

May 22, 2026

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

RE: UPDATED Joint Proposed Decision Options 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 Number: G999/CI-21-565

Ms. Bergman,

On September 9, 2025, Center for Energy and Environment, Xcel Energy, LIUNA Minnesota and North Dakota, and Energy CENTS Coalition (collectively “CEE/Xcel/LIUNA/ECC”) submitted joint proposed decision options regarding this proceeding on gas utility line extension tariffs in Docket No. G999/CI-21-565 before the Minnesota Public Utilities Commission (“Commission”).

Given the time that has passed since those decision options were filed, and in response to Staff briefing papers and the Notice of Agenda Meeting filed on May 20 and May 22, 2026, respectively, CEE/Xcel/LIUNA/ECC provide the updated joint decision options below. These decision options reflect the positions of our organizations on the decision before the Commission in this matter after careful consideration of the record, and particularly the recommendations filed in supplemental comments by the Office of the Attorney General – Residential Utilities Division on September 9, 2025.

CEE/Xcel/LIUNA/ECC provide these updated decision options now to allow time for further discussions with interested parties before the agenda meeting currently scheduled for June 4, 2026.

Where possible, we have aligned the updated decision options with the numbering provided in Staff briefing papers. Where necessary, we have provided redline changes of decision options included in Staff briefing papers.

We appreciate the opportunity to provide these updated decisions options and are available to answer any questions.

Sincerely,

/s/ Will Nissen
Director of Policy
Center for Energy and Environment

/s/ Lisa Peterson
Director, Regulatory Pricing & Analysis
Xcel Energy

/s/ Kevin Pranis
Marketing Manager
LIUNA Minnesota and North Dakota

/s/ George Shardlow
Executive Director
Energy CENTS Coalition

**Joint Proposed Decision Options from CEE, Xcel Energy, LIUNA, and Energy CENTS
Coalition in Docket No. G999/CI-21-565 – UPDATED May 22, 2026**

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

13. Within 30 days of the Commission’s Order, all rate-regulated gas utilities shall file a compliance filing with updated line extension tariffs reflecting the changes made through the Commission’s decision in this matter. The compliance filing does not need to include new considerations for line extension tariffs approved by the Commission in this proceeding.

14. Delegate authority to the Executive Secretary to, [at a relevant future date] in an appropriate docket or proceeding, issue a notice of comment period to consider modifications to the line extension considerations due to significant changes in Minnesota’s policy or technology landscape.

MODIFIED 15.

Require rate-regulated natural gas utilities that include a footage allowance in their line extension tariffs following the Commission’s decision in this matter to file a ~~new or amended~~ single-family new construction ECO program, or program modification if the utility already offers a single-family new construction ECO program, with the Department ~~by June 1, 2026~~, that includes the components listed below. Utilities shall prioritize timely implementation of the programmatic components while considering impacts to program partners. Utilities may include provisions in their filing to monitor the ongoing impact of these requirements and propose modifications if needed, consistent with ECO procedures and protocols.

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

- d. Provide a bonus rebate for homes with a UA threshold that is better than Minnesota's residential building code requirements.

MODIFIED 17.

~~Xcel Energy will review and evaluate dual fuel models, including the Hydro-Quebec Énergir model. In its first gas IRP due on July 1, 2026, Xcel Energy will discuss potential implementation challenges and propose a next step, such as an analysis, roadmap, pilot, etc., toward considering greater collaboration and integration in dual fuel system planning in an area where the Company's electric and gas service territories overlap, or explain why the examined models lack applicability in Minnesota if necessary.~~

Encourage parties to develop a record on dual fuel models, including the Hydro-Quebec Énergir model, in Xcel's Gas Integrated Resource Plan filed July 1, 2026. This could include discussion of implementation challenges and potential next steps, with consideration toward greater collaboration and integration in dual fuel system planning in areas where Xcel's electric and gas service territories overlap.

NEW 24.

The Commission establishes the following guidelines for utilities to apply to residential line and main extension allowance calculations in their rate cases. Utilities may petition to use alternative approaches that differ from guidance if justification is submitted and approved by the Commission.

1. Include all costs to extend and provide service to new customers including extension costs per foot, meters and ongoing O&M using the most recent available information.
2. Include estimates of non-gas revenues based on a use per customer that considers the potential for declining usage in the future if it is likely the customer could replace gas appliances with electric appliances.
3. Depreciation period should match the utility's authorized depreciation period for service lines and mains in its most recently approved depreciation certification.
4. Payback period should reasonably ensure new customers pay back the full cost of the extension and balance the interests of new and existing customers considering the public interest.

5. Utilities should not apply additional CIAC waivers beyond the standard free footage or main- and line-extension allowance for residential extensions.

NEW 25.

Utilities shall provide the Commission with information about the following items in each general rate case in which a free footage or service extension allowance is being considered.

1. Whether the utility's free footage or service extension allowance included a majority of all new extensions with only the extremely long extensions requiring a CIAC.
2. Whether the utility's free footage or extension allowance ensures that existing customers will benefit from new customer additions to the system within a reasonable time period.
3. If offered, whether the utility's extension charge refund policy is appropriate.
4. Whether the utility's extension allowance should be measured in number of feet (i.e. free footage) or be based on the customer's estimated usage (considering square footage, number of gas appliances, non-gas heating equipment, etc.)
5. Whether offering free footage or an extension allowance continues to be reasonable given current and forecasted gas system utilization, advances in technology, state and federal policy, and risks to ratepayers of stranded assets or an overbuilt system.
6. How does the tariff consider Minnesota's greenhouse gas emission reduction goals?
7. How does the tariff consider the utility's efforts and actions taken by the Commission and the Department in other proceedings, including but not limited to Gas Integrated Resource Plans, Natural Gas Innovation Act Plans, Energy Conservation and Optimization Plans, and other utility pilots, programs, and rate design offerings?
8. How does the tariff consider affordability and ratepayer protections related to both existing and new customers?
9. How does the tariff consider the differences in serving various customer types, such as whether service is being extended to new structures or existing structures without gas service?
10. How does the tariff consider the viability and affordability of alternative heating fuels?
11. How does the tariff consider economic development and local job impacts?