

Comments from Operating Engineers Local 49

May 24, 2022

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

RE: In the Matter of the Application by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Natural Gas Rates in Minnesota (21-435)

Dear Mr. Seuffert,

Thank you for the opportunity to comment on the Administrative Law Judge's (ALJ) Findings of Fact, Conclusions of Law, and Recommendation to Approve Settlement in the CenterPoint rate case (ALJ Report). The International Union of Operating Engineers Local 49 (IUOE Local 49) was not a party to the rate case or the settlement. IUOE Local 49 takes no position on the final settlement reached by the parties. However, we wish to provide comments on some of the important policy issues raised in the docket.

IUOE Local 49 is a construction labor union in Minnesota representing heavy equipment operators and mechanics, along with stationary engineers. The future of the natural gas infrastructure system is an extremely important issue for IUOE Local 49. A significant portion of our members earn a living for themselves and provide for their families building and maintaining the state's natural gas infrastructure. And all Minnesotans depend on that infrastructure every day for the reliable and affordable delivery of essential utility services to heat their homes and run their appliances.

One issue that was raised throughout the rate case was the appropriateness of CenterPoint Energy's line extension policies. As noted in the ALJ Report, a number of commenters urged the Commission to require CenterPoint to reduce its investment in new gas line extensions in order to address climate change. (Para. 31). Similarly, in direct testimony submitted by Joseph Dammel on behalf of the Clean Energy Organizations, current line extension policies were characterized as running counter to state policy and environmental goals related to reducing greenhouse gas ("GHG") emissions, while adding burdens to ratepayers. The settlement agreed to by the parties requires a reduction in free footage allowance for line extensions and recommends the Commission take up this issue in the future of gas docket (21-565).

As noted above, IUOE Local 49 does not take a position on the specifics of the proposed settlement. However, we would respectfully encourage that if the Commission takes up the issue of line extension policy in future gas dockets, they do so with balanced consideration of the impacts to ratepayers, workers, and the environment.

While we recognize the state's goal of reducing greenhouse gas emissions, we don't believe that is inconsistent with the expansion of gas service infrastructure. The recently passed Natural Gas Innovation Act (NGIA) contemplates the usage of a wide array of tools to reduce GHG emissions, including both electrification and low-carbon fuels. These fuels will require the existence of a gas distribution system and in most cases electrification will require a fuel backup to ensure reliability and safety during colder weather. In the absence of a well-maintained and affordable natural gas infrastructure system, Minnesota residents may become reliant on more expensive and carbon-intensive delivered fuels to ensure reliable heating—an outcome that runs counter to the recently passed Energy Conservation and Optimization (ECO) Act.

Likewise, the elimination of free footage allowance will have an ambiguous impact on ratepayers. While existing ratepayers are required to cover the upfront costs of the extensions that fall within the free footage allowance, they also benefit from the addition of a new ratepayer who contributes to overall system costs going forward. In most cases, the likely result of the elimination or reduction of free footage allowances will be to increase energy costs for new homeowners as they are forced to shoulder the upfront costs of the infrastructure.

As noted, the future of the natural gas system is critically important to IUOE Local 49 members and their families. We agree with the sentiment expressed by the parties that if complex policy issues such as line extension are to be addressed, it is better to do so outside the context of a rate case so as to facilitate broader participation from potentially impacted stakeholders.

Thank you for the opportunity to provide comment on the ALJ Report and proposed settlement.

Sincerely,

Nathan Runke, Regulatory and Political Affairs Coordinator, International Union of Operating Engineers Local 49