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January 30, 2023

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

Re: *In the Matter of Northern States Power Company dba Xcel Energy-Gas 2023 Gas Utility Infrastructure Cost (GUIC) Rider*
Docket No. G-002/M-22-578

Dear Mr. Seuffert,

Fresh Energy submits this letter in response to the Minnesota Public Utilities Commission's November 15, 2022 Notice of Extended Comment Period in this docket, regarding Xcel Energy's November 1, 2022 Petition for approval of recovery of gas utility infrastructure costs (GUIC) through the GUIC rider for 2023.

The concerns raised in Fresh Energy's May 31, 2022 Comments in the 2022 GUIC docket remain: after more than a decade of increasing spending on the accelerated replacement of the Company's distribution system, it is time to take stock, refocus, and reset these efforts. The accelerated level of infrastructure spending we have experienced causes concerns for both current and future Minnesotans. This spending has increased rates year-over-year for current ratepayers and it increases the stranded asset risk facing the gas distribution system, as alternative gas and non-gas resources begin to emerge. The impending expiration of the GUIC's authorizing statute later this year only underscores the need to reassess this program.

The Company's 2021 rate case, which was filed concurrently with its 2021 GUIC rider, resulted in a settlement amongst parties, including Fresh Energy as part of the Clean Energy Organizations (CEO), related to future GUIC riders.[1] This settlement, which is pending approval by the Commission at the time of this letter, follows a recommendation based on CEO testimony calling for the Company to file a wind-down plan for its GUIC rider.[2] If the Commission approves the settlement prior to resolution of this GUIC rider proceeding, we ask that the Company also file the

[1] *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy's Petition for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-002/GR-21-678, Settlement Agreement 12–13 (Oct. 4, 2022).
[2] *Id.* (calling for the Company to file a compliance filing within 30 days of the Commission's final order (and in future GUIC rider petitions) regarding future TIMP and DIMP plans and "the extent to which it would be possible to delay or cancel the expected projects" while still complying with state and federal law).

plan in this docket and ask that the Commission open a brief supplemental comment period on the plan.

The expiration of the GUIC rider statute in June 2023, absent any legislative action, is an opportune time for the Commission to more squarely address the larger policy issues raised as utilities' accelerated infrastructure replacement programs enter their second decade of spending. Simply carrying on with this level of spending indefinitely—either under a different name or via another form of cost recovery—misses the larger point that animates our concern: with each dollar spent on long-lasting gas infrastructure, we increase the level of difficulty and the cost to transition to more climate-friendly resources. To that end, we ask the Commission take two actions.

First, we ask that the Commission wind down the GUIC rider following the expiration of the enabling statute.[3] Winding down the GUIC rider means that the Company would not be allowed to use the GUIC statute (if it is not extended) in subsequent petitions. The Company may still request extraordinary cost recovery in the future for infrastructure-related spending, but it must do so without attaching its request to an expired statutory provision. The Commission should also require to Company to file a wind-down plan with any subsequent infrastructure cost recovery request to give notice to the Commission and stakeholders of its future plans and whether it considered any non-gas-pipeline alternatives. All future accelerated infrastructure replacement requests should be held to a higher level of scrutiny absent the specific legislative authorization provided by GUIC and in consideration of state energy policy favoring policies that reduce greenhouse gas emissions from the sector.

Second, we ask that the Commission address the broader issues related to accelerated infrastructure replacement programs in policy proceedings such as the Future of Gas docket (21-565) and the upcoming gas integrated resource planning docket (21-135). Other states are incorporating ideas such as non-pipeline alternatives[4] and holistic gas planning[5] into their regulatory programs and Minnesota would benefit from building on these examples to incorporate current state energy policy into utilities' gas distribution planning.

After more than a decade of accelerated infrastructure replacement spending, it is time for the Commission to consider the future of these programs. Doing so will benefit current and future ratepayers and the climate as we continue along the energy transition path. We look forward to

[3] We do not address the timing-related questions raised by the Company and other parties in this docket (e.g., whether the Commission must decide before expiration or whether costs incurred after the expiration can be recovered).

[4] *See, e.g., Non-Pipeline Alternatives Implementation Plan,* Consolidated Edison Co. of New York (Nov. 16, 2022), *available at* https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B6A490BBB-0E8B-41F9-9040-9342758D8AE2%7D.

[5] *See, e.g., In the Matter of the Proposed Amendments to the Commission's Rules Regulating Gas Utilities*, Colo. Docket No. 21R-0449G, Colo. Public Util. Comm'n (Dec. 1, 2022) (ordering rules related to gas infrastructure planning).

working with stakeholders in this and related dockets to develop sound, responsible policy to move Minnesota into the future.

Sincerely,

Joe Dammel

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