

BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
600 North Robert Street
St. Paul, MN 55101

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 7th Place East, Suite 350
St Paul MN 55101-2147

In the Matter of the Petitions for Recovery of
Certain Gas Costs

OAH Docket No. 71-2500-37763

In the Matter of the Petition Of CenterPoint Energy
for Approval of a Recovery Process for Cost
Impacts Due to Feb. Extreme Gas Mkt. Conditions

MPUC Docket No. G-008/M-21-138

In the Matter of the Petition by Great Plains
Natural Gas Co., a Div. of Montana-Dakota Utils.
Co., for Approval of Rule Variances to Recover High
Nat. Gas Costs from Feb. 2021

MPUC Docket No. G-004/M-21-235

In the Matter of the Petition of N. States Power Co.
d/b/a Xcel Energy to Recover Feb. 2021 Nat. Gas
Costs

MPUC Docket No. G-002/CI-21-610

In the Matter of the Petition of Minn. Energy Res.
Corp. for Approval of a Recovery Process for Cost
Impacts Due to Feb. Extreme Gas Mkt. Conditions

MPUC Docket No. G-011/CI-21-611

DIRECT TESTIMONY OF NANCY CAMPBELL

ON BEHALF OF

**THE DIVISION OF ENERGY RESOURCES OF
THE MINNESOTA COMMERCE DEPARTMENT**

DECEMBER 22, 2021

PUBLIC DOCUMENT

1 **Q. Please state your name, occupation and business address?**

2 A. My name is Nancy A. Campbell. I am employed as a Public Utilities Financial Analyst
3 Coordinator by the Minnesota Department of Commerce, Division of Energy Resources
4 (Department). My business address is 85 7th Place East, Suite 280, St. Paul, Minnesota
5 55101-2198.

6
7 **Q. What is your educational and professional background?**

8 A. I received a Bachelor of Science degree in accounting with a minor in business
9 administration in 1989 from Mankato State University (renamed Minnesota State
10 University – Mankato). I also maintain an active Certified Public Accountant license in
11 the state of Minnesota.

12
13 **Q. Please describe your experience relevant to this matter.**

14 A. My background includes five years of experience with the Federal Energy Regulatory
15 Commission (FERC) auditing electric and gas utilities. I also have over three years of
16 experience performing accounting analysis and policy work for the FERC (including
17 issues that came before the FERC on its agendas). Currently, I have worked for the
18 Department for more than 23 years as a Financial Analyst/Analyst Coordinator in the
19 Energy Regulation and Planning Division.

20 As a Financial Analyst/Analyst Coordinator, I work on dockets with significant
21 financial issues, including: rate cases, Minnesota Public Utilities Commission
22 (Commission) and Department investigations, affiliated interest filings, purchase or sale

1 of facilities filings, depreciation and decommissioning filings, electric fuel forecast and
2 true-up filings, and miscellaneous rate filings. I also monitor and participate in FERC
3 issues, particularly issues involving the Midcontinent Independent System Operator, Inc.
4 (MISO) and the Organization of MISO States (OMS) for the Department. For the period
5 2004 to 2006, I chaired the OMS Markets and Tariffs Workgroup.

6 For the period 2002 to 2005 and 2012 to 2014, I served as a member of the
7 MISO Advisory Committee as a representative of the Public Consumer Group Sector. I
8 also have been and continue to be an active member of the Public Consumer Group
9 Sector.

10
11 **Q. What is the purpose of your testimony?**

12 A. My testimony provides background information on the Department's statutory
13 responsibilities in utility proceedings and pre-contested case recommendations in this
14 case. I also introduce the Department's expert witnesses in this matter, Mr. Matthew J.
15 King and Mr. Richard A. Polich.

16
17 **Q. Do you provide any conclusions regarding whether the utilities actions during the**
18 **February Event were prudent?**

19 A. No. The Department retained GDS Associates, Inc. to investigate the utilities' responses
20 to and actions before, during, and following the February Event and provide testimony
21 regarding whether the utilities acted in a prudent manner. Mr. King and Mr. Polich of
22 GDS Associates will provide testimony on their investigation and conclusions.

1
2 **Q. What is the Department's role in utility proceedings before the Commission?**

3 A. I understand from discussions with counsel that Minn. Stat. § 216A.07, subd. 2 directs
4 the Department to enforce Minnesota Statutes chapters 216A, 216B, and 237 and the
5 orders of the Commission issued pursuant to those chapters. These chapters contain
6 provisions related to the regulation of electric, natural gas, and telecommunications
7 service in Minnesota. The Department also has broad authority to investigate any
8 matter within its jurisdiction on its own initiative and represents the interests of
9 Minnesota residents, businesses, and governments before bodies and agencies outside
10 the state that make, interpret, or implement regional, national, and international energy
11 policy.¹ To carry out its duties, the Department employs accountants, economists, and
12 other financial professionals who evaluate utility proposals and advocate in favor of the
13 public interest.

14
15 **Q. Did the Department participate in this proceeding before the Commission's Order**
16 **referred this matter to the Office of Administrative Hearings (OAH)?**

17 A. Yes. During the Commission's informal notice-and-comment proceeding, the
18 Department filed comments relating to the February 2021 natural gas price spike event
19 in May and July 2021.² In these comments, the Department offered recommendations

¹ Minn. Stat. § 216A.07, subd. 3–4 (2020); Minn. R. 7829.0800, subp. 3 (2019).

² Dep't Initial Comments on the Comm'n Investigation into the Impact of Severe Weather in Feb. 2021 on Impacted Minn. Nat. Utils. & Customers (May 10, 2021) (eDocket No. 20215-174035-01); Dep't Reply Comments on the Comm'n Investigation into the Impact of Severe Weather in Feb. 2021 on Impacted Minn. Nat. Utils. & Customers (July 19, 2021) (eDocket No. 20217-176269-02) (Reply Cmts).

1 to the Commission relating to issues such as the definition of extraordinary gas costs,
2 cost recovery mechanics, financial disallowances, and a process for prudence review.³
3 In addition to these filings, the Department also filed comments in response to several
4 utility cost recovery proposals.⁴

5
6 **Q. Did the Commission accept all the Department's recommendations during the notice-**
7 **and-comment phase of this proceeding?**

8 A. No. The Commission only adopted some of the Department's recommendations such as
9 the appropriate definition of an extraordinary gas cost. The Commission additionally
10 concluded that further investigation was necessary to evaluate whether the gas utilities
11 acted prudently before and during the February Event to protect ratepayers from the
12 risk of extreme price increases, including but not limited to investigation of several
13 specific issues raised during the notice-and-comment phase.⁵ The Commission
14 specifically requested that the Department include an investigation of Xcel's operation
15 and maintenance of its peak shaving facilities.⁶

16
17 **Q. Does the Department continue to offer the same analysis and disallowances now that**
18 **the Commission has referred this matter to OAH for further development?**

³ See, e.g., Reply Cmts at 14.

⁴ Dep't Comments on CenterPoint's Pet. for Approval of a Recovery Process for Costs Impacts Due to Extreme Gas Market Conditions (Apr. 2, 2021) (eDocket No. 20214-172543-02); Dep't Comments on Great Plains' Pet. for Extended Recovery of Purchased Gas Costs (Apr. 16, 2021) (eDocket No. 20214-173006-01).

⁵ ORDER GRANTING VARIANCES & AUTHORIZING MODIFIED COST RECOVERY SUBJECT TO PRUDENCE REVIEW, & NOTICE OF & ORDER FOR HEARING at 20 (Aug. 30, 2021) (eDocket No. 20218-177548-05) (Referral Order).

⁶ *Id.* at 9, 23.

1 A. No. The Commission requested the Department to retain specialized technical
2 professional investigative services relating to the natural gas industry to investigate the
3 prudence of the gas utilities' activity relating to the February Event.⁷
4

5 **Q. How did the Department follow the PUC's recommendation to retain specialized**
6 **technical and professional services and personnel to investigate issues relating to this**
7 **case?**

8 A. The Department issued a Request for Proposals (RFP) to investigate and analyze the
9 prudence of natural gas costs incurred by the gas utilities' including but not limited to
10 the specific issues described by the Commission. GDS Associates was selected by the
11 Department through the standard state RFP process based on the criteria and weighted
12 factors laid out in the RFP.
13

14 **Q. Did GDS Associates investigate and evaluate the prudence of the gas utilities' actions?**

15 A. Yes. Mr. King offers testimony relating to utility gas planning, the prudence of utility
16 actions, and other related issues. Mr. Polich, in turn, offers testimony discussing
17 engineering issues relating to the availability of Xcel Energy's peak shaving facilities.
18

⁷ *Id.* at 9, 23.

1 **Q. Does the Department rely on the testimony Messrs. King and Polich for its**
2 **recommended adjustments?**

3 A. Yes.

4

5 **Q. Does this complete your direct testimony?**

6 A. Yes.

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