

July 8, 2025

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

**RE: Comments on Gas Line Extension Policies – Docket #21-565**

Dear Executive Secretary Seuffert:

We appreciate the opportunity to provide comments on the Commission's inquiry into potential modifications to gas utilities' line extension policies, including the free footage allowance and associated costs.

In light of state and local climate goals and the evolving energy landscape, we support the Commission reevaluating line extension policies. We acknowledge that local governments in Minnesota have varying priorities that may be in conflict in terms of affordable development and reducing greenhouse gas emissions. For that reason, we encourage the Commission to consider the impact of line extension allowance modifications in the broader context of climate policies and how they may be leveraged to alleviate impacts on increasing development costs while incentivizing low- and no-carbon energy systems.

The PUC is considering whether it should make any modifications to how gas utilities calculate free footage allowances and other costs associated with gas main and service line extensions. While we do not take a position in regard to maintaining or eliminating the line extension allowances, we encourage the Commission to consider the following in its decision:

- A growing number of counties, cities, and tribes are enacting climate goals and policies. At the same time, the State aims to achieve net zero emissions by 2050 and requires the state to “adopt commercial energy codes from 2024 to 2026 that incrementally move toward achieving 80 percent reduction in annual net energy consumption by 2036” ([326B.106](#)).
  - The continued subsidized expansion of fossil fuel infrastructure is counter to local climate goals and local governments need more tools and technology options to assist in achieving those goals.
  - Greater efficiencies can be achieved to support the commercial building energy code by using thermal energy networks, geothermal, and air-source heat-pump energy technologies as compared to traditional gas-fired equipment. These technologies do not currently benefit from comparable incentives.
- As we move away from fossil fuels there is an increased risk of stranded assets that will place an undue cost burden on ratepayers and may result in inequities within and between communities.
  - Any modifications should consider the impact of costs on income-qualified households who are more likely impacted by stranded assets.

- Development costs continue to increase on an already tight housing market. Shifting costs from across ratepayers to developers without incentives or subsidies for alternative heating technologies may place undue cost burdens on new developments.
  - Consider how LEA modifications might be adjusted for different development types where affordable development tends to be multi-family housing versus market-rate single-family development to minimize impact on the affordable housing market.
  - Equity considerations between built out communities and exurban communities
- There is currently little transparency regarding line extension allowances and the impact on development costs and ratepayers. We encourage the Commission to make these costs public and available for analysis to determine the impact on ratepayers, especially those who are low-income.

We respectfully urge the Commission to modernize Minnesota’s gas line extension policies to reflect current climate goals, economic realities, and principles of fairness. Doing so will protect existing ratepayers, reduce long-term financial risk, and support the state’s transition to a cleaner energy future. We will continue to engage in this conversation and look forward to reviewing reply comments.

Thank you for your leadership and for considering our perspective.

Sincerely,

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