

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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

Docket No. G999/CI-21-565

Initial Comments of the Citizens Utility Board of Minnesota

The Citizens Utility Board of Minnesota (“CUB”) respectfully submits these Comments in response to the Minnesota Public Utilities Commission’s (the “Commission”) Notice of Comment Period issued on May 5, 2025, in the above-referenced matter.

I. BACKGROUND

In 2021, the Minnesota Legislature enacted legislation requiring the Commission to “initiate a proceeding to evaluate changes to natural gas utility regulatory and policy structures needed to meet or exceed Minnesota’s greenhouse gas (“GHG”) emissions reduction goals, including those established in Minnesota Statutes, section 216H.02.”¹ Pursuant to that directive, the Commission issued a Notice of New Docket on July 23, 2021, opening the instant docket, referred to as the Future of Gas (“FOG”) proceeding.²

On July 28, 2021, the Center for Energy and Environment (“CEE”), CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint”), and Fresh Energy filed a joint letter recommending the Commission establish a separate docket to evaluate a carbon accounting framework for innovative resources under the Natural Gas Innovation Act (“NGIA”), and suspend comment period in the FOG proceeding pending that evaluation.³

On March 11, 2022, CenterPoint, the Department of Commerce (the “Department”), the Office of the Attorney General—Residential Utilities Division (“OAG”), Clean Energy Organizations, and the Suburban Rate Authority (“SRA”), filed a joint letter recommending the Commission examine gas utility main and service line extension policies and pipeline replacement investments in the FOG proceeding. The letter emphasized evolving state policies around greenhouse gas reduction goals and

¹ 2021 Minn. Laws 1st Special Session, Ch. 4, Art. 8, Section 27.

² *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Notice of New Docket, Docket No. G-999/CI-21-565 (July 23, 2021).

³ *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Letter from CenterPoint Energy, Center for Energy and Environment, and Fresh Energy, Docket No. G-999/CI-21-565 (July 28, 2021).

acknowledged that current levels of investment in gas pipeline replacements “has put pressure on rates and on the resources of many stakeholders.”⁴

On August 18, 2022, the Commission noticed a series of technical conferences on the existing state of gas regulation and issues, and simultaneously opened a comment period to ask whether the proposed topics for conference would provide an adequate primer for future discussion in the docket.⁵ Several parties filed comments in response to the Commission’s notice, and the Commission held a total of three technical conferences.

On April 11, 2023, the Great Plains Institute (“GPI”) filed a letter notifying the Commission and interested parties that GPI was convening a series of stakeholder meetings to inform the development of a robust record on the FOG proceeding as well as the upcoming docket on the Commission’s Investigation into Gas Utility Resource Planning, Docket No. G-999/CI-23-117.⁶ The Commission then issued a Notice of Stakeholder Engagement Timeline and Docket Process, directing initial stakeholder engagement in the GPI meetings to consider comments on the requirements needed for gas utility integrated resource plans (“Gas IRPs”).⁷

On November 14, 2023, the Commission issued an Order in Docket No. G011/GR-22-504, Accepting Parties’ Settlement Agreement in Minnesota Energy Resources Corporation (“MERC’s”) 2023 rate case.⁸ As part of that Settlement, MERC agreed to work with stakeholders to scope, conduct, and file a Line Extension Policy (“LEP”) Study (“MERC LEP Study”) to examine MERC’s current line extension policies and relevant inputs and assumptions.⁹ MERC filed the study on November 14, 2024.¹⁰

Following the Commission’s final Framework Order establishing requirements for Gas IRPs,¹¹ on January 17, 2025, the Commission issued a Notice of Current Scope of Docket and Timeline, outlining

⁴ *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Letter from CenterPoint Energy, the Minnesota Department of Commerce, Office of the Attorney General, Clean Energy Organizations, and Suburban Rate Authority, Docket No. G-999/CI-21-565 at 2 (Mar. 11, 2022).

⁵ *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Notice of Future Technical Conferences and Comment Period, Docket No. G-999/CI-21-565 (Aug. 18, 2022).

⁶ *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Great Plains Institute Notice of Meetings, Docket No. G-999/CI-21-565 (Apr. 11, 2023).

⁷ *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Notice of Stakeholder Engagement Timeline and Docket Process, Docket No. G-999/CI-21-565 (Apr. 11, 2023).

⁸ *In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota*, Order Accepting Agreement Setting Rates and Updating Base Cost of Gas, Docket No. G-011/GR-22-504 (Nov. 14, 2023).

⁹ *Id.* at 7.

¹⁰ *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Minnesota Energy Resources Corporation Line Extension Policy Study, Docket No. G-999/CI-21-565 (Nov. 14, 2024) (hereinafter MERC LEP Study).

¹¹ *In the Matter of a Commission Investigation into Gas Utility Resource Planning*, Order Clarifying and Expanding Framework for Natural Gas Integrated Resource Planning, Docket No. G-008,G-002,G-011/CI-23-117 (Oct. 28, 2024) (hereinafter Commission October 28 Gas IRP Order).

next steps for the FOG docket and identifying specific issues for consideration in upcoming proceedings, including gas utility line extension policies.¹² The Commission also noticed a series of planning meetings to address a variety of gas related issues.

On May 5, 2025, the Commission issue a Notice for Comment in the instant proceeding, requesting comments on what actions, if any, the Commission should take to modify existing gas line extension policies for Minnesota's rate regulated gas utilities: CenterPoint; MERC; Northern States Power Company, d/b/a Xcel Energy ("Xcel"); Greater Minnesota Gas ("GMG"); and Great Plains, Inc. ("Great Plains").¹³

Additional documents related to Gas IRPs and utility Natural Gas Innovation Act ("NGIA") plans have been periodically cross filed in the FOG proceeding since the docket's inception. Several public comments have also been filed in the docket.¹⁴

A. Minnesota's climate goals seek to reach net-zero greenhouse gas emissions by 2050.

The instant notice for comment period marks the first substantive comment period in the FOG proceeding since the docket's inception in 2021. The Commission asks whether and how regulated gas utility line extension allowance policies should be modified. To appropriately address this question, we first examine the FOG docket more broadly and the Legislature's directive to analyze such policy questions in the context of *what changes to gas utility regulatory and policy structures are needed to meet or exceed the state's statutory greenhouse gas reduction goals*.

In 2018, the Intergovernmental Panel on Climate Change ("IPCC") issued a Special Report on the impacts of global warming of 1.5°C above pre-industrial levels. The IPCC found that current levels of global warming are already producing devastating climate impacts, including intensifying extreme weather events that impact people, economies, and nature. According to the IPCC, limiting global warming to below 1.5°C will significantly reduce the most devastating and irreversible impacts.¹⁵ To achieve this limit, the IPCC estimates we will need to reach net-zero GHG emissions in the next 20 to 30 years.

Minnesota is already experiencing firsthand impacts of the climate crisis. Daily average minimum temperatures during winter have increased by 7.3 degrees from 1895-2021 in northern Minnesota, 6 degrees in central Minnesota, and 4.9 degrees in southern Minnesota.¹⁶ Costly repairs to

¹² *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Notice of Current Scope of Docket and Timeline, Docket No. G-999/CI-21-565 (Jan. 17, 2025).

¹³ *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Notice of Comment Period, Docket No. G-999/CI-21-565 (May 5, 2025).

¹⁴ See, e.g., *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Public Comment of Rachel Battles, Docket No. G-999/CI-21-565 (Mar. 30, 2025); *In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, Public Comment of Leigh Pomeroy, Docket No. G-999/CI-21-565 (May. 31, 2025).

¹⁵ United Nations, Climate Action, *1.5°C: What It Means and Why It Matters* (last visited July 3, 2025), available at <https://www.un.org/en/climatechange/science/climate-issues/degrees-matter>.

¹⁶ Minnesota Pollution Control Agency, *Climate Change Impacts* (last visited July 3, 2025), available at <https://www.pca.state.mn.us/air-water-land-climate/climate-change-impacts>.

infrastructure, increasing home and crop insurance rates, and more hospitalizations for heat-related illnesses are just some of the very real impacts climate change is having on Minnesotans and the state's economy.¹⁷

In 2007, the state Legislature set GHG emissions goals seeking to reduce emissions by 80 percent between 2005 and 2050. Recognizing the urgent need for greater reductions based on updated scientific evidence, the Legislature revised the state's goals in 2023. Now, Minnesota's GHG emissions reduction goals are to reduce economywide emissions from a 2005 baseline by 15 percent by 2015, 30 percent by 2025, and 50 percent by 2030, and to reach net-zero by 2050.¹⁸ These goals apply across "all sectors producing greenhouse gas emissions."¹⁹

Minnesota did not reach the initial statutory goal of reducing emissions by 15 percent by 2015.²⁰ In 2020, the state saw notable reductions in GHG emissions, but emissions have since been back on the rise due to economic activity resuming after the height of the COVID-19 pandemic. Overall, Minnesota's GHG emissions fell by only 14 percent between 2005 and 2022. If the state maintains current trends, we will not achieve the requisite emissions reductions by 2050 to meet our net-zero goal.²¹

B. Reaching Minnesota's net-zero goal will require decarbonizing the building sector.

Of the various economic sectors in Minnesota, electricity generation has achieved the greatest GHG emissions reductions between 2005 and 2022.²² The state has made significant strides to reduce reliance on fossil fuels in electric generation as utilities transition away from reliance on coal toward renewable energy sources. The electric sector is now guided by Minnesota's 2023 Carbon-Free Standard, requiring electric utilities provide 100 percent carbon-free electricity by 2040.²³ The statute includes interim benchmarks, of 80 percent carbon-free electricity by 2030 for public utilities, and 90 percent for all electric utilities by 2035.

Conversely, building emissions from the residential, commercial and industrial sectors have increased relative to the 2005 baseline.²⁴ The residential sector is the fifth-largest source of GHG emissions, primarily driven by direct combustion of natural gas used for home heating and appliances.²⁵ According to the Minnesota Pollution Control Agency and Department of Commerce, net emissions from the residential sector alone have increased by 38 percent since 2005, not including emissions associated with home electricity use.²⁶ The data is clear: in order to reach the state's net-zero by 2050

¹⁷ *Id.*

¹⁸ Minn. Stat. § 216H.02, Subd. 1.

¹⁹ *Id.*

²⁰ Minnesota Pollution Control Agency and Department of Commerce, *Greenhouse Gas Emissions in Minnesota 2005-2022: Biennial Inventory Report Tracking the State's Greenhouse Gas Emissions Contributing to Climate Change* at 5 (January 2025) (hereinafter MN GHG Report 2025), available at <https://www.pca.state.mn.us/sites/default/files/lraq-3sy25.pdf>.

²¹ *Id.*

²² *Id.* at 6.

²³ Minn. Stat. § 216B.1691, Subd.2(g).

²⁴ MN GHG Report 2025 at 6.

²⁵ *Id.* at 17.

²⁶ *Id.* at 17.

goal and mitigate the most significant impacts of climate change, changes *must* be made to the way we heat and cool our buildings.

C. The Legislature directed the Commission to evaluate policy changes needed for regulated gas utilities to meet or exceed the State’s 2050 net-zero GHG emissions goals.

The Minnesota Legislature has required the Commission to exercise its authority over regulated gas utilities to contribute to reaching the State’s net zero goal. Pursuant to Minn. Stat. § 216B.09, subd. 1, the Commission has broad authority over the practices and policies of regulated public utilities:

The commission, on its own motion or upon complaint and after reasonable notice and hearing, may ascertain and fix just and reasonable standards, classifications, rules, or practices to be observed and followed by any or all public utilities with respect to the service to be furnished.²⁷

Under the NGIA, the Commission was further required “to evaluate changes to natural gas utility regulatory and policy structures needed to meet or exceed Minnesota’s greenhouse gas emissions reductions goals”²⁸ Those GHG emissions reduction goals include reducing “statewide greenhouse gas emissions across all sectors” to a level “at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050.”²⁹ As the Commission has previously noted, “natural gas utilities are part of Minnesota’s economy and, correspondingly have a role to play in advancing emissions reduction goals;”³⁰ “[b]y enshrining this goal in statute, the Legislature signaled that all Minnesota industries should find ways to reduce emissions and achieve this goal.”³¹

As a regulatory State agency, it is the Commission’s duty to modify regulated gas utility policies as needed to align utility GHG emissions on the right trajectory to reach net-zero by 2050, while still ensuring safe, adequate, efficient and reasonable service to public utility customers.³²

Most recently, to ensure the Commission has sufficient records upon which to take such actions, the Legislature supplemented the statutory duties of the Department of Commerce in 2024, requiring the Department “prepare and defend testimony designed to . . . ensure that the greenhouse gas reduction goals are attained on a schedule that keeps pace with the reduction timetable in section 216H.02, subdivision 1.”³³

²⁷ Minn. Stat. § 216B.09, Subd. 2.

²⁸ 2021 Minn. Laws 1st Special Session, Ch. 4, Art. 8, Section 27.

²⁹ Minn. Stat. § 216H.02.

³⁰ Commission October 28 Gas IRP Order at 13.

³¹ *In the Matter of a Commission Investigation into Gas Utility Resource Planning*, Order Establishing Framework for Natural Gas Utility Integrated Resource Planning, Docket No. G-008,G-002,G-011/CI-23-117 at 5 (Mar. 27, 2024) (hereinafter Commission March 27 Gas IRP Order).

³² Minn. Stat. § 216B.04; *see also* Minn. Stat. § 216B.01 (“It is hereby declared to be in the public interest that public utilities be regulated as hereinafter provided in order to provide the retail consumers of natural gas and electric service in this state with adequate and reliable services at reasonable rates”).

³³ Minn. Stat. § 216A.07, Subd. 3(a)(2).

Although there is no mandated decarbonization schedule for natural gas utilities, there can be no doubt that the Minnesota Legislature directed state agencies—including the Commission—to ensure gas utilities decarbonize at a pace consistent with the state’s economywide GHG reduction goals.

D. Overview of Current Gas utility LEPs

When a prospective new gas customer seeks to join the gas system, utility line extension policies (“LEPs”) determine who pays for the construction of any service line (which distributes gas to an individual customer’s meter) and main line (which distributes gas to the service line) required to connect the new customer for service. Currently, utility LEPs encourage growth of the system via subsidies that reduce or completely eliminate any charge to the new customer for such extensions. Each of Minnesota’s five rate-regulated gas utilities offers a line extension allowance (“LEA”), which grants up to a certain amount of footage of service and/or main line extension at no cost to the new customer. Instead, those costs are shifted to the existing gas customers to be paid off over time through rates.

Utility LEPs are generally codified in tariff. Xcel, CenterPoint, Great Plains and MERC all grant up to 75 feet of service lines free for any residential customer.³⁴ GMG allows customers up to 125 feet of service line extension for projects. Xcel, CenterPoint and Great Plains also include an automatic free-footage allowance for main line extensions, up to 80 feet for Xcel, and 100 feet for CenterPoint and Great Plains residential customers. New meter costs are always added to rate base, not paid for by the new customer.

For MERC and CenterPoint, if a residential customer requires extension past the free-footage allowance—or in the case of MERC, requires both a service *and* main line extension—then the utility will use a cost model to determine whether and how much the new customer is required to contribute to complete the project. These payments are referred to as contributions in aid of construction (“CIACs”) and are nonrefundable and not included in the utility rate base.

The cost models are generally designed to calculate the total revenue requirement for each year of the book service life of the project compared with the expected revenue generated from the applicant. If there is a revenue deficiency, a CIAC will be assessed for the incremental cost.

Typically, service line extensions past the free 75 feet will be charged to the new customer at a standard amount noted in the utility tariff. CenterPoint’s current CIAC charge is \$4 per additional foot

³⁴ Most utility LEAs also require the customer connect within the first 12 months of construction to receive the free-footage, and that natural gas will be used as the building’s primary heat source. See, e.g., *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Natural Gas Service in Minnesota*, Direct Testimony of Scott S. Hults, Docket No. G-002/GR-23-413 at 4 (Nov. 1, 2023); Great Plains Natural Gas Co., State of Minnesota Gas Rate Schedule – MNPUC Volume 3, Section No. 6 Original Sheet No. 6-1, available at <https://www.gpng.com/wp-content/uploads/2023/07/MNGeneralTermsConditions.pdf>.

past the 75-feet.³⁵ MERC caps the additional footage at \$6 per foot and notes the actual per-foot installation cost is renegotiated annually through a competitive bidding process.³⁶

However, there may be opportunities for new customers to receive further cost-reductions in the case the company believes a new customer will use a larger amount of gas than other “typical” residential customers.³⁷ As CenterPoint notes, facts that could go into such “larger amount” considerations may be “a large home, heated garage, heated pool, etc.”³⁸ CenterPoint identified 376 customers or developers between 2020-2024 that were not charged a CIAC for their service line extension exceeding the 75 foot allowance.³⁹

Xcel will only utilize its cost model in the case a residential customer requires main line extension. If the customer exceeds the free service line allowance, the excess footage is charged at \$9.10 per foot for 1 inch or small pipes and determined individually for pipes over 1 inch.⁴⁰

Although the policy is called a free-footage allowance, it is not “free;” rather, the costs are borne by existing ratepayers in their monthly gas bill. Under this approach, the capital cost of new extensions is rolled into the utility rate base in its next rate case, and depreciation expenses on the new extension become part of the gas utility's revenue requirement. The utility thus earns a rate of return on these investments. Comparatively, any CIACs paid by new customers are direct payments that do not increase the gas utility's investment in rate base.

Utilities have traditionally claimed that their extension models follow the principle that existing customers should not subsidize growth, and only allow for a sharing of the burden if existing customers benefit from the extension. If the new line extension is not projected to be a net revenue generator over the course of the line's life, the utility recovers the deficiency from the new customer through a CIAC. However, advocates including the OAG and CEOs have argued that utilities extension models utilize assumptions that overestimate the benefits to existing customers and underestimate the costs of the new line, and do not consider any societal cost of externalities or changes needed in light of state climate policy.

³⁵ CenterPoint Energy, State of Minnesota Gas Rate Schedule, Section VI, Third Revised Page 12, available at https://www.centerpointenergy.com/en-us/Documents/RatesandTariffs/Minnesota/CPE_Minnesota_Tariff_Book.pdf.

³⁶ Minnesota Energy Resources Corporation, State of Minnesota Tariff and Rate Book, 5th Revised Sheet No. 9.04, available at <https://www.minnesotaenergyresources.com/company/tariffs/extension.pdf>.

³⁷ See, e.g., CenterPoint Response to OAG-RUD IR 003 at 2 (Attachment A).

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ Northern States Power Company, Minnesota Gas Rate Book – MPUC No. 2, Section No. 6, 1st Revised Sheet No. 18.2, available at <https://xcelnew.my.salesforce.com/sfc/p/#1U0000011ttV/a/8b000003OhbU/D6ICXvmtWBX1ZRKwoZLSMV8iROT7EYmuBYH3JgPTz.A>.

II. DISCUSSION

A. Each utility should provide a comprehensive, transparent summary of its line extension policy in reply comments

The above descriptions of utility LEPs draws from review of each utility's tariff language, various utility responses to information requests, MERC's line extension policy study, and individual gas utility rate case testimony. Overall, the utility descriptions of these policies are opaque, and lack comprehensive overview of the nuances, assumptions, and justifications used in modeling.

Moreover, the actual costs associated with LEAs are inconsistently reported across utilities, rendering the public often unaware of the true impact to ratepayers. For example, MERC notes the company does not maintain records for meters of installations for new customers at the class level and therefore is not able to produce the actual historic cost of meters to customers.⁴¹ Similarly, when asked for the cost breakdown of "new Residential customer" service line installation costs, Xcel only provided information combined for "all classes" and for "both new *and replacement* service lines," suggesting the company does not independently track these costs either.⁴²

To assist future discussions and for public transparency—to the extent this information is not included in initial comments—CUB requests each utility file in reply comments a clear, plain-language breakdown of its line extension policies, including at minimum the following information:

- 1) Each utility's free-footage allowance policy.
- 2) An overview of the step-by-step process used to determine required customer contribution amount, if any, when:
 - a. A customer's request for service includes an extension of service and/or main line within the free-footage allowance.
 - b. A customer's request for service includes an extension of service and/or main line that exceeds the free-footage allowance.
- 3) When a customer cost feasibility model is employed to determine potential CIAC costs.
- 4) How the utility determines the excess footage charge for customers and whether the *actual* incremental cost is calculated and charged.
 - a. If the actual incremental cost is not calculated, how are any disparities in actual construction costs recovered.
 - b. What is the actual average per-foot cost of service and main lines.
- 5) How the utility's free-footage allowance is determined.
- 6) What pay-back options, if any, the utility offers to customers required to pay a CIAC.
- 7) Any other rules or considerations relevant to the utility's LEP.

B. LEAs are no longer aligned with Minnesota's state policy or market trends.

Historically, LEAs were justified on the assumption that the new customer will eventually contribute net positive revenue for the utility through future bills and/or the new customers' contribution

⁴¹ MERC Response to CEO IR 003 (Attachment B).

⁴² Xcel Revised Response to CEO IR 003 (emphasis added) (Attachment C).

towards total fixed system costs. The Commission last directly addressed this issue in the mid-1990s, although LEPs have been periodically updated in individual utility rate case proceedings since then.⁴³

As the Commission noted in the instant Notice for Comment, intervening parties have repeatedly questioned gas utility LEPs in recent rate cases, challenging specific assumptions used in utility cost formulas as well as the overarching policy justifications for permitting LEAs in a shifting energy landscape.

1. Residential gas demand is no longer increasing.

Current market growth projections reflect future changes for gas utility customer bases. Consumption of natural gas has historically seen steady growth,⁴⁴ supporting the continued build-out of a utility system that is heavily dependent on large capital investments. In this traditional model, justification for subsidizing expansion through LEAs made sense for existing customers. However, indications over the last several years suggest that trend may soon slow or even reverse.

U.S. Energy Information Administration (“EIA”) data projects that residential gas demand will begin to steadily decline through 2050.⁴⁵ EIA has historically been conservative while forecasting the energy transition,⁴⁶ and it is possible that demand could shrink even more quickly. The Brattle Group, a consulting group that regularly supports utilities in regulatory proceedings, is also among those warning that gas demand reduction is assured.⁴⁷ In 2021, the Brattle Group prepared a *Report on the Future of Gas Utilities*, intended “to help gas and combination utilities navigate the transition in a fiscally and socially responsible way,”⁴⁸ noting that “[t]he [energy] transition is already underway: at the current rate, the number of homes with electric space heating could exceed the number of homes with gas space heating by 2032.”⁴⁹

Local market trends are also indicative of a shift away from gas use in homes and businesses. Although Minnesota’s particularly cold climate poses a greater challenge for electrification than some states, advances in technology like cold climate heat pumps make it an increasingly competitive alternative. For homes that currently rely on oil, propane or other delivered fuels, heat pump adoption is not only healthier, but cost-effective. Given the higher efficiency of air-source heat pumps and heat

⁴³ *In the Matter of an Inquiry into Competition Between Gas Utilities in Minnesota*, Order Terminating Investigation and Closing Docket, Docket No. G-999/CI-90-563 (Mar. 31, 1995).

⁴⁴ U.S. Energy Information Administration, Natural Gas Data (last visited Oct. 13, 2022), available at https://www.eia.gov/dnav/ng/hist/na1490_smn_2a.htm.

⁴⁵ EIA, *Annual Energy Outlook 2025, Table: Table 2. Energy Consumption by Sector and Source*, Reference Case, United States (last visited July 7, 2025), available at <https://www.eia.gov/outlooks/aeo/data/browser/#/?id=2-AEO2025®ion=1-0&cases=ref2025&start=2023&end=2050&f=A&linechart=~::~::~::~::~ref2025-d032025a.6-2-AEO2025.1-0&map=ref2025-d032025a.3-2-AEO2025.1-0&ctype=linechart&sourcekey=0> (showing energy use for natural gas for residential customers in the United States between 2024 to 2050, with a decline in use beginning in 2028).

⁴⁶ Nancy LaPlace, *EIA’s Assumptions Short-Change Clean Energy, and Are Frequently Wrong*, Energy & Policy Inst. (Apr. 27, 2017), available at <https://energyandpolicy.org/eia-forecasts-are-frequently-wrong>.

⁴⁷ Brattle, *The Future of Gas Utilities Series: Transitioning Gas Utilities to a Decarbonized Future, Part 1 of 3* (Aug. 2021), available at https://www.brattle.com/wp-content/uploads/2022/01/The-Future-of-Gas-Utilities-Series_Part-1.pdf (hereinafter Brattle Gas Report).

⁴⁸ *Id.* at 3.

⁴⁹ *Id.* at 9.

pump water heaters, which use an average of one-fourth the energy of traditional delivered fuel, these technologies can significantly reduce energy bills for delivered fuel customers.⁵⁰

Minnesota is also seeing all-electric new construction for affordable housing options. For example, last June, construction began on The Heights, a 147-unit affordable housing development in St. Paul expected to be one of the largest net-zero communities in the Midwest.⁵¹ The project is led by Habitat for Humanity and includes no hookups for natural gas connection. In Xcel's most recent ECO Triennial plan, for its first year of offering efficient fuel switching ("EFS") measures, Xcel "saw significant customer interest in EFS incentives," and in particular, uptake of incentives for cold-climate heat pumps ("ccASHPs") far exceeded initial estimates for adoption. The Triennial assumed ccASHPs to represent only 38 percent of participation but resulted in 70 percent of actual rebates paid.⁵² Xcel noted that "[c]ustomers greatly exceeded expectations for efficient fuel switching measures," and that Xcel was "excited to see how interest in efficient fuel switching continues to grow as more trade partners get more comfortable with the technologies and customers learn more about options."⁵³

Xcel's ECO plan also includes an "Affordable Efficient New Home Construction" program that helps local affordable housing builders and qualified market-rate builders construct energy efficient, affordable homes.⁵⁴ In 2024, eight participating homes were all-electric, and Xcel expects "increased participation going forward" as the company understands learnings from the initial program launch.⁵⁵ Customer funds currently spent on subsidizing gas lines could instead go to cleaner alternatives that do not run the risk of burdening future customers with the cost of underutilized assets and help create a healthier environment.

2. Recent changes in Minnesota's state energy policy are further encouraging this transition.

In addition to Minnesota's economywide net-zero GHG emissions goal described in Section I above, the state has enacted a swath of other legislative changes that seek to further decarbonization of the gas system and reduce overall gas use.

In 2021, at the same time the Legislature directed the Commission to evaluate changes needed to natural gas regulation and policy required to meet or exceed Minnesota's GHG goals, it also enacted the Natural Gas Innovation Act ("NGIA").⁵⁶ The NGIA is an extensive framework that allows regulated gas utilities in Minnesota to file voluntary plans that pilot various innovative decarbonization

⁵⁰ Lauren Reeg, Ryan Shea, Jingyi Tang, *Lower Bills, Cleaner Air: Heat Pump Benefits for Homes Relying on Delivered Fuels*, Rocky Mountain Inst. (May 7, 2025), available at <https://rmi.org/lower-bills-cleaner-air-heat-pump-benefits-for-homes-relying-on-delivered-fuels/>.

⁵¹ Frank Jossi, *A St. Paul, Minnesota Habitat for Humanity Project Will Offer Affordable Housing Without Fossil Fuels*, Canary Media (Aug. 16, 2024), available at <https://www.canarymedia.com/articles/enn/a-st-paul-minnesota-project-will-offer-affordable-housing-without-fossil-fuels>.

⁵² Xcel Energy, *2024 Status Report and Associated Compliance Filings: Minnesota Electric & Natural Gas Energy Conservation & Optimization Program*, Docket No. E,G002/CIP-23-92 at 125 fn. 3 (Apr. 1, 2025) (hereinafter Xcel 2024 ECO Report).

⁵³ *Id.* at 106.

⁵⁴ *Id.* at 116.

⁵⁵ *Id.* at 117.

⁵⁶ Minn. Stat. § 216B.2427.

strategies, and recover the costs of those pilots from ratepayers.⁵⁷ Under the initial NGIA plans filed by Xcel and CenterPoint, the Commission has approved a total budget of over \$160 million in programs designed to test whether and how alternative fuels and other resources can reduce the use of geologic natural gas, and decarbonize the gas system.

The Legislature also made additional changes to the state’s Conservation Improvement Program (“CIP”) in 2021. Now called Energy Conservation and Optimization (“ECO”), the allowable program offerings expanded to include opportunities for efficient fuel switching (“EFS”) programs that provide an incentive to customers for switching from one fuel type to another to serve the same end use.⁵⁸ When EFS was first introduced, the Legislature implemented a cost cap on spending under the program. However, the statute has since been amended in 2024 to remove that spending cap.⁵⁹

Most recently, in the 2024 session the Legislature required the Commission to establish and appoint a Thermal Energy Network (“TEN”) Deployment Workgroup to examine potential regulatory opportunities and barriers for regulated natural gas utilities to deploy TENs.⁶⁰ Similar to the NGIA, the state aims to continue evaluating alternative resources for meeting customer energy needs that does not rely on natural gas or its infrastructure.

At the Commission, other work is also being done to help facilitate these shifts in alternative energy sources. Last year, the Commission issued its final order approving initial requirements for gas utility integrated resource plans for MERC, CenterPoint and Xcel.⁶¹ Utilities are required to consider the state’s emissions reduction goals and evaluate alternative resources for meeting forecasted customer need. The Commission identified areas of gas system growth, in particular, as an area that utilities should focus evaluation of potential alternative resources and avoid continued pipeline expansion.⁶²

3. Low-carbon alternative fuels can, at best, replace only a small fraction of current gas utility throughput.

Multiple analyses of pathways to decarbonize Minnesota’s gas utilities conclude that continued operations and growth of the gas system is not sustainable because low-carbon alternative fuels cannot fully replace geologic natural gas consumption.

(a) The G21 Report

The July 2021, *Decarbonizing Minnesota’s Natural Gas End Uses* report (commonly referred to as the “G21 Report”), summarizes the consensus recommendations of a stakeholder process that examined

⁵⁷ *Id.*; Minnesota Public Utilities Commission, *Natural Gas Innovation Act* (last visited June 30, 2025), available at <https://mn.gov/puc/activities/economic-analysis/ngia/>.

⁵⁸ Minn. Stat. § 216B.241, Subd. 12(a); Xcel 2024 ECO Report at 125.

⁵⁹ The 2024 Energy Omnibus bill included certain modifications to the ECO Act, including removal of the EFS cap. 2024 Minn. Laws Regular Session, Ch. 126, Art. 6, Section 11.

⁶⁰ HF 5247 Conference Committee Report - 93rd Legislature, available at https://www.revisor.mn.gov/bills/text.php?number=HF5247&version=0&session=ls93&session_year=2024&session_number=0&type=ccr.

⁶¹ See generally Commission October 28 Gas IRP Order.

⁶² *Id.* at 5-9 (requiring the utilities conduct expansion alternative analyses (“EAAs”) for planned expansion projects).

the impact of different pathways to reduce emissions of Minnesota’s natural gas system.⁶³ The report was authored by Great Plains Institute (“GPI”) and Center for Energy and Environment (“CEE”). CenterPoint and Xcel both participated as Advisory Committee Members on the report, along with the City of Minneapolis and Fresh Energy. Additional organizations participated in review and/or observation of the study.⁶⁴

Overall, the findings of the G21 Report support elimination of LEAs now. Three scenarios were modeled to examine the potential outcomes of policies associated with each pathway. First was a “High Electrification” scenario, which assumed all-electric buildings for new construction and heating supplied by electricity throughout the entire year. On the other bookend, the report studied a “High Decarbonized Gas” scenario, which assumed buildings kept their gas connection while largely relying on renewable natural gas (“RNG”) and synthetic natural gas to replace geologic fuels. Lastly, the report looked at a middle road “High Electrification with Gas Back Up” scenario which assumed buildings maintained their existing gas connection but that all new construction was built all-electric—meaning no new growth to the gas system.

The G21 Report found the High Electrification with Gas Back Up scenario was both the lowest overall resource cost *and* most resilient to variance in future commodity costs compared with either the High Electrification or High Decarbonized Gas scenario.⁶⁵ The costs of gas increased in all scenarios as a result of more expensive zero-carbon fuels and higher delivery rates due to lower consumption levels. Importantly, this least-cost scenario included the assumption that all new construction is built all-electric, avoiding additional costs of extending gas infrastructure.⁶⁶ Because stakeholders of the report were unable to reach consensus on how to model unknown future changes to building codes, new construction was assumed to be built based on Minnesota’s 2021 building code.⁶⁷ All parties agreed this assumption was “highly conservative and heating loads could be reduced for new construction if building codes are updated and become more efficient.” CUB agrees such future changes are likely and will further reduce the costs associated with electrifying building heating.

The High Decarbonized Gas bookend scenario utilized a large amount of dedicated hydrogen but still dedicated 20 percent electrification for the industrial sector, as well as high supplies of renewable natural gas (“RNG”) and “synthetic natural gas” as a replacement fuel for existing natural gas customers. As the study notes, this scenario showed the most significant cost uncertainty, as the costs for alternative fuels will heavily depend on competition with other markets like the transportation sector for demand.

⁶³ Ctr. For Energy & Env’t & Great Plains Inst., *Decarbonizing Minnesota’s Natural Gas End Uses* (July 2021) (hereinafter G21 Report), available at <https://e21initiative.org/wp-content/uploads/2021/07/Decarbonizing-NG-End-Uses-Stakeholder-Process-Summary.pdf>.

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *Id.* at 27, 46 fn. 56 (“In the high electrification and electrification with gas backup scenarios, annual capital expenditures are expected to stay flat, with the exception of capital expenditures for new construction (as these scenarios assume all-electric new construction).”).

⁶⁷ *Id.* at 28.

The High Decarbonized Gas scenario relied on fuels that were unavailable at scale at the time of the G21 study and remain unavailable at scale today.⁶⁸ Synthetic natural gas remains commercially unavailable at utility scale, and quite expensive in small amounts. It is not a reliable alternative for Minnesota utilities.

Low- or zero-carbon hydrogen remains a nascent market,⁶⁹ and current research suggests there are substantial obstacles to the successful scalability of such projects.⁷⁰ Because hydrogen has a comparatively low volumetric energy density to natural gas, a higher volume of blended gas would be needed to achieve the same energy output. Using blended hydrogen at low percentages would therefore be inefficient in the current gas system.⁷¹ Furthermore, introducing even small concentrations of hydrogen into the gas distribution system can result in damaging effects to pipelines that could necessitate replacement at additional costs.⁷² If hydrogen were to be scaled up as an alternative fuel to natural gas, end use appliances as well as the service and main pipelines distributing it would need to be replaced as well.

RNG can be directly substituted for geologic gas in utility systems, but even optimistic projections for the industry's growth indicate it can replace only a fraction of utility throughput. The G21 Report cites two estimates RNGs future potential: (1) a report published in 2019 by the American Gas Foundation finding potential that RNG replace up to 6 to 14 percent of current geologic gas used by 2040, and (2) a 2020 study by the Natural Resources Defense Council that estimated only 2 to 5 percent replacement capacity.⁷³ For these reasons, the High Decarbonized Gas scenario remains an unsupported pathway based on current technology and markets.

(b) The Synapse Study

In 2024, Synapse Energy Economics, Inc. ("Synapse") completed a similar study for the Clean Heat Minnesota Coalition,⁷⁴ titled The Minnesota Building Decarbonization Analysis ("Synapse Study").

⁶⁸ See G21 Report at 28 ("Synthetic methane, using a carbon-free process, is a new technology that is not yet commercialized."); EIA, Natural Gas Explained: Where Our Gas Comes From, available at <https://www.eia.gov/energyexplained/natural-gas/where-our-natural-gas-comes-from.php> (estimating that RNG and synthetic natural gas, combined, account for only about 0.2 percent of U.S. natural gas production as of 2022).

⁶⁹ IEA, Global Hydrogen Review 2024, *Executive Summary* (last visited July 4, 2025), available at <https://www.iea.org/reports/global-hydrogen-review-2024/executive-summary> (noting that hydrogen demand "remains concentrated in refining and the chemical sector," and that "low-emissions hydrogen played only a marginal role, with production of less than 1 Mt in 2023.").

⁷⁰ Kevin Topolski, et. al., *Hydrogen Blending into Natural Gas Pipeline Infrastructure: Review of the State of Technology*, NREL (Oct. 2022), p. iv, available at <https://www.nrel.gov/docs/fy23osti/81704.pdf> (hereinafter "NREL Hydrogen Blending Report") ("Many blending demonstrations internationally have proven that low-hydrogen-percentage blending is feasible under very specific scenarios with limited end-usage applications on both high-pressure transmission lines and low-pressure distribution lines.").

⁷¹ *Hydrogen Basics*, NREL (last visited Jan. 10, 2024), <https://www.nrel.gov/research/eds-hydrogen.html>.

⁷² NREL Hydrogen Blending Report at 13 ("Blending hydrogen can have systemic performance impacts on pipeline operation and gas end-use due to the differences in natural gas and hydrogen physical properties.").

⁷³ G21 at 56-57, fn 66.

⁷⁴ The Clean Heat Minnesota Coalition is a coalition of approximately 40 national, regional and Minnesota based organizations working to increase awareness about the dangers of natural gas use in homes and seeking to help organizations and community members be more involved in energy decision-making in Minnesota.

Utilizing modeling of Minnesota’s gas and electric utility sectors, the Synapse Study also compared bookend pathways—a path that fully electrified heating and another that maximized the use of RNG as a substitute for geologic natural gas—to decarbonizing Minnesota’s buildings in the most cost-effective and equitable manner.⁷⁵ It found that costs and emissions are most likely to be lower if Minnesota fully electrifies heat.⁷⁶ Like G21, the Synapse Study also identified concerns around future capacity of alternative low-carbon fuels, finding upper-bound projections result in only about 16 percent replacement capacity by 2040 of the natural gas currently used in Minnesota’s residential and commercial sectors.⁷⁷ Finally, the Synapse Study emphasized that, even under a high-decarbonized gas scenario, policy changes were needed to reduce current spending levels in gas infrastructure to mitigate critical affordability challenges.⁷⁸

The G21 Report concludes that a hybrid gas and electric system is likely to be most cost effective to decarbonize building heat in Minnesota, while the more recent Synapse Study concludes that transitioning to all-electric heating in the residential and commercial sectors will be less costly. The Commission will reasonably want ongoing analyses of these two pathways to building decarbonization.

However—under either a hybrid gas-electric or all-electric future—both studies agree that eliminating gas expansion to new buildings is an immediate first step. Allowing utility LEAs to continue is at odds with the Commission’s duty to cost-effectively decarbonize utility service.

C. Current LEAs increase the risk of stranded assets to gas utility ratepayers

Minnesota’s state policy and market trends point to the fact that regulated gas utilities cannot continue with business-as-usual. As explained below, this reality makes increased gas rates likely and enhances the potential for stranded assets. LEAs amplify the stranded asset risk.

1. Gas utility capital spending programs are inconsistent with projected large reductions in gas consumption.

Unlike electric utilities, natural gas utilities in Minnesota primarily function as local distribution companies (“LDCs”), because they do not own natural gas production facilities or interstate transmission pipelines. Thus, distribution costs make up the large majority of total gas utility rate base.⁷⁹ These multi-million-dollar investments are recovered from ratepayers over the course of decades. Investments should not continue being made now that will not be useful in the future.

⁷⁵ Synapse Energy Economics, Inc., *Minnesota Building Decarbonization Analysis* (June 2024), available at <https://cubminnesota.org/sites/default/files/downloads/MN-Decarbonization-Report.pdf>

⁷⁶ *Id.* at 57.

⁷⁷ *Id.* at 11.

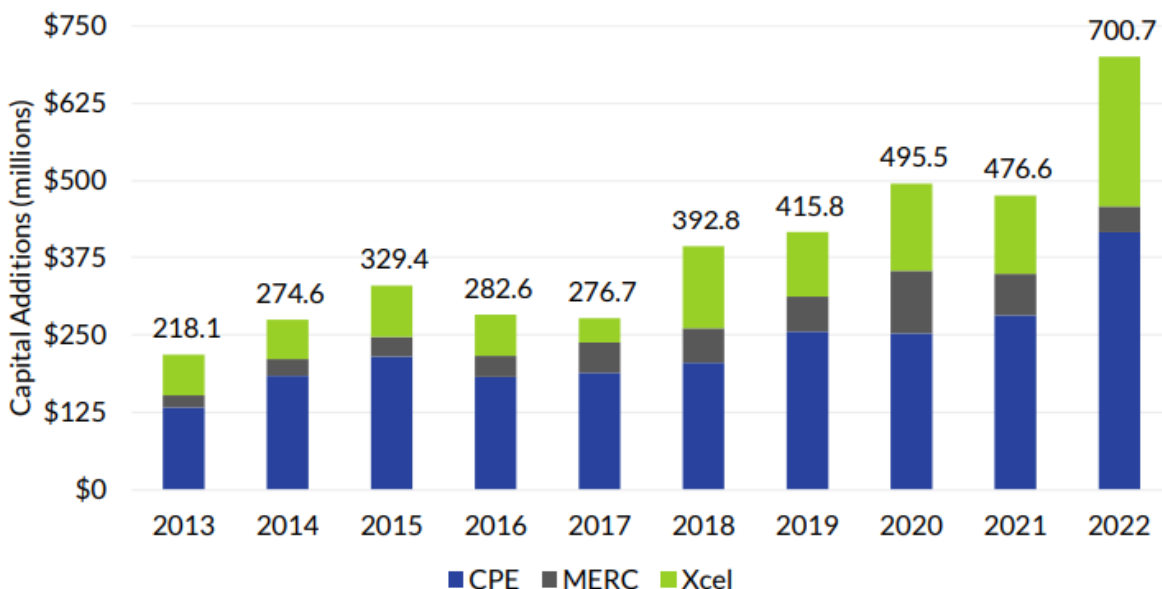
⁷⁸ *Id.* at 24.

⁷⁹ See, e.g. *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Natural Gas Service in Minnesota*, Direct Testimony of Chad Stevenson, Docket No. G-002/GR-23-413 at 16-17 (Apr. 19, 2024) (finding Xcel distribution investments make up 82.5 percent of rate base); *In the Matter of a Commission Investigation into Gas Utility Resource Planning*, Initial Comments of the Clean Energy Organizations, Docket No. G008, G002, G011/CI-23-117 at 4 (Nov. 30, 2023) (finding “CenterPoint’s distribution system comprises nearly 90 percent of its total assets”).

In CenterPoint’s most recent rate case, the company explained its capital expenditures have “increased significantly over the past several years.”⁸⁰ Between 2002 and 2011, CenterPoint’s annual capital expenditures averaged \$65 million in Minnesota.⁸¹ Between 2012 through 2014, additional integrity management regulations took effect prompting increased spending on pipeline replacement programs, and CenterPoint’s annual capital expenditures increased to an average of \$145 million. Since 2018, capital spending has further skyrocketed, and the company now spends approximately \$300 million annually. In its 2023 rate case, CenterPoint predicted that amount would further increase through 2027, up to \$330 million annually. CenterPoint acknowledged that the company has filed a request to increase rates every other year since 2013 and does not expect to see declines in capital investments anytime in the near future.⁸²

This significant growth in capital investments is not limited to CenterPoint. The below Figure 1 comes from a 2023 report prepared by DHInfrastructure, showing capital investments for Minnesota’s three largest gas utilities—CenterPoint, Xcel and MERC—between 2013 through 2022.⁸³

Figure 1: Natural Gas Utility Capital Investment in Minnesota, 2013-2022



Sources: Gas Jurisdictional Annual Reports for each utility, 2013 to 2022. See Minnesota Public Utilities Commission, “MN DOC E-filing,” available [https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showDocketsSearch&showEdocket=true.dockets 14-04, 15-04, 16-04, 17-04, 18-04, 19-04, 20-04, 21-04, 22-04, and 23-04](https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showDocketsSearch&showEdocket=true.dockets%2014-04,%2015-04,%2016-04,%2017-04,%2018-04,%2019-04,%2020-04,%2021-04,%2022-04,%20and%2023-04).

⁸⁰ *In the Matter of the Application of CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, Direct Testimony of Christe H. Singleton, Docket No. 23-173 at 23 (Nov. 1, 2023).

⁸¹ *Id.*

⁸² *Id.* at 26 (noting that CenterPoint expects to file more multi-year rate plans in the future, in order to relieve some of the workload for stakeholders, but notes no other expected changes to the current pattern of rate case requests).

⁸³ DHInfrastructure, prepared for Citizens Utility Board of Minnesota, *Investor-Owned Utility Gas Distribution Capital Expenditures: A Study on the Potential Bill Impacts of Business-as-Usual in Minnesota* at 3 (July 2023) (hereinafter DHInfrastructure Report).

Over the above nine-year period, capital additions by the three utilities rose from \$218 million to over \$700 million. According to the DHInfrastructure report, CenterPoint's typical monthly residential delivery charge in 2023 was nearly double 2010 charges, with Xcel and MERC seeing increases of 37 percent and 76 percent, respectively.⁸⁴

Furthermore, any future changes to the cost of natural gas could exacerbate affordability challenges compounded by these investments. Historic low gas prices during the last several decades have helped insulate ratepayers from the effects of the utilities' skyrocketing capital investment levels.⁸⁵ However, in more recent years gas markets have seen considerable volatility, in part due to more frequent extreme weather events in different parts of the country. For example, in February 2021, Winter Storm Uri passed through southern United States bringing unusually crippling ice storms and freezing temperatures to the region. Over the course of five days, Minnesota's four largest gas utilities collectively incurred over \$650 million in extraordinary costs serving Minnesotans. Although the Commission has taken considerable steps in seeking to mitigate future price volatility,⁸⁶ continued changes in geopolitics,⁸⁷ federal policy⁸⁸ and other unexpected supply-side interruptions cannot be perfectly avoided. If these changes materialize, the impact to ratepayer bills on top of already high delivery fees will be immense.

2. LEAs are part of the capital investment problem.

Line extension allowances represent one piece of this distribution system spending, and the costs to gas customers for line extension allowances are significant. CenterPoint spent \$17.18 million and \$20.46 million on main and service line extensions in 2019 and 2020, respectively.⁸⁹ Of those costs, customer CIACs accounted for only 6.49 percent and 7.41 percent each year. In total, CenterPoint's existing gas customers subsidized over 90 percent of the service and main extension costs at a total of \$33.29 million over the two-year period.⁹⁰ Between 2022-2024, the cost for new Residential service

⁸⁴ DHInfrastructure Report at VI.

⁸⁵ EIA, *Natural Gas Explained: Factors Affecting Natural Gas Prices* (last visited July 7, 2025), available at <https://www.eia.gov/energyexplained/natural-gas/factors-affecting-natural-gas-prices.php>.

⁸⁶ See, e.g. *In the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers, Order Requiring Actions to Mitigate Impacts from Future Natural Gas Price Spikes Setting Filing Requirements, and Initiating a Proceeding to Establish Gas Resource Planning Requirements*, Docket No. G-999/CI-21-135 (Feb. 17, 2023).

⁸⁷ See, e.g., Mingsong Sun et al., *The Russia-Ukraine Conflict, Soaring International Energy Prices, and Implications for Global Economic Policies*, Heliyon, Volume 10, Issue 16 (Aug. 30, 2024), available at <https://linkinghub.elsevier.com/retrieve/pii/S2405844024107438>; EIA, *U.S. Natural Gas Prices Calmed After a Volatile 2022* (June 4, 2024), available at <https://www.eia.gov/todayinenergy/detail.php?id=62203>.

⁸⁸ Gavin Maguire, *U.S. Natural Gas Prices Brace for Impact from Tariff Crossfire: Maguire*, Reuters (Apr. 2, 2025), available at <https://www.reuters.com/business/energy/us-natural-gas-prices-brace-impact-tariff-crossfire-maguire-2025-04-02/>.

⁸⁹ *In the Matter of the Application of CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Rates for Natural Gas Utility Service in Minnesota*, Direct Testimony of David A. Poppie, Docket No. G-008/GR-21-435, Schedule 16 (Nov. 1, 2021).

⁹⁰ *Id.*

lines alone was over \$28 million.⁹¹ The total cost of meter installations, which are always free to new customers, was \$10.75 million.⁹²

In Xcel's most recent rate case, the company reported that between January 2021 to December 2022, it completed a total of 9,804 service line extension projects at a cost of \$18.25 million, and 197 main line extension projects at a cost of \$7.25 million.⁹³

Whether existing customers pay for a utility to extend its distribution facilities to serve a new location, or whether the proposed customer is required to, depends on whether the anticipated future revenues from the extension are sufficient to cover the extension's cost. However, these calculations assume a useful life for gas infrastructure past the State's net-zero emissions target, which poises Minnesota for potential risk.

For example, as part of MERC's LEP, the company assumes a 48-year useful life of the newly installed infrastructure.⁹⁴ Clean Energy Organizations ("CEOs") had previously challenged the length of that term, arguing it was not an accurate representation of the equipment's actual useful life and that the time should be significantly shortened.⁹⁵ MERC disagreed, claiming "[t]he assets being installed in a line extension will continue to serve customers for at least the assumed approximately 48 years, no matter if customer usage changes."⁹⁶ This unfounded assertion is counter to the growing evidence that gas service will not be able to remain as is in 25—let alone 48—years with the state's climate policies. The "fact that the assets will remain in place and be functional to a customer for at least the assumed approximately 48 years" ignores critical concerns of customer affordability and assumes customers should be responsible for paying for infrastructure they don't want or need just because it is technically still "functional."⁹⁷

To allow gas utilities to continue spending millions of customer dollars on infrastructure under this justification is neither just nor reasonable. As further explained below, increased spending on gas infrastructure that has 48-plus-year lifespans will unfairly burden those customers who can least afford their gas bills and risk exposing Minnesota ratepayers to future stranded assets.

3. Utilities' capital spending practices put customers at risk of significant price increases.

As future customer use of natural gas plateaus or decreases, investments made today may not be fully utilized in the future. However, as described above, the vast majority of gas delivery infrastructure investments, including line extensions, are decades-long propositions. In a likely future with fewer units of gas sold over which to spread the fixed costs of infrastructure, rates will need to increase to pay for those investments. Higher rates will make conservation and electrification more cost effective,

⁹¹ CenterPoint Response to CEO IR 003 (Attachment D).

⁹² *Id.*

⁹³ See *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Natural Gas Service in Minnesota*, Direct Testimony of Scott S. Hults, Docket No. G-002/GR-23-413, Schedule 3 at 1; Schedule 4 at 1 (Nov. 1, 2023).

⁹⁴ MERC LEP Study at 8.

⁹⁵ *Id.* at 9.

⁹⁶ *Id.*

⁹⁷ *Id.*

further incentivizing those who can afford it to reduce their gas use or leave the system entirely, escalating the shrinking customer base, and so on. If such a scenario were to arise, it could have catastrophic effects on those customers least able to make the investments needed to themselves leave the gas system.

Within the industry, the Brattle Group is among those utility advisors cautioning of the potential for increased rates under business-as-usual investment trends:⁹⁸

[C]ost declines related to innovation, as well as federal, state, and municipal support policy, will increase electrification. . . . At the same time, there are approximately \$150-180 billion of unrecovered gas distribution infrastructure. Utilities will need to consider how to recover their costs from a shirking customer base, which could lead to higher rates and create a vicious cycle.⁹⁹

To be clear, CUB is not projecting such a future. However, even if projections of a gas utility “death spiral”¹⁰⁰ do not come to pass, signs of flat or even contracting demand indicate new risks for utility investments. Along with upward pressure on rates, continued advances and growing market trends toward electrification, as well as enhanced weatherization and energy efficiency efforts, will continue to lead more customers to decrease or eliminate their gas use, putting upward pressure on rates. The Commission should end the subsidization of gas system expansions as a first step to protect affordability.

4. Customers who are most impacted will be those who can least afford it.

If gas utilities see such compounding upward pressure on rates, lower-income and renter households stand to bear the brunt of the harm. Although electrification and weatherization are already often cost-competitive with gas options, it often requires an additional up-front investment. Even when such an investment results in lower costs over its lifetime, it is difficult for many Minnesota households to overcome the higher initial price tag. Renters also have fewer opportunities to weatherize or electrify their homes to reduce or eliminate their gas demand.

If the remaining customers on a shrinking gas system are low- and moderate- income customers who either could not access or could not afford electrification alternatives, it is those customers who will be left facing rising gas bills to pay for the remaining infrastructure. This is an inequitable and unsustainable outcome, with many already in arrears and facing disconnections even today. Efforts should be made to shift subsidies from continued gas expansion towards supporting electrification efforts that assist those who need it most.

⁹⁸ Brattle Gas Report.

⁹⁹ *Id.* at 2.

¹⁰⁰ See, e.g., Michael E. Webber, “Energy Blog: Are Gas Utilities About to Enter a Death Spiral?” asme.org (Sept. 8, 2022), available at <https://www.asme.org/topics-resources/content/energy-blog-are-gas-utilities-about-to-enter-a-death-spiral>; Canary Media, “The Future of Natural Gas” (Dec. 9, 2021), available at <https://www.canarymedia.com/podcasts/catalyst-with-shayle-kann/catalyst-podcast-the-future-of-natural-gas>

5. It is fair for customers who cause the cost to the system to pay for the cost.

Rather than subsidizing the expansion of gas systems to serve new customers, it is fair to require new customers who cause costs associated with line extensions to bear that cost. The elimination of current line extension allowances does not eliminate the option for customers to choose gas service; it would simply place the cost of new service connections on the customers or developers who benefit from that investment.

In 2021, the Rocky Mountain Institute (“RMI”) issued a report examining the underlying rationale for line extension allowances and why changes to the country’s energy landscape no longer support the historic justification for those subsidies. As the report highlights, LEAs unfairly shift the risk of stranded assets onto existing customers, largely shifting those risks away from developers who might otherwise be incentivized to build with greater all-electric options.

By shifting costs onto existing ratepayers, developers of new buildings are not responsible for the true cost of construction. If developers were faced with the full cost of gas service—including several thousand dollars that are usually subsidized—they would be more likely to build all-electric. Line extension allowances create a situation in which developers do not have incentive to guard against the risks that gas customers may face down the line. That is, the decision makers in building design (e.g., developers, builders, and engineers) choose the option cheapest for them, while other gas system customers bear the up-front costs and the risk of escalating future costs on a transitioning gas system.¹⁰¹

Eliminating LEAs is consistent with traditional cost-causation ratemaking principles and, in light of changing policy, better reflects the public interest.

D. Commissions in other states have taken action to eliminate line extension allowances.

In eliminating gas line extension allowances, Minnesota would join a number of states that have taken similar actions in response to state policy, stranded asset risk, and updated climate science. Across the United States, twenty-four states plus the District of Columbia have adopted specific greenhouse gas reduction targets in an effort to address climate change.¹⁰² Seventeen states, including Minnesota have set those targets in statute.¹⁰³ As state energy regulators evaluate policy changes needed to address the growing climate concern, more and more states have reexamined gas utility line extension policies and determined that eliminating such allowances is in the public interest. As of this year, at least seven states have begun or finalized the elimination of LEAs for regulated gas utilities.¹⁰⁴

¹⁰¹ Abigail Alter, Sherri Billimoria, Mike Henchen, *Overextended: It’s Time to Rethink Subsidized Gas Line Extensions*, Rocky Mountain Inst. at 11 (2021).

¹⁰² Center for Climate and Energy Solutions, *State Climate Policy Maps* (last visited on June 29, 2025), available at <https://www.c2es.org/content/state-climate-policy/>.

¹⁰³ *Id.*

¹⁰⁴ Those states include California, Colorado, New York, Washington, Oregon, Massachusetts, and Maryland.

In one recent example, the Public Service Commission of Maryland (“MPSC”) issued an order revising the state’s regulated gas utility line extension policies and eliminating free-footage allowances.¹⁰⁵ During the 2021 session, the Maryland Legislature enacted changes to the MPSC’s review and supervision of regulated public utilities. In addition to “public safety, the economy of the State, the conservation of natural resources, and the preservation of environmental quality,” the MPSC must now also consider “the achievement of the State’s climate commitments for reducing statewide greenhouse gas emissions, including those specified in Title 2, Subtitle 12 of the Environment Article.” The cited legislation refers to Maryland’s statewide net-zero by 2045 goal.¹⁰⁶ The MPSC was also directed to consider “protection of the global climate from continued short-term and long-term warning based on the best available scientific information recognized by the Intergovernmental Panel on Climate Change.”¹⁰⁷ Like Minnesota, the Maryland legislation does not explicitly mandate net-zero requirements, nor does it call out specific benchmarks for the regulated gas utility sector.

Following these legislative changes, the MPSC issued a Notice requesting stakeholders to identify and address issues pertaining to the new factors. The state’s consumer advocate office subsequently filed a petition requesting action on “Near-Term, Priority Actions” as well as “Comprehensive, Long-Term Planning” for gas utilities in light of Maryland’s emissions reduction goals, and recommended elimination of LEAs as one near-term action.¹⁰⁸

In reviewing the record before it, the MPSC noted uncertainty about the future role of the state’s gas utilities and the need to move forward with caution. The MPSC was persuaded that a larger discussion about the future of natural gas was appropriate and would require additional investigation and fact-finding but agreed that certain issues were ripe for a more immediate decision, including the issue of utility LEPs.¹⁰⁹

The rationale Maryland’s Commission ultimately relied on in its decision to eliminate LEAs focused on mitigating risks of stranded assets for existing gas customers and a desire to follow traditional ratemaking principles that dictate that, to the degree possible, the entity causing a cost should be the entity that bears that cost. In its order, the MPSC stated:

¹⁰⁵ *Petition of the Office of People’s Counsel for Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland’s Gas Companies*, Order on Stakeholder Proposals for Revision of Gas Policy, Maryland PUC Case No. 9707, Order No. 91683 (Jun. 13, 2025) (hereinafter Maryland Order).

¹⁰⁶ Title 2, Subtitle 12 of the Environment Article (“The General Assembly finds that . . . The State has the ingenuity to reduce the threat of global warming and make greenhouse gas reductions a part of the State’s future by achieving a 25% reduction in greenhouse gas emissions from 2006 levels by 2020 and by preparing a plan to meet a longer-term goal of achieving net-zero statewide greenhouse gas emissions by 2045 in a manner that promotes new “green” jobs, and protects existing jobs and the State’s economic well-being.”).

¹⁰⁷ 2021 Md. Laws, Chs. 614 and 615.

¹⁰⁸ *Petition of the Office of People’s Counsel for Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland’s Gas Companies*, Petition of the Office of People’s Counsel for Near-Term, Priority Actions and Comprehensive, Long-Term Planning for Maryland’s Gas Companies, Maryland PUC Case No. 9707 (Feb. 9, 2023).

¹⁰⁹ Maryland Order at 3-4.

While natural gas must play a role during th[e energy] transition, the Commission is persuaded that new natural gas customers should pay the full cost of extending service to them, thus minimizing any future potential for stranded costs with respect to new extensions, and reducing any subsidization of gas extensions. A customer that prefers to use natural gas should, therefore, be expected to pay the actual cost of obtaining that service without artificial incentives to do so. The Commission is not removing customer choice by eliminating the gas line extension subsidies. Customers may continue to elect their choice of fuel. This new direction is a neutral stance, neither subsidizing nor discouraging new gas extensions.

Moreover, a change in the extension policy at this time is consistent with traditional ratemaking principles. Basic cost causation principles dictate that to the degree possible, the entity causing the cost should be the entity that bears the cost. Given the relatively short time horizon for achieving net-zero emissions status, there are legitimate issues concerning whether any investment in new gas service and main line extensions will be fully recovered through rates over the lifetime of those facilities.¹¹⁰

The MPSC also observed that utility treatment of LEAs served to “mask the true cost of extending gas service to a new customer, even though such an extension may not be economically justified over the life of the new facilities.”¹¹¹

The MSPC recognized there is still not a clear answer to Maryland’s pathway to decarbonization, but that line extension allowances are one immediate action needed to mitigate risk to ratepayers in light of future trends.

Regardless of whether natural gas use declines or increases in the near- or long-term future, the Commission’s action here is warranted. Should gas use decline, fixed costs of the gas system will be spread over a declining customer base, a result that can be somewhat mitigated by limiting further increases in extension costs. Conversely, should gas use increase, the elimination of subsidies for gas extensions will nevertheless send proper price signals to customers, while mitigating any future stranded cost concerns.¹¹²

For many of the same reasons cited by the Maryland Commission, CUB recommends the Minnesota Commission also revise gas utility LEPs and eliminate line extension allowances.

E. The Commission should direct a working group to develop benchmarks for gas utility decarbonization through 2050.

Elimination of line extension allowances is the first step in addressing the challenges associated with decarbonizing Minnesota’s gas system, regardless of the pathway or schedule for gas utility

¹¹⁰ Maryland Order at 8-9.

¹¹¹ *Id.* at 7-8.

¹¹² *Id.* at 9-10.

decarbonization. However, the Commission's required consideration of "regulatory and policy structures needed to meet or exceed Minnesota's greenhouse gas ('GHG') emissions reduction goals"¹¹³ is more complex. Similarly, beginning next year, the Commission will begin evaluating gas utilities' 10-year integrated resource plans, including a consideration of how the IRPs align with the state's net-zero goal.¹¹⁴

Minnesota statute establishes an *economy-wide* net zero goal. As has been discussed at length in other proceedings, there is currently no mandate on specific gas utility decarbonization targets like those set forth in Minn. Stat. § 216B.1691, Subd. 2(g) for electric utilities.¹¹⁵ Indeed, there may be reasonable arguments that the gas sector should proceed more slowly than electric utilities and other areas of the economy.

This Commission, though, must seek to ensure that gas utilities are on track to meet their necessary contributions toward the statewide decarbonization goal. To do so, the Commission must understand what contributions the economy-wide net zero goal requires of gas utilities, and on what schedule. In requiring a 10-year forecast period for initial gas IRPs, the Commission observed that "a forecasting period extending to 2050 reaches too far into the future and is unlikely to produce useful, actionable insights." CUB acknowledges the challenges of relying on such long-term forecasts to inform near-term investments. By setting benchmarks with interim goals, the Commission, utilities and stakeholders can make better informed decisions about how current investments may impact the long-term decarbonization effort.

This is a complex question that would benefit from stakeholder input and, likely, additional modeling. GPI continues to hold regular monthly meetings for the Minnesota Gas Utility Innovation Roundtable, noticed in this docket.⁸³ CUB believes that forum would be an appropriate venue for this benchmarking exercise should the Commission choose to adopt this recommendation.

For this reason, CUB recommends that the Commission request that the ongoing Gas Utility Innovation Roundtable convened by GPI consider what decarbonization benchmarks the gas utility sector must meet in order to enable the state to reach its statutory net zero goal, and that GPI report its process and conclusions to the Commission.

III. CONCLUSION

CUB recognizes any pathway to further decarbonization of the state's gas system will be a complex challenge that likely cannot be answered in the near-term. However, as the Maryland Commission found, a decision on line extension allowances should not be delayed pending a more extensive review of the future of natural gas and electric services in Minnesota.

¹¹³ 2021 Minn. Laws 1st Special Session, Ch. 4, Art. 8, Section 27.

¹¹⁴ See Commission March 27 Gas IRP Order.

¹¹⁵ Commission March 27 Gas IRP Order at 5 (summarizing arguments from utilities and labor unions, "noting that the legislature had set a statewide goal of achieving net-zero greenhouse gas emissions by 2050, not a mandate specific to natural gas utilities").

Revising gas utility LEPs to require new customers pay the costs of expanding the system is a decision that will mitigate future risks for already energy burdened customers. Elimination of those subsidies is consistent with state policy, market trends, previous Commission decisions, and the public interest. CUB looks forward to reviewing the comments of other parties engaged on this timely and critical issue for the future of Minnesota's gas system.

Sincerely,

July 8, 2025

/s/ Annie Levenson-Falk
Annie Levenson-Falk
Executive Director
Citizens Utility Board of Minnesota
651-300-4701, ext. 1
annielf@cubminnesota.org

/s/ Olivia Carroll
Olivia Carroll
Regulatory Advocate
Citizens Utility Board of Minnesota
651-300-4701, ext. 5
oliviac@cubminnesota.org

State of Minnesota
Office of the Attorney General

Utility Information Request

Docket Number: G-999/CI-21-565 - Evaluation of Changes to
Natural Gas Utility Regulatory and Policy Structures
Requested From: CENTERPOINT ENERGY MINNESOTA
GAS

Date of Request: 6/5/2025

Response Due: 6/17/2025

Analyst Requesting Information: OAG-RUD

Type of Inquiry: Financial

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
OAG 003	<p>Reference: CenterPoint Minnesota Gas Rate book Section VI, Third Revised Page 11-12: “CenterPoint Energy may install gas service lines without charge to service applicants where the anticipated revenues are sufficient to warrant such instillation or in other cases where CenterPoint Energy determines the conditions justify such installation.” “Service line extensions beyond 75 feet will require a CIAC, which shall be determined based on the incremental cost of the additional footage, not to exceed \$4.00 per foot.”</p> <p>Request:</p> <p>A. Are there circumstances when CenterPoint would not charge a CIAC for a service line extension longer than 75 feet?</p> <ol style="list-style-type: none">1. If the answer to part A is affirmative, provide all factors that would be considered in making such a determination.2. If the answer to part A is affirmative, list the number of customers, or developers, that were not charged a CIAC for a service line extension longer than 75 feet from 2020 through 2024.3. If the answer to part A is affirmative, provide the cost for all unassessed CIAC for a service line extension longer than 75 feet from 2020 through 2024. <p>B. Explain how CenterPoint calculates the “incremental cost of the additional footage.”</p> <p>C. Explain why the incremental costs do not exceed \$4.00 per foot in CenterPoint’s CIAC calculation. Provide any calculations that justify this decision.</p>

Response By: Seth DeMerritt
Title: Manager, Regulatory & Rates
Department: Regulatory Portfolio Management MN
Telephone: 612-321-4423

Any responsive documents must be provided in their unlocked native format with all formulas and links intact.

Response:

A. Yes, there are circumstances when CenterPoint Energy would not charge a CIAC for a service line extension longer than 75 feet.

1. As addressed on Page 11 of Section VI in CenterPoint Energy's tariff book,

5.09 Economic Feasibility

"CenterPoint Energy may install gas service lines without charge to service applicants where the anticipated revenues are sufficient to warrant such installation or in other cases where CenterPoint Energy determines the conditions justify such installation."

Therefore, in situations where a potential new customer has specific facts related to their gas usage that cause the Company to believe a new customer will use a larger amount of gas than a typical customer in the Residential class, the Company will perform an economic feasibility to determine the CIAC payment outside of the \$4.00 per foot for services greater than 75 feet. For Residential customers, these facts could include such things as, but not limited to, a large home, heated garage, heated pool, etc.

2. 376

3. When an economic feasibility calculation was used for a service line request was for footage greater than 75 feet, and the model showed that a CIAC was still necessary then a CIAC was assessed to the project. From 2020 - 2024 there were 170 projects that were done with an economic feasibility calculation, required greater than 75 feet of service line, and required a CIAC payment.

B. When analyzing potential projects for new customers CenterPoint Energy does not calculate the "incremental cost of the additional footage". Instead, projects that involve customers that are deemed to be typical customers, any amount of footage in excess of 75 feet measured from the property line or 105 feet from the center of the publicly dedicated street, alley, or public or private utility easement, whichever is greater, the \$4.00 per foot is charged. When customers have different factors, and the Company determines that a new customer's natural gas load will exceed a

typical customer, the Company will perform an economic feasibility calculation and review the total costs of the project. Please see the Company's non-public response to OAG information request 004 for a copy of the feasibility model.

C. In reviewing the 2024 service line costs divided by the total amount of service line footage installed in 2024, the actual cost per foot of service line is closer to \$18.07.

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

Date of Request: May 27, 2025

Requested By: Amelia Vohs
Minnesota Center for Environmental Advocacy
1919 University Ave. W, Suite 515
St. Paul, MN 55104
avohs@mncenter.org

Attorney for Clean Energy Organizations

Requested From: Minnesota Energy Resources Corporation

Request Due: June 6, 2025

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

PUC Docket No. G9999/CI-21-565

CLEAN ENERGY ORGANIZATIONS INFORMATION REQUEST NOs. 3-6
TO MINNESOTA ENERGY RESOURCES CORPORATION

3. Complete the following table detailing costs for *new Residential customers* in the company's Minnesota service area over the last three years. Installation costs should include all associated materials and labor costs.

	2022	2023	2024
Number of meters installed			
Total meter installation costs			
Number of service lines installed			
Feet of service lines installed			
Total service line installation costs			

MERC Response:

MERC does not maintain records for meters at the detailed level of installations for new customers, nor at the detailed level of customer class. As such that data is not available for production.

Note that the total service line installation costs provided below includes overhead cost adders and includes contributions in aid of construction (“CIAC”), inclusive of excess footage charges, winter construction charges, and abnormal construction charges.

	2022	2023	2024
Number of meters installed			
Total meter installation costs			
Number of service lines installed	2,208	1,926	1,996
Feet of service lines installed	160,272	128,350	119,565
Total service line installation costs	\$4,212,702	\$3,869,511	\$3,663,369

- Not-Public Document – Not For Public Disclosure
- Public Document – Not-Public Data Has Been Excised
- Public Document

Xcel Energy Information Request No. 3
Docket No.: G999/CI-21-565 **REVISED**
Response To: Clean Energy Organizations
Requestor: Amelia Vohs
Date Received: May 27, 2025

Question:

Complete the following table detailing costs for new Residential customers in the company’s Minnesota service area over the last three years. Installation costs should include all associated materials and labor costs.

	2022	2023	2024
Number of meters installed			
Total meter installation costs			
Number of service lines installed			
Feet of service lines installed			
Total service line installation costs			

Response:

Please see table below with requested data. The meter information in the first two lines are for new Residential customers. The service line data for the third, fourth, and fifth lines includes all classes, for both new and replacement service lines.

Lines 2 and 5 below are marked “Not-Public” in as they contain information the Company considers to be trade secret data as defined by Minn. Stat. § 13.37(1)(b). The information is Trade Secret Information because it derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use.

	2022	2023	2024
Number of meters installed	6,481	4,574	3,574
Total meter installation costs	3,050,088	5,823,684	2,059,338
Number of service lines installed	7,077	6,449	5,661
Feet of service lines installed	569,412.28	538,311.15	450,811.09
Total service line installation costs	10,588,260	9,547,632	9,636,742

REVISED

The Company’s original response designated lines 2 and 5 in the table above Not Public information. Lines 2 and 5 are being resubmitted as Public information.

Preparer:	Daniel McNamer	Nate Auer	Gerold Traut
Title:	Mgr.	Mgr. Business Area	Mgr. Gas Bus. Development
Department	Integrated Gas	Gas Finance	NSPM Gas Bus. Dev
Telephone	651-265-7010	612-330-7761	218-825-2305
Date:	June 6, 2025		REVISED June 27, 2025

State of Minnesota Clean Energy Organization

Utility Information Request

Docket Number: G-999/CI-21-565 - Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures
Date of Request: 5/27/2025
Requested From: CENTERPOINT ENERGY MINNESOTA GAS
Response Due: 6/6/2025

Analyst Requesting Information: Amelia Vohs

Type of Inquiry: Financial

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.																																																			
CEO 003	<p>Complete the following table detailing costs for new Residential customers in the company’s Minnesota service area over the last three years. Installation costs should include all associated materials and labor costs.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th></th> <th style="text-align: center;">2022</th> <th style="text-align: center;">2023</th> <th style="text-align: center;">2024</th> </tr> </thead> <tbody> <tr> <td>Number of meters installed</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total meter installation costs</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Number of service lines installed</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Feet of service lines installed</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total service line installation costs</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Response:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2022</th> <th style="text-align: center;">2023</th> <th style="text-align: center;">2024</th> </tr> </thead> <tbody> <tr> <td>Number of meters installed</td> <td style="text-align: right;">10,329</td> <td style="text-align: right;">10,628</td> <td style="text-align: right;">8,147</td> </tr> <tr> <td>Total meter installation costs</td> <td style="text-align: right;">\$3,252,630</td> <td style="text-align: right;">\$4,173,414</td> <td style="text-align: right;">\$3,320,114</td> </tr> <tr> <td>Number of service lines installed</td> <td style="text-align: right;">7,243</td> <td style="text-align: right;">5,869</td> <td style="text-align: right;">6,264</td> </tr> <tr> <td>Feet of service lines installed</td> <td style="text-align: right;">690,194</td> <td style="text-align: right;">515,886</td> <td style="text-align: right;">539,183</td> </tr> <tr> <td>Total service line installation costs</td> <td style="text-align: right;">\$9,691,387</td> <td style="text-align: right;">\$9,261,412</td> <td style="text-align: right;">\$9,745,132</td> </tr> </tbody> </table>				2022	2023	2024	Number of meters installed				Total meter installation costs				Number of service lines installed				Feet of service lines installed				Total service line installation costs					2022	2023	2024	Number of meters installed	10,329	10,628	8,147	Total meter installation costs	\$3,252,630	\$4,173,414	\$3,320,114	Number of service lines installed	7,243	5,869	6,264	Feet of service lines installed	690,194	515,886	539,183	Total service line installation costs	\$9,691,387	\$9,261,412	\$9,745,132
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Response By: Seth DeMerritt
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Department: Regulatory Portfolio Management MN
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