

March 11, 2022

Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 East Seventh Place, Suite 350  
St. Paul, MN 55101-2147

PUC Docket No. G-999/CI-21-565

*In the Matter of a Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*

Dear Mr. Seuffert,

Pursuant to a Settlement entered into in Docket No. G-008/GR-21-435 by CenterPoint Energy Minnesota Gas (“Company”), the Department of Commerce, the Office of the Attorney General, the Clean Energy Organizations, and the Suburban Rate Authority (hereinafter “Joint Settling Parties”), we submit this letter into Docket No. G-999/CI-21-565 (“Future of Gas/Docket 21-565”) for your consideration.

Two issues arose in the Company’s rate case that the Joint Settling Parties view as appropriate for a broader policy discussion, as opposed to litigation within the confines of a rate case: main and service line extension policies, and integrity management investments.<sup>1</sup> As the Commission continues its investigation in the Future of Gas/Docket 21-565, the Joint Settling Parties believe that a discussion of these issues in this broader setting—with the Commission as well as other gas utilities and stakeholders—will result in a more unified approach that avoids the duplication of efforts. Below, we briefly describe these two issues and highlight topics for the Commission to consider in the Future of Gas/Docket 21-565.

The first issue Joint Settling Parties would like to address are gas utilities’ line extension policies. The Commission last directly addressed this issue in the mid-1990s, although extension tariffs have been updated from time to time. State policy has evolved in the intervening three decades and now incorporates greenhouse gas reduction goals, electrification and fuel switching, and a throughput reduction goal for geologic gas. Gas utility line extension policy should be re-examined in light of these new state policy goals and the Future of Gas/Docket 21-565 is an ideal venue for this discussion.

---

<sup>1</sup> Clean Energy Organizations used the term “accelerated system replacement” to describe these investments in its Direct Testimony.

In particular, the Joint Settling Parties recommend that the Commission explore the following issues related to gas main and service line extensions:

- Whether it is reasonable, in light of current state environmental policy, to modify or eliminate main and service line extension allowances for new gas service?<sup>2</sup>
- If it is reasonable to modify or eliminate main and service line extension allowances, what is the appropriate scope of that modification and on what timeline?
- Is it appropriate for all Minnesota utilities to have uniform main and service line extension allowances?

To inform this discussion the Commission may wish to require all utilities to provide information about the current application of line extension policies, including, but not limited to:

- Current allowances available for all applicable customer classes, including calculations and assumptions;
- The number of extensions in recent years and information on the size and length of pipe installed (including costs);
- The dollar amount of allowances granted in recent years; and
- The amount of CIAC collected for extensions.

Second, the Joint Settling Parties recommend that the Commission examine the level of integrity management investments that have driven the ongoing cycle of rate cases and gas utility infrastructure cost (GUIC) rider filings for gas utilities over the past decade. The Joint Settling Parties agree that all regulated utilities have an obligation to provide safe, reliable energy service to customers. But the Joint Settling Parties also acknowledge that this level of investment has put pressure on rates and on the resources of many stakeholders – in either rate case or GUIC filings.

The Joint Settling Parties thus recommend that the Commission examine the following issues related to the utilities' ongoing integrity management investments in the Future of Gas/Docket 21-565:

- Understanding distribution system risk, including:

---

<sup>2</sup> In the rate case Settlement, the Joint Settling Parties agreed that the Company would reduce its main line extension “free footage” allowance for residential customers from 150 feet to 100 feet. In its Direct Testimony, Clean Energy Organizations argued that it would be reasonable to reduce main line residential extensions to 40 feet and for the Commission to establish a goal to phase out line extensions within five years. The Joint Settling Parties agree this issue merits continued consideration in a broader, policy-oriented setting.

- Impact of integrity management efforts since 2008 in removing or reducing risks;
  - Significant risks remaining to be addressed and estimated budget and timeline for these programs; and
  - The respective roles of stakeholders such as the Minnesota Office of Pipeline Safety (MNOPS) and Commission regarding these investments.
- Utility planning practices for such programs, including:
  - Magnitude of planned spending over different time horizons;
  - Projected additions to rate base, given those plans, and a discussion of stranded assets;
  - Projected rate impacts related to those rate base additions; and
  - Potential rate mitigation strategies, including, but not limited to, enhancing municipality and utility project planning coordination with public authority right of way projects.

The Joint Settling Parties note that these should not be considered exhaustive lists of questions and topics to cover. Line extension policy and ongoing integrity management efforts are just two of several important issues that should be addressed in the Future of Gas/Docket 21-565. However, we hope that this letter will assist the Commission in identifying issues that stakeholders consider to be important for broader discussion and we look forward to continuing this discussion with the Commission and other stakeholders in the near future.

Sincerely,

/s/ Seth DeMerritt

Seth DeMerritt  
Manager, Regulatory  
CenterPoint Energy

AGREED TO BY:



Christe H. Singleton  
Vice President of Regional Operations,  
CenterPoint Energy Resources Corp.,  
d/b/a CenterPoint Energy Minnesota Gas

3/14/22

Date

\_\_\_\_\_  
Kevin Lee  
Deputy Commissioner,  
Department of Commerce

\_\_\_\_\_  
Date

\_\_\_\_\_  
Peter Scholtz  
Assistant Attorney General  
On behalf of Office of the Attorney General,  
Residential Utilities Division

\_\_\_\_\_  
Date

\_\_\_\_\_  
Amelia Vohs  
Regulatory Attorney  
Minnesota Center for  
Environmental Advocacy  
On behalf of Clean Energy Organizations

\_\_\_\_\_  
Date

\_\_\_\_\_  
James Strommen  
On behalf of Suburban Rate Authority

\_\_\_\_\_  
Date

AGREED TO BY:

---

Christe H. Singleton  
Vice President of Regional Operations,  
CenterPoint Energy Resources Corp.,  
d/b/a CenterPoint Energy Minnesota Gas

---

Date



3/14/2022

---

Kevin Lee  
Deputy Commissioner,  
Department of Commerce

---

Date

---

Peter Scholtz  
Assistant Attorney General  
On behalf of Office of the Attorney General,  
Residential Utilities Division

---

Date

---

Amelia Vohs  
Regulatory Attorney  
Minnesota Center for  
Environmental Advocacy  
On behalf of Clean Energy Organizations

---

Date

---

James Strommen  
On behalf of Suburban Rate Authority

---

Date

AGREED TO BY:

\_\_\_\_\_  
Christe H. Singleton  
Vice President of Regional Operations,  
CenterPoint Energy Resources Corp.,  
d/b/a CenterPoint Energy Minnesota Gas

\_\_\_\_\_  
Date

\_\_\_\_\_  
Kevin Lee  
Deputy Commissioner,  
Department of Commerce

\_\_\_\_\_  
Date

**/s/ Peter G. Scholtz**  
Peter Scholtz  
Assistant Attorney General  
On behalf of Office of the Attorney General,  
Residential Utilities Division

\_\_\_\_\_  
Date

\_\_\_\_\_  
Amelia Vohs  
Regulatory Attorney  
Minnesota Center for  
Environmental Advocacy  
On behalf of Clean Energy Organizations

\_\_\_\_\_  
Date

\_\_\_\_\_  
James Strommen  
On behalf of Suburban Rate Authority

\_\_\_\_\_  
Date

AGREED TO BY:

\_\_\_\_\_  
Christe H. Singleton  
Vice President of Regional Operations,  
CenterPoint Energy Resources Corp.,  
d/b/a CenterPoint Energy Minnesota Gas

\_\_\_\_\_  
Date

\_\_\_\_\_  
Kevin Lee  
Deputy Commissioner,  
Department of Commerce

\_\_\_\_\_  
Date

\_\_\_\_\_  
Peter Scholtz  
Assistant Attorney General  
On behalf of Office of the Attorney General,  
Residential Utilities Division

\_\_\_\_\_  
Date

\_\_\_\_\_  
/s/Amelia Vohs  
Amelia Vohs  
Regulatory Attorney  
Minnesota Center for  
Environmental Advocacy  
On behalf of Clean Energy Organizations

03/11/22

\_\_\_\_\_  
Date

\_\_\_\_\_  
James Strommen  
On behalf of Suburban Rate Authority

\_\_\_\_\_  
Date

AGREED TO BY:

---

Christe H. Singleton  
Vice President of Regional Operations,  
CenterPoint Energy Resources Corp.,  
d/b/a CenterPoint Energy Minnesota Gas

---

Date

---

Kevin Lee  
Deputy Commissioner,  
Department of Commerce

---

Date

---

Peter Scholtz  
Assistant Attorney General  
On behalf of Office of the Attorney General,  
Residential Utilities Division

---

Date

---

Amelia Vohs  
Regulatory Attorney  
Minnesota Center for  
Environmental Advocacy  
On behalf of Clean Energy Organizations

---

Date

---



James Strommen  
On behalf of Suburban Rate Authority

---

3/11/22  
Date

**CERTIFICATE OF SERVICE**

Wakila Johnson served the above letter to all persons at the addresses indicated on the attached list by having the document delivered by electronic filing.

/s/\_\_\_\_\_

Wakila Johnson

Regulatory Analyst

CenterPoint Energy