

UPDATED PREFERRED DECISION OPTIONS

Filed by Commissioner Partridge

Agenda Meeting: June 4, 2026

DOCKET NUMBER	G999/CI-21-565
ANALYST	Tera Dornfeld
DATE/TIME SUBMITTED	May 29, 2026, at 12:00
TITLE	Partridge Updated Preferred Decision Options
SUBJECT	In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals

These Updated Preferred Decision Options incorporate recommendations made by CEE, Xcel Energy, LIUNA, and Energy CENTS Coalition in their letter dated May 22, 2026, “Updated Joint Decision Options” and filed in docket no. G999/CI-21-565.

The following paragraphs correspond to and have retained numbering from Decision Options included in Staff’s May 20, 2026 Briefing Papers filed in Docket Number G999/CI-21-565. Additions introduced by Commissioner Partridge are shown in **blue text**; revisions are shown in **blue text and strikethrough**. Edits and additions proposed by CEE, Xcel Energy, LIUNA, and Energy CENTS Coalition are retained and shown in **red edits and strikethrough**.

The following lays out **SEVEN** total decision options with numbering based on Staff’s briefing paper:

- 2, as modified by Partridge
- 13, as modified by Partridge
- PARTRIDGE NEW 14,
- MODIFIED 15,
- PARTRIDGE MODIFIED 17,
- NEW 24, as modified by Partridge
- NEW 25, as modified by Partridge

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 and until the Commission approves an alternative maximum distance in a general rate case. 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 maximum footage allowances for line extension tariffs approved in this Order. 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.~~

PARTRIDGE NEW 14.

Beginning with 2026 sales data and going forward, all rate-regulated utilities must file a compliance filing if and when the utility experiences a sustained reduction in throughput as calculated below:

- A. the utility's annual natural gas throughput declines year over year for 3 consecutive years, or
- B. the utility's average annual natural gas sales per residential customer declines year over year for 3 consecutive years.

The filing shall provide data related to the utility's natural gas sales trends for each customer class and use per customer over a 10-year lookback period, a discussion of factors that may be driving declining throughput or use per customer, and whether the declining throughput or per customer usage warrants changes to the utility's footage allowance and line extension policies. Following the utility filing, the Executive Secretary may open a comment period.

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.

PARTRIDGE MODIFIED 17.

Xcel Energy will review and evaluate dual fuel models, including the Hydro-Quebec Énergir model. Within 90 days of the Commission’s Order, Xcel Energy will make a filing in its Natural Gas Integrated Resource Plan docket discussing 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.

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.

- A. 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.
- B. Include estimates of non-~~gas~~fuel 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.
- C. Depreciation period should match the utility's authorized depreciation period for service lines and mains in its most recently approved depreciation certification.
- D. 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.
- E. Utilities should not apply additional CIAC waivers beyond the ~~Commission-approved standard~~ free footage or main- and line-extension allowance for residential extensions.
- F. Utilities shall provide all assumptions and inputs used to calculate or support customer line and main extension allowances, including but not limited to all costs to serve new customers, all expected non-fuel revenues, and payback period. Utilities shall provide any workbooks with all formulas intact in .xlsx format.
- G. Utilities shall provide, for each customer class, the percent of total line extensions that are installed to serve new construction versus the percent of total extensions that are installed to serve existing structures. Provide the average use per customer for newly connected customers for new construction accounts and for existing customers for each customer class for the 3 years prior.

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.

- A. 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.
- B. 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.
- C. If offered, whether the utility's extension charge refund policy is appropriate.
- D. 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-gasfuel heating equipment, etc.).
- E. 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.
- F. How does the tariff consider Minnesota's greenhouse gas emissions reduction goals and other relevant state policies?
- G. How does the tariff consider the utility's efforts achievements 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?
- H. How does the tariff consider affordability and ratepayer protections related to both existing and new customers?
- I. 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?
- J. How does the tariff consider the viability and affordability of alternative heating fuels?
- K. How does the tariff consider economic development and local job impacts?