

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 MPUC Docket No. G-008/M-21-138
Impacts Due to Feb. Extreme Gas Mkt. Conditions

In the Matter of the Petition by Great Plains
Natural Gas Co., a Div. of Montana-Dakota Utils. MPUC Docket No. G-004/M-21-235
Co., for Approval of Rule Variances to Recover High
Nat. Gas Costs from Feb. 2021

In the Matter of the Petition of N. States Power Co.
d/b/a Xcel Energy to Recover Feb. 2021 Nat. Gas MPUC Docket No. G-002/CI-21-610
Costs

In the Matter of the Petition of Minn. Energy Res.
Corp. for Approval of a Recovery Process for Cost MPUC Docket No. G-011/CI-21-611
Impacts Due to Feb. Extreme Gas Mkt. Conditions

SURREBUTTAL 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. Are you the same Nancy A. Campbell who submitted direct testimony in this**
8 **proceeding?**

9 A. Yes.

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

12 A. The purpose of my surrebuttal testimony is to respond, briefly to the assertion by
13 several witnesses in rebuttal that the Administrative Law Judges and the Minnesota
14 Public Utilities Commission should consider the impact on the utilities financial health
15 and ability to attract capital in determining prudence. This assertion is made in rebuttal
16 by witnesses testifying on behalf of CenterPoint, Great Plains, and Xcel.¹ In fact, Xcel
17 witness Mr. Paul A. Johnson for Xcel submitted testimony solely to address this issue.
18 The Commission's August 30, 2021, notice and order for hearing, however, does not
19 contemplate this issue. The Department believes the issue is not relevant to the
20 prudence determination the Commission asked the parties to address, and the Office of
21 Administrative Hearings to make a recommendation on. Because the impact on the

¹ See CNP Ex. ____ at 14–15 (Ryan Rebuttal); Xcel Ex. ____ at 7-18 (Johnson Rebuttal); Xcel Ex. ____ at 27–28 (Krug Rebuttal); GP Ex. ____ at 7–8 (Jacobson Rebuttal).

1 utilities' financial health and ability to attract capital are not relevant to this proceeding,
2 I do not provide testimony regarding the substance of these witnesses' claims.
3

4 **Q. Do you provide any conclusions regarding whether the utilities actions during the**
5 **February Event were prudent?**

6 A. No. The Department continues to rely on the testimony of Mr. Matthew J. King and Mr.
7 Richard A. Polich of GDS Associates Inc. regarding their investigation, analysis, and
8 conclusions.
9

10 **Q. You mentioned that the notice and order for hearing does not contemplate testimony**
11 **on the utilities' financial health and ability to attract capital. What did the**
12 **Commission say in its notice and order for hearing?**

13 A. I am not a lawyer, but I note that the Commission stated the following in terms of the
14 legal standard to be applied to prudence in this proceeding:

15 Every rate made, demanded, or received by a public utility must be
16 just and reasonable. The burden to prove a rate is just and
17 reasonable is on the utility seeking the change, and any doubt as to
18 reasonableness will be resolved in favor of the consumer. In
19 incurring costs necessary to provide service, utilities are expected
20 to act prudently to protect ratepayers from unreasonable risks.
21 Utilities that fail to do so will not be allowed to recover the costs of
22 those failures.²
23

24 **Q. Did the Commission say anything else about the issues it would like the parties to**
25 **address?**

² ORDER GRANTING VARIANCES AND AUTHORIZING MODIFIED COST RECOVERY SUBJECT TO PRUDENCE REVIEW, AND NOTICE OF AND ORDER FOR HEARING at 3 (Aug. 30, 2021).

1 A. Yes. The Commission stated the following:

2 In the course of this case, the Commission expects the parties will
3 thoroughly develop a full record addressing, at a minimum, the
4 following issues:
5

6 A. Did the individual Gas Utilities act prudently before, during, and
7 after the February Event, and are costs related to the February
8 Event reasonable to recover from ratepayers?
9

10 B. Should the Commission disallow recovery of any costs for each
11 utility?
12

13 C. If there are any disallowances for imprudent or unreasonable
14 action, how should these costs be calculated?
15

16 D. The specific prudence questions raised so far, including but not
17 limited to:
18

19 i. When and to what extent did Gas Utilities become
20 aware of the potential for extreme weather during the
21 February Event, and did they respond prudently and
22 reasonably?
23

24 ii. Did the Gas Utilities have enough geographic diversity
25 of gas supply and, if not, what was the potential
26 financial impact?
27

28 iii. Should the Gas Utilities have had additional fixed-price
29 contracts and, if so, what was the potential financial
30 impact?
31

32 iv. Did the Gas Utilities maximize use of storage capacity
33 and, if not, what was the potential financial impact?
34

35 v. Did the Gas Utilities maximize use of peaking capacity
36 and, if not, what was the potential financial impact? Has
37 Xcel's maintenance and operation of its Wescott, Sibley,
38 and Maplewood facilities resulted in financial impact?
39

40 vi. Should the Gas Utilities have made more robust
41 conservation efforts and, if so, what was the potential
42 financial impact?
43

1 vii. Did the gas utilities timely and appropriately pursue
2 recovery through insurance, federal regulatory actions,
3 market rules, contract enforcement, and other available
4 legal actions such that they have not missed deadlines
5 or become barred from possible recovery on behalf of
6 ratepayers and, if not, what is the potential financial
7 impact?

8
9 viii. Are there any other issues or actions related to
10 prudence and, if so, what is the potential financial
11 impact?

12
13 E. Is it possible to assign extraordinary costs to customers or customer
14 classes based on their consumption during the February Event and, if
15 so, would it be reasonable to do so?
16

17 **Q. Did the Commission say anything about determining the effect that denial of**
18 **imprudently incurred costs would have on the utilities' financial health and ability to**
19 **attract capital?**

20 A. Not in the Notice and Order for Hearing or to my knowledge in any other order related
21 to this proceeding.
22

23 **Q. Was the Commission aware of the potential financial impacts on the four Gas**
24 **Utilities?**

25 A. Yes. The Commission in its notice and order for hearing identified the extraordinary gas
26 cost amounts that should be reviewed in ordering paragraph 4 as follows:

27 Subject to prudence review, the Commission accepts the revised
28 extraordinary costs for CenterPoint Energy Resources Corp.
29 (\$408,755,953); Northern States Power Company d/b/a Xcel
30 Energy (\$178,978,695); Minnesota Energy Resources Corporation
31 (\$64,975,882); and Great Plains Natural Gas Co. (\$8,827,249).
32

1 **Q. Do you have any further observations?**

2 A. Yes. First, I note that the Gas Utilities did not address issues regarding potential impacts
3 of denying imprudently incurred costs on the utilities' financial health and ability to
4 attract capital in direct testimony.

5 Second, I note that at least two of the four Gas Utilities, CenterPoint and Xcel,
6 currently have rate cases pending with the Commission. Although they do not have
7 pending rate cases, MERC and Great Plains are allowed to file a rate case at any time.
8 Therefore, to the extent that the Gas Utilities wish to pursue arguments about the effect
9 of any potential or actual disallowance of the Extraordinary Gas Costs on the utilities'
10 financial health and ability to attract capital, the appropriate forum for that argument is
11 in a general rate case. I note CenterPoint has raised this as an issue in its current rate
12 case.³

13
14 **Q. Does this complete your surrebuttal testimony?**

15 A. Yes.
16

³ See *In re Application of CenterPoint Energy Res. Corp. d/b/a CenterPoint Energy Minn. Gas for Authority to Increase Rates for Nat. Gas Util. Serv. in Minn.*, MPUC Docket No. G-008/GR-21-435, Direct Testimony of Ann E. Bulkley at 87–90 (Nov. 1, 2021) (eDocket No. 202111-179373-02).