic events.²⁵ Xcel also proposed modifying the existing Interruptible Service rate schedule by creating two tiers of interruptible service:

- Tier I Interruptible customers would be subject to curtailment whenever Xcel determined that the supply or capacity of the natural gas system was at risk.
- Tier II Interruptible customers would be subject to curtailment whenever Xcel determined that the supply or capacity of the natural gas system was at risk and/or during economic events.

As part of the rate case settlement agreement, all parties agreed that the tariff revisions should adopt the proposed two-tier structure.²⁶ Rates were set so that Interruptible class revenue recovery would be consistent with what it would have been without the economic curtailment provision. The Commission approved the settlement in its March 5, 2025 Order Accepting and

²³ MERC, Compliance Filing Annual Report, August 1, 2025, Docket No. G-011/M-21-611, at 9.

²⁴ Docket No. G-002/GR-23-413.

²⁵ Xcel Energy, Compliance Filing Annual Report, August 1, 2025, at 2. Docket No. G-002/CI-21-610.

²⁶ Settlement, June 26, 2024, at 19-20. Docket No. G-002/GR-23-413.

Adopting Agreement Setting Rates,²⁷ and the new tariff became effective on June 1, 2025.

Regarding gas price spike filings, Xcel reported that prices during the 2024–2025 winter season did not trigger the notification filing requirements.²⁸

Regarding NAESB reforms, Xcel did not supply information relative to this Ordering Paragraph in the August 1, 2025 compliance filing.

2. Ordering Paragraphs 5, 6, 10 – Gas Supply Planning, Contracting, Hedging, and Supply Options

Regarding Ordering Paragraph 5, Xcel continues to explore, evaluate, and pursue new contracting, hedging, and physical storage options for its gas supply,²⁹ which includes physical storage, fixed-price contracts, and financial hedging strategies.

The first approach for price certainty involves long-term (over one year) fixed-price contracts, which can protect against price volatility caused by severe winter weather and price spikes. However, such contracts also limit the ability to benefit from favorable price movements. For example, a one-dollar difference between a one-year baseload package of 50,000 Dth/day and a lower average FOM price would increase customer gas expenses by \$18.25 million. The prudence of entering such contracts must be carefully assessed. Additionally, long-term baseload contracts are not effective in hedging against spikes in daily-priced gas.

Second, physical underground storage, which can meet approximately 27 percent of winter design-day requirements, remains the most effective hedge against daily price spikes, providing both supply reliability and price protection. Xcel continues to explore opportunities to expand its storage portfolio. In this effort, Xcel submitted a bid for WBI’s binding open season for the Baker Storage Enhancement Project, which proposed to add 72,000 Dth/day of additional withdrawal capacity from WBI’s 1.0 Bcf storage field beginning in 2029. This new storage would supply reliable gas at a known price during winter and protect Xcel from extreme price spikes. Xcel, which already holds firm transportation on WBI’s integrated pipeline, submitted its bid on May 20, 2025, and WBI is currently evaluating proposals.

Third, Xcel continues to deploy no more than 50 percent of its expected annual winter requirements on a combination of financial and storage hedges, with no more than 25 percent allocated to financial hedges alone. In practice, financial hedges have at times been costly and offered limited benefit when market volatility was low.

²⁷ *In the Matter of the Application of Northern States Power Company, d/b/a Xcel Energy, for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G-002/GR-23-413, ORDER ACCEPTING AND ADOPTING AGREEMENT SETTING RATES at 7 (March 5, 2025).

²⁸ Xcel Energy, Compliance Filing Annual Report, August 1, 2025, at 3. Docket No. G-002/CI-21-610.

²⁹ *Id.* 3-5.

Xcel also explored short-term hedging options to protect against daily price spikes. However, products such as new gas daily swap agreements are both expensive and in limited supply, as suppliers are unwilling to take on additional risk from significant quantities. Xcel continues to survey the market for financial hedging products that could mitigate daily price swings. However, while Xcel may test newer financial products, market availability and pricing currently limit their effectiveness in significantly offsetting cost risk.

Regarding Ordering Paragraph 6, Xcel usually purchases baseload gas before the heating season and at the start of each month at the assigned FOM Index price, which may differ from daily spot prices.³⁰ Baseload quantities are determined based on forecasted and actual sales, weather, and storage inventory levels, with the goal of meeting minimum customer needs every day of the winter season.

Following Winter Storm Uri, Xcel reviewed its baseload program and increased term and monthly baseload purchases for the 2021–2022 winter by 12 percent, or roughly 30,000 Dth/day. Xcel also analyzed the impact of increasing baseload purchases between 5 percent and 30 percent for the 2024–2025 winter, comparing the volumes to historical daily load. Any differences between purchased gas and load were assumed to be adjusted in storage. In all scenarios, NNG storage exceeded contracted capacity starting in February, exposing Xcel to financial penalties for contract non-compliance. With the contractual requirement to reduce storage inventories later in winter, additional non-compliance penalties were possible. Xcel therefore concluded that current baseload levels were appropriate.

Weather variability, as experienced during the 2024–2025 heating season, highlighted the challenges in predicting baseload needs. An early warm winter reduced demand, which complicated storage drawdowns. Xcel was able to adjust purchase plans to avoid penalties, but this reduced flexibility to optimize gas supply for customers. Xcel determined that contracted baseload volumes were at the high end of their comfort range and recommended limiting further baseload purchases.

Regarding Ordering Paragraph 10, in preparation for the 2025–2026 heating season, Xcel provided daily load range estimates based on five years of historical load and weather data, along with an illustrative supply mix for the period, as summarized in Table 4.

³⁰ Xcel Energy, Compliance Filing Annual Report, August 1, 2025, at 5-7. Docket No. G-002/CI-21-610.

Table 4: Xcel's Daily Load Estimate & Supply Mix, 2024-2025 Heating Season

Minimum Load	November	December	January	February	March
5 Year Load	142,151	293,236	331,217	288,896	212,681
Baseload	100%	80%	72%	71%	86%
Estimated Storage	0%	20%	28%	29%	14%
Delivered Peaking	0%	0%	0%	0%	0%
Estimated Spot	0%	0%	0%	0%	0%
Total Est Supply	183,700	293,236	331,217	288,896	212,681

Average Load	November	December	January	February	March
5 Year Load	367,127	474,075	531,882	519,841	378,092
Baseload	50%	49%	45%	39%	49%
Estimated Storage	8%	18%	31%	27%	11%
Delivered Peaking	0%	0%	0%	0%	0%
Estimated Spot	42%	33%	24%	34%	40%
Total Est Supply	367,127	474,075	531,882	519,841	378,092

Max Load	November	December	January	February	March
5 Year Load	620,346	782,293	759,559	805,192	649,805
Baseload	30%	35%	36%	30%	28%
Estimated Storage	39%	36%	36%	29%	20%
Delivered Peaking	3%	3%	3%	3%	3%
Estimated Spot	28%	26%	25%	38%	49%
Total Est Supply	620,346	668,771	668,771	668,771	649,805

3. Ordering Paragraphs 7, 13 – Storage, Peak Shaving

Xcel maintained two types of storage inventory—storage services with three major pipelines/storage providers and underground storage fields.³¹ Xcel's stated that its objective is to manage storage services through the end of February. Storage provided reliable supply and price protection during periods of extreme prices and is expected to supply 26 percent of Xcel's winter requirements and 27 percent of a design-day demand, with daily deliverability capacity of up to 242,800 Dth/day.

Due to the geologic characteristics of underground storage, an annual rest period is required over the low-demand summer months, during which inventories are nearly depleted to allow for optimal restoration of holding capacity. As a result, Xcel is contractually obligated to gradually reduce inventory as spring approaches. Underground storage is located on NNG's system in Iowa and Kansas, and on ANR's Michigan system, with NNG providing 90 percent of Xcel's contracted storage withdrawal service.

³¹ Xcel Energy, Compliance Filing Annual Report, August 1, 2025, at 8-11. Docket No. G-002/CI-21-610.

NNG offered Xcel three storage reduction options at the same cost: 1) four-step; 2) three-step; and 3) Gas-in-Place.³² These options provided alternative “stair-step” targets for reducing gas inventories. Xcel favored the four-step option because it delivers four levels of fixed withdrawal capacity that are not affected by fluctuations in actual storage inventories and provides the best inventory protection for late-February storage service.

When Xcel considers dispatching peak-shaving plants, it evaluates factors such as short-term weather and load forecasts, interstate pipeline capacity, interruptible customer load and potential curtailments, peak-shaving fuel inventories, the progression of the heating season, and the time of year. For example, if forecasted load exceeds interstate pipeline capacity and interruptible customers have been curtailed, Xcel assesses whether to deploy peak-shaving inventory to meet customer demand. Dispatch decisions are guided by immediate conditions, current heating-season trends, and available fuel inventory. Additionally, Xcel evaluated opportunities to use peak-shaving capacity to help mitigate costs for customers during price spike events.

4. Ordering Paragraph 8 – Supply Reserve Margins

Xcel’s supply reserve margin provides a buffer to address colder-than-expected temperatures or unexpected supply disruptions, while also offering additional benefits. First, it protects against pipeline penalties if Xcel consumes more gas than delivered on a given day. Second, it safeguards against potential pipeline capacity limitations if a facility outage restricts delivery within part of the network. Third, it mitigates the impact of upstream supply failures.

Prudent supply reserve margins depend on factors such as local weather conditions, gas transmission operations, seasonal trends, long-range weather forecasts, and the accuracy of demand forecasts. Analysis of a sample of demand forecasts from July 2021 through June 2025 shows an average forecast variance of approximately 0.36 percent. However, deviations from the average included forecast errors as high as 28 percent relative to actual values. A supply reserve margin helps protect against these forecast variances and must be adjusted according to current conditions. Applying rigid, fixed supply reserve rules could jeopardize reliability.

5. Ordering Paragraph 9 – Demand Entitlement

Xcel discussed geographic supply diversity in Attachment 1 of its recent Contract Demand Entitlement filing.³³ Changes to demand entitlements were necessary to meet Minnesota’s 2025–2026 design-day requirements, which are projected to increase by 1,951 Dth/day. Minnesota demand-related costs increased by \$15,984,933 effective January 1, 2026, primarily due to three FERC rate cases³⁴ on ANR, Great Lakes Gas Transmission (GLGT), and NNG

³² Xcel Energy, Compliance Filing Annual Report, August 1, 2025, at 10. Docket No. G-002/CI-21-610.

³³ Docket No. G-002/M-25-67.

³⁴ On April 30, 2025, ANR filed a Section 4 rate case (RP25-858) with FERC for new rates effective August 1, 2025. On April 30, 2025 Great Lakes Gas Transmission (GLGT) filed a general section 4 rate proceeding (RP25-855) with

pipelines, as well as newly acquired entitlements to meet design-day demand.

As part of NNG's Northern Lights 2025 expansion project, Xcel contracted for an additional 24,033 Dth/day of firm entitlement, effective November 1, 2023. Of this total, 18,782 Dth/day of new capacity, priced at a significant long-term discount, will serve demand growth in the Saint Cloud area. The remaining 5,251 Dth/day, priced at the maximum tariff rate, will serve demand growth in the Delano and St. Michael areas. The discounted capacity contract expires on October 31, 2027, while the maximum-tariff capacity expires November 1, 2035. The annual capacity cost for this additional entitlement is \$629,532.

Under ANR Pipeline's tariff, small annual adjustments were made to entitlement holdings to reflect changes in ANR's in-kind fuel percentages as set by FERC each spring. These adjustments maintain Xcel's delivery quantities in line with fuel requirements and do not materially affect demand costs.

Xcel also requires short-term winter peaking capacity, either on the Viking Pipeline (Viking), or through delivered supply, to meet a small portion of total design-day projections. Since Viking capacity continued to be sold out on a forward-haul basis, Xcel turned to short-term delivered supply as a cost-effective alternative. For the 2025–2026 heating season (November through March), Xcel acquired 4,000 Dth/day from a producer or marketer on Viking. Delivered supply typically involves a demand fee for the right to call on capacity delivered to the city-gate, in addition to the gas commodity cost. At the Viking maximum tariff, the total estimated cost is \$96,640.

6. Ordering Paragraph 11 – Conservation Calls

Xcel's Colorado Conservation Messaging research report offered insights into conservation messaging based on studies conducted in Colorado. Using these findings, Xcel planned to conduct research in Minnesota to better understand how natural gas customers respond to conservation calls. Xcel is working to finalize the scope of the project, including primary research (e.g. surveys, focus groups, interviews, etc.) and updated secondary research building on the Colorado report.

7. Ordering Paragraph 14 – Peaking Resources

Xcel viewed peak-shaving primarily as a reliability tool for the distribution system during design-day conditions or other major service interruptions.³⁵ Peak-shaving plants serve as capacity resources, holding inventories of LNG or propane, and are not intended to function as primary or supplemental resources for Xcel's normal gas supply portfolio. Because these plants maintain limited inventories for critical needs, their supplies cannot be depleted prematurely before the

FERC for new rates to be effective August 1, 2025. On July 1, 2025, Northern filed a Section 4 rate case (RP25-989) with FERC for new rates effective January 1, 2026.

³⁵ Xcel Energy, Compliance Filing Annual Report, August 1, 2025, at 17-18. Docket No. G-002/CI-21-610.

end of the heating season.

However, to the extent that peak-shaving plants can maintain readiness for their primary reliability function, they may also be used to provide economic relief during price spikes.

Xcel continues to assess the economic dispatch of its Wescott peaking plant, anticipating its use only under extreme price conditions similar to those experienced during Winter Storm Uri. Xcel proposed to use Wescott within its sole discretion when certain conditions are present.

First, Xcel ensured that peak-shaving plants maintain sufficient inventories to fulfill their primary role of supporting system reliability, recognizing that design-day conditions, while unlikely, could occur even late in the winter heating season.

Second, if design-day conditions arise, Xcel plans to curtail interruptible customers to preserve peak-shaving inventories for meeting the peak needs of firm customers.

Third, Xcel assessed current natural gas market conditions before any economic dispatch, considering factors such as well-head freeze-offs, other supply disruptions, anticipated price increases, or extended trading periods that could influence market prices.

B. Responses to June 2, 2025 Order

1. Ordering Paragraphs 6 and 7 – Incorporation of Curtailment Calls, Interruptible Customer Compliance

Xcel's load forecasts attempt to account for anticipated reductions from interruptible customers when curtailment calls are issued. However, several factors make estimating curtailed load difficult,³⁶ including the timing of curtailment calls, the level of customer compliance, and the variability in customer responses, all of which add significant variance to load forecasts.

Regarding curtailment timing, the daily gas purchasing cycle requires day-ahead procurement decisions, which cannot accommodate curtailment calls issued later in the day. While curtailments are most effective when included in day-ahead gas planning, last-minute curtailments provide limited benefit once gas commitments have been made.

Customer compliance with curtailment calls also varies, as it depends on factors unique to each customer. Xcel must also consider the variance between two forecasts when initiating curtailments: the need to maintain system reliability by accurately predicting system loads and preserving reserve margins, and the potential to adjust purchases if curtailment likelihood significantly increases.

³⁶ Xcel Energy, Compliance Filing Annual Report, August 1, 2025, at 13-14. Docket No. G-002/CI-21-610.

Customer compliance with curtailment calls depends on factors such as employees' ability to access facilities to switch to alternate fuels and the reliability of backup generation equipment. While Xcel expects customers to make their best efforts to comply, it enforces strong economic penalties to encourage adherence. Xcel hosts annual meetings with interruptible customers to review service terms, emphasize obligations, and address other relevant topics.

Each interruptible customer is required to attest that they have the backup fuel systems specified in the tariff, provide multiple contact methods for interruption notices, and participate in annual testing of these procedures in preparation for the heating season. Penalties are assessed at \$5 per therm for a first violation and \$10 per therm for subsequent violations, serving as an economic incentive to comply with curtailment calls. For the 2024–2025 heating season, Xcel collected approximately \$653,000 in penalties.

VIII. Department Comments

A. CenterPoint Energy

1. Responses to February 17, 2023 Order

a. Ordering Paragraphs 5, 6, 10 – Gas Supply Planning, Contracting, Hedging, Supply Options, and Hedging

The Department compared CenterPoint's procurement strategies for the 2020-2021 and 2024-2025 winter heating seasons, as summarized in Table 5 below.

Table 5 – Comparison of CenterPoint's 2020-2021 and 2024-2025 Winter Procurement Strategies³⁷

Purchases	2020-2021		2024-2025		Difference	
	Dth	Percent	Dth	Percent	Dth	Percent
Baseload/Hedged	23,000,000	22.0%	23,000,000	22.5%	-	0%
Baseload/FOM	21,050,000	20.2%	30,000,000	29.3%	8,950,000	43%
Daily/Swing	33,339,302	32.0%	19,300,000	18.8%	(14,039,302)	-42%
Storage	26,872,151	25.8%	30,100,000	29.4%	3,227,849	12%
Peaking	75,123	0.1%	-	0.0%	(75,123)	-100%
Total System Purchases	104,336,576	100.0%	102,400,000	100.0%	(1,936,576)	-2%
Transport	18,120,000		23,400,000		5,280,000	29%
Total System Supply	122,456,576		125,800,000		3,343,424	3%
Total Price Stabilization	49,947,274	47.9%	53,100,000	52%	3,152,726	6%

The Department noted that, although CenterPoint's total purchases decreased by 2 percent

³⁷ Department Comments on CenterPoint, December 8, 2025, at 7. See also TRADE SECRET Attachment DOC-1-C.

(1.9 million dekatherms), the volume covered by price stabilization increased by 6 percent (3.1 million dekatherms) over the same period.

Additionally, the Department compared CenterPoint's procurement strategies for the 2024-2025 and 2025-2026 winter heating seasons, as summarized in Table 6 below.

Table 6 – Comparison of CenterPoint's 2024-2025 and 2025-2026 Winter Procurement Strategies³⁸

Purchases	2024-2025		2025-2026		Difference	
	Winter Plan		Winter Plan		2024-2025	
	Dth	Percent	Dth	Percent	Dth	Percent
Baseload/Hedged	23,000,050	22.5%	12,000,050	11.8%	(11,000,000)	-48%
Baseload/FOM	29,969,950	29.3%	31,104,950	30.5%	1,135,000	4%
Daily/Swing	19,290,797	18.8%	19,655,606	19.3%	364,809	2%
Storage	30,130,169	29.4%	39,216,972	38.5%	9,086,803	30%
Peaking	-	0.0%	-	0.0%	-	NA
Total System Purchases	102,390,966	100%	101,977,578	100%	(413,388)	-0.4%
Transport	23,405,000		23,405,000		-	0%
Total System Supply	125,795,966		125,382,578		(413,388)	0%
Total Price Stabilization	53,130,219	52%	51,217,022	50%	(1,913,197)	-4%

The Department observed that 50 percent of the 2025-2026 winter plan volumes are classified as price stabilized. Although this represents a slight decrease from the 52 percent reported for 2024-2025, it remains higher than the 48 percent reported for the 2020-2021 period. Additionally, the Department noted that baseload FOM purchases are not classified by CenterPoint as price stabilized, despite their role in mitigating short-term price spike risk.

When asked whether any significant changes had been made to incorporate additional baseload supply over the past 12 months, CenterPoint reported a 5-10 percent increase in baseload purchases since the 2020-2021 winter season, which provided price stability and reduced exposure to the daily gas markets.³⁹

The Department noted that CenterPoint's hedging program is a complex mechanism that has been in place for several years and has consistently been included in its annual GPP filings.

The Department recommended that CenterPoint's compliance filing relative to Ordering Paragraphs 5, 6, and 10 be accepted and approved.

³⁸ Department Comments on CenterPoint, December 8, 2025, at 8. See also TRADE SECRET Attachment DOC-1-C.

³⁹ See Department IR No. 91, Attachment DOC-2-C.

b. Ordering Paragraphs 7, 12 – Storage, Peak Shaving

The Department compared CenterPoint’s use of storage and peak shaving resources during Winter Storm Uri in 2021 and the January 2024 Pricing Event. Compared to Winter Storm Uri, the Department observed increased reliance in January 2024 on storage (25 percent to 36 percent), LNG supply (1 percent to 4 percent), and propane (0 percent to 0.4 percent). Based on this comparison, the Department concluded that CenterPoint mitigated a greater portion of short-term price spike risk during the January 2024 Pricing Event than during Winter Storm Uri.

In response to the Department’s inquiry regarding modifications to storage inventory management over the past 12 months, CenterPoint cited initiatives aimed at optimizing storage utilization for price stability, ensuring reliable supply during peak demand, and enhancing overall system flexibility.⁴⁰

The Department recommended that CenterPoint’s compliance filing relative to Ordering Paragraphs 7 and 12 be accepted and approved.

c. Ordering Paragraph 8 – Supply Reserve Margin

While the Department appreciated CenterPoint’s discussion on this topic, it noted that most regulators’ primary concern focuses on the longer-term contracts held as part of demand entitlement and how adjustments are made to accommodate changes in forecasted design-day demand.

In this context, the Department observed that, over the past ten years, CenterPoint’s reserve margin has remained reasonable, staying below a 5 percent threshold, as illustrated in Table 7 below.

⁴⁰ See Department IR No. 92, Attachment DOC-3-C.

Table 7 – CenterPoint’s Annual Supply Reserve Margins 2016-2025⁴¹

Docket No.	Heating Season	Reserve Margin
25-72	2025-2026	2.33%
24-146	2024-2025	3.18%
23-221	2023-2024	2.75%
22-306	2022-2023	2.96%
21-523	2021-2022	4.72%
20-565	2020-2021	0.66%
19-278	2019-2020	1.13%
18-462	2018-2019	0.04%
17-533	2017-2018	0.47%
16-571	2016-2017	0.84%

The Department recommended that CenterPoint’s compliance filing relative to Ordering Paragraph 8 be accepted and approved.

d. Ordering Paragraph 11 – Conservation Calls

The Department noted that CenterPoint outlined its efforts to study customer responses to conservation calls in its 2023 and 2024 ACFs. In the 2025 filing, CenterPoint reported that gas prices did not reach the threshold for initiating customer conservation calls or curtailing interruptible customers but indicated that it would continue to analyze the results of such efforts when they occur.⁴²

The Department recommended that CenterPoint’s compliance filing relative to Ordering Paragraph 11 be accepted and approved.

e. Ordering Paragraph 14 – Peaking Resources

The Department noted that, in 2022, the Gas Utilities filed a proposal requesting approval of a plan addressing the economic dispatch of natural gas from underground storage, peak shaving facilities, and interruptible curtailments.⁴³

After the Commission rejected the proposal,⁴⁴ the Department indicated that CenterPoint adopted a protocol under which dispatch decisions are evaluated on a case-by-case basis, taking into account current market and utility conditions, as well as the circumstances of forthcoming events. This protocol is discussed further in CenterPoint’s responses to Ordering

⁴¹ *In the Matter of CenterPoint Energy Minnesota Gas’ Request for Change in Demand Units*, Docket No. G-008/M-25-72. Department Response to Reply Comments, November 20, 2025, Department Exhibit No. 1.

⁴² CenterPoint Energy, Compliance Filing Annual Report, August 1, 2025, Docket No. G-008/M-21-138, at 9-10.

⁴³ Gas Utilities Joint Filing, September 15, 2022, Docket No. G-999/CI-21-135, at 2.

⁴⁴ February 17, 2023 Order at Ordering Paragraph 1.

Paragraphs 12 and 14.

The Department recommended that CenterPoint's compliance filing relative to Ordering Paragraph 14 be accepted and approved.

2. Responses to June 2, 2025 Order

a. Ordering Paragraphs 6 and 7 – Incorporation of Curtailment Calls, Interruptible Customer Compliance

The Department noted that, because CenterPoint did not initiate any conservation calls during the 2024-2025 winter season, there was no information available to evaluate CenterPoint's performance.

The Department recommended that CenterPoint's compliance filing relative to Ordering Paragraph 6 and 7 be accepted and approved.

3. Comparison of February 2021 and January 2024 Pricing Events

The Department noted that CenterPoint's efforts to mitigate short-term price risk, combined with more favorable weather conditions, resulted in lower overall gas costs during the January 2024 Pricing Event compared to Winter Storm Uri in 2021, as illustrated in Table 8 below.

Table 8 – Comparison of CenterPoint's Extraordinary Gas Costs for the February 2021 and January 2024 Pricing Events⁴⁵

Description	Extraordinary Gas Cost Incurred	Percent of Feb 21 costs
Jan 2024 Pricing Event	\$46,975,064	11.5%
Feb 2021 Pricing Event	\$408,755,953	

The Department compared CenterPoint's average cost/Dth for the two pricing events, assuming that both events consumed similar volumes allocated based on the percentage of each contract type, as shown in Table 9 below.

Table 9 – Comparison of CenterPoint's Average Gas Cost for the February 2021 and January 2024 Pricing Events Assuming January 2024 Volumes⁴⁶

Description	Average Cost/Dth	Percent of Feb 21 costs
Jan 2024 Pricing Event	\$10.23	42.6%
Feb 2021 Pricing Event	\$17.83	

⁴⁵ Department Comments on CenterPoint, December 8, 2025, at 17.

⁴⁶ *Id.*, at 18. Also see TRADE SECRET Attachment DOC-4-C.

Additionally, the Department conducted an avoided cost analysis estimating the costs CenterPoint would have incurred during the January 2024 Pricing Event had it not modified its supply- and demand-side processes since Winter Storm Uri. Based on this analysis, the Department estimated that CenterPoint avoided approximately \$35 million in costs during the January 2024 Pricing Event.

The Department noted that CenterPoint's performance during the January 2024 Pricing Event compared to Winter Storm Uri, its statements that it has not changed its processes for the 2025-2026 heating season, and the results of the avoided-cost analysis collectively support the conclusion that CenterPoint's hedging, procurement, and customer communication strategies are reasonable.

B. Great Plains

1. Responses to February 17, 2023 Order

a. Ordering Paragraphs 5, 6, 10 – Contracting, Hedging, Supply Options, Baseload, Gas Supply Planning

The Department noted that, in the current proceeding, Great Plains provided information consistent with prior ACFs regarding its inability to identify a cost-effective hedging product.

The Department illustrated Great Plains' daily, monthly, and storage natural gas purchases for 2020-2024 in Table 10 below.

Table 10 – Comparison of Great Plains' Forecasted Purchases for the 2020-2021 through 2024-2025 Winter Heating Seasons (%)⁴⁷

Purchases	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Daily	47.9%	16.6%	15.4%	6.8%	12.1%
Monthly	44.4%	75.7%	77.1%	85.1%	77.9%
Storage	7.7%	7.7%	7.5%	8.0%	10.1%
Total	100%	100%	100%	100%	100%

The Department noted a decrease in Great Plains' daily purchases and a corresponding increase in monthly purchases and storage capacity, indicating mitigation of short-term price spike risk.

The Department concluded that Great Plains is purchasing more baseload gas in accordance with the Commission's directive and recommended that Great Plains' compliance filing relative to Ordering Paragraph 6 be accepted and approved.

Also, the Department recommended that Great Plains' compliance filing relative to Ordering

⁴⁷ Department Comments on Great Plains, December 8, 2025, at 8. The categories termed "Daily" and "Monthly" are equivalent to "Spot" and "Baseload".



Paragraphs 5 be accepted and approved. Additionally, the Department indicated that Ordering Paragraph 10 is not currently applicable to Great Plains, as it is not proposing to initiate new financial hedging or gas planning programs.

b. Ordering Paragraph 7 – Storage

The Department noted that, in Great Plains' January 2024 Pricing Event filing,⁴⁸ Great Plains stated that it has modified its storage plan since Winter Storm Uri to preserve storage for use only during periods of elevated price exposure or when withdrawals are necessary to complete the storage cycle.

Additionally, the Department indicated that Great Plains revisited the different NNG storage service options available and reiterated its rationale for selecting the Gas-in-Place option.

The Department recommended that Great Plains' compliance filing relative to Order Point #7 be accepted and approved.

c. Order Paragraph 8 – Supply Reserve Margin

The Department asserted that the only means of improving Great Plains' supply margin would be to significantly improve its demand forecast; however, this would be difficult given Great Plains' customer composition and size.

The Department recommended that Great Plains' compliance filing relative to Ordering Paragraph 8 be accepted and approved.

d. Ordering Paragraph 11 – Conservation Calls

The Department noted that Great Plains had previously discussed in its 2023 and 2024 ACFs the hiring of a consultant to conduct research on voluntary conservation for residential and firm commercial customers. In response, the Commission required Great Plains to summarize the consultant's report in the 2025 ACF.

The Department recommended that Great Plains' compliance filing relative to Ordering Paragraph 11 be accepted and approved.

2. Responses to June 2, 2025 Order

a. Ordering Paragraph 5 – Voluntary Conservation Report

The Department noted that Great Plains is not comfortable pursuing a voluntary conservation program based on the findings of the consultant's report.

⁴⁸ Great Plains, Price Spike Compliance Filing, Docket No. G-004/M-21-235, January 26, 2024 at 2.

In response, the Department submitted the following questions to Great Plains in an information request (IR):⁴⁹

- Did Great Plains identify some sort of threshold for the development of a voluntary conservation program for firm customers above which it would pursue a voluntary conservation program before GDS Associates completed its study?
- Currently, is there any level or combination of customer responses to conservation calls that would result in Great Plains pursuing a voluntary conservation program for its firm customers?

Great Plains responded that it did not identify a threshold prior to the completion of the study and reiterated that the survey results do not support further pursuit of a voluntary conservation program for firm customers, as Great Plains lacks the structure required to effectively and confidently manage consumer consumption.

The Department found Great Plains' response regarding the absence of a threshold concerning, as it suggests that there is no scenario under which Great Plains would support the development of a voluntary conservation program. In such a case, the Department emphasized that Great Plains should provide supporting analysis for its position, as the absence of analytical justification could be considered unreasonable.

The Department noted that Great Plains' voluntary conservation report, including its voluntary conservation research, was reasonable. However, with respect to the overall reasonableness of a voluntary conservation program, the Department stated that an analysis of several potential financial and operational outcomes of voluntary conservation programs for firm customers under different scenarios would be useful to both the Commission and interested parties.

The Department argued that this additional analysis could resolve the issue of what constitutes a reasonable expectation of the potential operational and financial results of implementing a voluntary conservation program for firm customers. Accordingly, the Department recommended that Great Plains provide this analysis in its August 1, 2026 ACF.

The Department recommended that Great Plains' compliance filing relative to Ordering Paragraph 5 be accepted and approved.

b. Ordering Paragraphs 6 and 7 – Incorporation of Curtailment Calls, Interruptible Customer Compliance

The Department noted that, since Great Plains did not initiate any conservation calls during the 2024-2025 winter season, there is no information available to evaluate its performance.

⁴⁹ Attachment DOC-1-C includes DOC IR No. 72 and Great Plains' response.

m Staff Briefing Papers for Docket No. G-999/CI-21-135, G-008/M-21-138, G-004/M-21-235, G-002/CI-21-610, and G-011/CI-21-611 on March 12, 2026

The Department also indicated that Great Plains has taken steps in these processes and concluded that, based on the information currently available, its efforts are adequate and reasonable.

The Department recommended that CenterPoint's compliance filing relative to Ordering Paragraph 6 and 7 be accepted and approved.

3. Comparison of February 2021 and January 2024 Pricing Events

The Department noted that Great Plains' efforts to mitigate short-term price risk, together with more favorable weather conditions, resulted in lower overall gas costs during the January 2024 Pricing Event compared to Winter Storm Uri in 2021, as shown in Table 11 below.

Table 11 – Comparison of Great Plains' Gas Commodity Costs for the February 2021 and January 2024 Pricing Events⁵⁰

Event	Cost/Recovery Mechanism	Amount (\$)	Percent of Feb 2021 Pricing Event Costs
Feb 2021			
	Annual Automatic Adjustment Report	\$1,624,509	12.9%
	Extraordinary Gas Costs	\$10,983,792	87.1%
	Total	\$12,608,301	100%
Jan 2024			
	Daily Gas Cost greater than 5x PGA	\$778,800	6.2%

Additionally, the Department observed that Great Plains had not made any material modifications to its processes for achieving this outcome during the January 2024 Pricing Event with respect to the 2025-2026 heating season.⁵¹

The Department noted that Great Plains' performance during the January 2024 Pricing Event, in comparison to Winter Storm Uri, along with its statements that no process changes have been made for the 2025-2026 heating season, support the conclusion that Great Plains' hedging, procurement, and customer communication strategies are reasonable.

⁵⁰ Department Comments on Great Plains, December 8, 2025, at 16-17.

⁵¹ *Id.*, Attachment DOC-1-C includes Great Plains' responses to IR No's 66-71 and 73-74.

C. MERC

1. Responses to February 17, 2023 Order

a. Ordering Paragraphs 5, 6, 10 – Contracting, Hedging, Supply Options, Baseload, Gas Supply Planning

The Department noted that MERC has no specific reporting requirements for peak shaving, as it does not operate peaking facilities in Minnesota. However, in its 2024 and 2025 compliance filings it identified the Farmington area as a potential location for a new peak-shaving facility.

The Department also observed that MERC had modified its contracting and supply strategies, including increasing baseload gas purchases, in accordance with the Commission's directive.

Because MERC provided information on Ordering Paragraph 10 through its demand entitlement docket, the Department had no further comments.

The Department recommended that MERC's compliance filing relative to Ordering Paragraphs 5, 6, and 10 be accepted and approved.

b. Ordering Paragraph 7 – Storage

The Department noted that in its 2024 ACF, MERC provided a detailed explanation of its rationale for using NNG's Three-Step Firm Deferred Delivery Service Withdrawal Option in its NNG-served service area.⁵² During an October 2024 conference call, the Department inquired about MERC's efforts to expand third-party underground storage volumes, and MERC responded that it was continuing to pursue additional third-party storage.

Further, the Department observed that MERC is actively seeking additional storage options to integrate into its gas supply portfolio on NNG and other Consolidated PGA systems.

The Department recommended that MERC's compliance filing relative to Ordering Paragraph 7 be accepted and approved.

c. Ordering Paragraph 8 – Supply Reserve Margin

The Department reviewed MERC's discussion on the topic, noting that it referenced the same items included in its previous annual ACFs.

The Department noted MERC's efforts and recommended that MERC's compliance filing relative to Ordering Paragraph 8 be accepted and approved.⁵³

⁵² MERC, Compliance Filing Annual Report, August 1, 2024, at 7. Docket No. G-011/CI-21-611.

⁵³ Department Comments on MERC, December 8, 2025, at 10.

d. Ordering Paragraph 11 – Conservation Calls

The Department noted that MERC reiterated the findings of its 2024 survey, indicating that C&I customers are willing to conserve. However, because these customers rely on natural gas for their business and production activities, conservation calls to C&I customers may not result in a significant reduction in gas usage. MERC has implemented its Gas Price Spike Customer Communications Plan.

The Department recommended that MERC’s compliance filing relative to Ordering Paragraph 11 be accepted and approved.

2. Responses to June 2, 2025 Order

a. Ordering Paragraphs 6 and 7 – Incorporation of Curtailment Calls, Interruptible Customer Compliance

MERC described its process for identifying price spikes that could trigger curtailment calls, which includes performing a design-day forecast and evaluating variables such as pipeline declarations, anticipated supply cuts, and market prices when the potential for severe weather exists.⁵⁴ Additionally, MERC noted that it sends an annual letter to customers outlining curtailment expectations and conducts yearly tests of its Customer Notification System to ensure effective communication with customers.

The Department further noted that the Office of the Attorney General and the Citizens Utility Board originally proposed these recommendations in last year’s proceeding, and that the Department’s interpretation of the effort or detail required for these reporting obligations may differ from those parties.⁵⁵

Nonetheless, the Department recommended that MERC’s compliance filing relative to Ordering Paragraphs 6 and 7 be accepted and approved.

D. Xcel Energy

1. Responses to February 17, 2023 Order

a. Ordering Paragraphs 5, 6, 10 – Gas Supply Planning, Contracting, Hedging, Supply Options, and Hedging

Contracting, Hedging and Supply Options

In IR 87, the Department asked Xcel about any changes to its physical hedging, financial

⁵⁴ Department Comments on MERC, December 8, 2025, at 13.

⁵⁵ *Id.*

hedging, or supply option policies.⁵⁶ Xcel responded that no significant changes had occurred in the past 12 months.

The Department recommended that Xcel's compliance filing relative to Ordering Paragraph 5 be accepted and approved.

Baseload Purchases and Gas Contracting

The Department reviewed Xcel's baseload purchasing strategy, noting the challenges of predicting term baseload contracts due to variable winter temperatures.⁵⁷ Lower-than-expected demand during warmer periods led to higher gas inventories, which in some cases reached the upper limits of storage capacity and reduced Xcel's flexibility to optimize gas supply for its customers.

The Department recommended that Xcel's compliance filing relative to Ordering Paragraph 6 be accepted and approved.

Pipeline Transportation Contracts and Geographic Diversity of Supply

In IR 93, the Department inquired about Xcel's pipeline transportation contracts and geographic diversity.⁵⁸ Xcel explained that its transportation portfolio is structured to provide firm transportation from a variety of geographically diverse gas fields, as detailed in its Contract Demand Entitlement filing. The portfolio includes multiple suppliers, contract durations, quantities, and receipt points, and no changes were made to this approach over the past year.

The Department also asked whether Xcel made any significant changes or improvements over the past year to its policy of using interstate or in-state pipeline transport capacity to mitigate short-term price spike risks.⁵⁹ Xcel responded that during colder-than-normal winter weather, it expects to fully utilize its transportation agreements for this purpose.

The Department recommended that Xcel's compliance filing relative to Ordering Paragraph 10 be accepted and approved.

b. Ordering Paragraphs 7, 13 – Storage, Peak Shaving

The Department reviewed Xcel's discussion of its storage policy and its efforts to evaluate dispatch decisions and concluded that they were reasonable.⁶⁰ In response to Department IR 90, Xcel stated that it had made no changes to its storage service options.

⁵⁶ Department Comments on MERC, December 8, 2025, at 10.

⁵⁷ Department Comments on Xcel, December 8, 2025, at 8-9.

⁵⁸ *Id.* at 7-8.

⁵⁹ *Id.* at 8.

⁶⁰ *Id.* at 10.

The Department recommended that Xcel’s compliance filing relative to Ordering Paragraphs 7 and 13 be accepted and approved.

c. Ordering Paragraph 8 – Supply Reserve Margin

In its February 17, 2023 Order, the Commission directed utilities to seek to minimize excess reserve margin gas.⁶¹ Xcel noted that incorporating more accurate local weather forecasts into its TELSAs load forecasting model could help achieve this goal.

The Department recommended that Xcel’s compliance filing relative to Ordering Paragraph 8 be accepted and approved.

d. Ordering Paragraph 11 – Conservation Calls

The Department reviewed Xcel’s planned conservation messaging research in Colorado and recommended that Xcel’s compliance filing relative to Ordering Paragraph 11 be accepted and approved.

e. Ordering Paragraph 14 – Peaking Resources

In 2022, Xcel, along with the other Gas Utilities in this proceeding, submitted a joint proposal requesting Commission approval of a plan for the economic dispatch of natural gas from: (1) underground storage, (2) peak-shaving facilities, and (3) interruptible curtailments. The Commission rejected this proposal.⁶²

Since that time, Xcel has implemented a protocol that “considers several factors, including the immediate weather and load forecasts, our interstate pipeline capacity, interruptible load and potential curtailments, peak-shaving inventory, the overall heating season and the time of the year.”

The Department noted that Xcel’s discussion of the potential use of peak-shaving during price-spike events for price mitigation meets the reporting requirement. Xcel also stated that it plans to use its Wescott LNG facility for this purpose during the 2025–2026 heating season.

The Department recommended that Xcel’s compliance filing relative to Ordering Paragraph 14 be accepted and approved.

⁶¹ Department Comments on Xcel, December 8, 2025, at 9.

⁶² *Id.* at 11-12.

2. Responses to June 2, 2025 Order

a. Ordering Paragraphs 6 and 7 – Incorporation of Curtailment Calls, Interruptible Customer Compliance

Regarding Ordering Paragraph 6, The Department noted that Xcel has been diligent in pursuing the Commission’s directives related to the economic dispatch of interruptible customers and acknowledged those efforts.

Regarding Ordering Paragraph 7, the Department stated that Xcel did not initiate any conservation calls during the 2024–2025 winter season,⁶³ but recognized its actions in response to the January 2024 pricing event. Accordingly, the Department concluded that Xcel satisfied the reporting requirement.

The Department recommended that Xcel’s compliance filing relative to Ordering Paragraphs 6 and 7 be accepted and approved.

E. All Gas Utilities

In response to the Commission’s questions in the Notice of Comment, the Department concluded that the Gas Utilities’ 2025 ACFs complied with the reporting requirements established in the Commission’s February 17, 2023 and June 2, 2025 Orders and should be approved.

Based on the Department’s understanding of reasonableness, the Department’s perspective is a reasonable response to the Commission’s directives and should enable the Gas Utilities to acquire natural gas at prices during future short-term price spikes that are lower than those paid during Winter Storm Uri.

The Department’s perspective further observed that, although the Gas Utilities did not purchase natural gas during the 2024-2025 winter season at prices exceeding five times the gas commodity cost reflected in the current monthly PGA, its interruptible customer compliance, use of curtailment calls and procurement and communication strategies were reasonable, provided value, and resulted in reasonable savings for ratepayers.

Additionally, the Department asked Xcel to provide an estimate of the remaining February 2021 extraordinary gas costs as of December 31, 2026, and if it still plans to recover any under-recovered amount in its 2027 PGA.

⁶³ Department Comments on Xcel, December 8, 2025, at 12-13.

IX. Gas Utilities' Reply Comments

A. CenterPoint Energy

CenterPoint concurred with the Department's recommendation to accept and approve its 2025 ACF.

B. Great Plains

Great Plains concurred with the Department's recommendation to accept and approve its 2025 ACF.

Regarding the Department's recommendation to include additional analysis of potential financial and operational outcomes of a voluntary conservation program for firm customers under various scenarios, Great Plains acknowledged the recommendation and stated that it will continue to evaluate such a program and its potential impacts in its 2026 ACF.

C. MERC

MERC concurred with the Department's recommendation to accept and approve its 2025 ACF.

D. Xcel Energy

In Reply Comments, Xcel estimated a total under-recovery of \$1,745,543 on December 31, 2025 for the Residential class.⁶⁴

In Response to Reply Comments, the Department reviewed Xcel's response, and believed the under-recovery is attributable to lower sales from recent warmer-than expected winters and found its estimates to be reasonable.

X. Gas Utilities' January 2026 Pricing Event Notifications

On January 23-28, 2026, the Gas Utilities filed compliance filings notifying the Commission that gas purchases exceeding five times the January 2026 PGA cost were executed (January 2026 Pricing Event).

On February 10, 2026, the Gas Utilities filed compliance filings following the January 2026 Pricing Event, which outlined their Minnesota natural gas procurement costs, the actions taken to mitigate those costs, and the justification for the prudence of those actions.

XI. Staff Comments

In its comments, the Department provided updates to recovery of Winter Storm Uri extraordinary gas costs. Consistent with information the Department provided for previous

⁶⁴ Xcel Reply Comments, December 18, 2025, at 2. Docket No. G-002/CI-21-610.

compliance filings, Staff deemed it helpful to replicate and update the table with extraordinary gas cost recovery, based on CenterPoint and Xcel's December 2025 filings.

Table 12 – Extraordinary Cost Recovery by Gas Utility – through November 2025⁶⁵

Description	CenterPoint ⁶⁶	Xcel Energy ⁶⁷	Total
Recoverable Expenses	\$372,418,366	\$159,251,324	\$531,669,690
Total Recovery to Date	\$289,945,908	\$138,097,264	\$428,043,172
Over/(Under) Recovery	\$(82,472,458)	\$(21,154,060)	\$(103,626,518)
Percentage Recovered to Date	78%	87%	81%
At Risk Exemption	CenterPoint	Xcel Energy	Total
Customer Count (Avg)	33,102	37,947	Not Applicable
Dollars Exempted	\$6,080,782	\$4,745,431	\$10,826,213

The Gas Utilities continued to affirm that any remaining under-recovered amounts from Winter Storm Uri would be recovered through the Annual Automatic Adjustment (AAA) filing at the end of the recovery period. For Great Plains and MERC, the remaining under-recovered amounts were recovered in the 2023-2024 AAA,^{68 69} while for CenterPoint and Xcel, any remaining under-recovered amounts will be recovered in the 2026-2027 AAA.^{70 71}

Additionally, the Department did not identify any changes needed for future compliance filings but deferred making a recommendation until it had reviewed comments from other parties. As the Department did not provide further input on this matter, the Commission may wish to seek clarification from the Department at the March 12th agenda meeting.

With respect to the Gas Utilities' January 2026 Pricing Event compliance filings, Staff notes that, as other parties have not yet submitted their analyses, consideration of this matter will occur at a future date.

Finally, Staff concurs with the Department's recommendations for approval of the Gas Utilities' 2025 ACFs.

⁶⁵ Staff Note: Great Plains and MERC's extraordinary gas cost recovery was completed in the 2023-2024 AAA, thus their respective data is not included here.

⁶⁶ CenterPoint's Quarterly Compliance Filing, December 29, 2025, at Schedule A.

⁶⁷ Xcel Energy's Quarterly Compliance Filing, December 22, 2025, at 3.

⁶⁸ Department Comments on Great Plains, December 4, 2024, at 17.

⁶⁹ Department Comments on MERC, December 8, 2025, at 18.

⁷⁰ Department Comments on CenterPoint, December 8, 2025, at 19.

⁷¹ Department Reply Comments on Xcel, January 14, 2026, at 2.



XII. Decision Options

1. Approve CenterPoint's 2025 Annual Compliance Filing. [CenterPoint, Department]
2. Approve Great Plains' 2025 Annual Compliance Filing. [Great Plains, Department]
3. Approve Xcel Energy's 2025 Annual Compliance Filing. [Xcel, Department]
4. Approve MERC's 2025 Annual Compliance Filing. [MERC, Department]
5. Require Great Plains to perform an analysis that includes examples of several potential financial and operational outcomes of a voluntary conservation program for firm customers under different scenarios in its August 1, 2026 annual compliance filing. [Great Plains, Department]