

Deliberation Outline

Meeting Date August 11, 2022 (Deliberations)

Agenda Items 1-5**

Companies All regulated natural gas utilities

Docket Nos. **G-008/M-21-138**

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

G-002/CI-21-610

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy to Recover February 2021 Natural Gas Costs.

G-011/CI-21-611

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions.

G-004/M-21-235

In the Matter of the Petition by Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., for Approval of Rule Variances to Recover High Natural Gas Costs from February 2021.

G-999/CI-21-135

In the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers.

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

Staff	Jorge Alonso	jorge.alonso@state.mn.us	651-201-2258
	Andrew Larson	andrew.m.larson@state.mn.us	651-201-2259
	Robert Manning	robert.manning@state.mn.us	651-201-2197
	James Worlobah	james.worlobah@state.mn.us	651-201-2238



I. Docket No. G-011/CI-21-611 (Great Plains)

ALJs' Report

1. Adopt the Administrative Law Judges' Findings of Fact, Conclusions of Law, and Recommendation to the extent that they are consistent with the Commission's decision as set forth herein. (Great Plains, ALJ)

AND

Prudency and Recoverability

2. Find that the extraordinary gas costs incurred by Great Plains to serve its customers during the February Event were prudently incurred and, therefore, it is just and reasonable to recover those costs from customers. (Great Plains)

OR (if decision option 2 is not selected, select one or more of the following)

Storage

3. Find that Great Plains did not meet its burden to prove it acted prudently with respect to storage and; therefore, disallow recovery of \$439,635. (DOC)
4. Find that Great Plains did not meet its burden to prove it acted prudently with respect to storage and; therefore, disallow recovery of \$439,450. (Great Plains revision to DOC calculation)
5. Find that Great Plains did not meet its burden to prove it acted prudently with respect to storage and; therefore, disallow recovery of \$120,457. (Great Plains alternate, based on 10% reserve margin)
6. Find that Great Plains did not meet its burden to prove it acted prudently with respect to storage and; therefore, disallow recovery of \$242,877. (Staff)

Curtailment

7. Find that Great Plains did not meet its burden to prove it acted prudently with respect to curtailment and; therefore, disallow recovery of \$405,453. (DOC)

Hedging

8. Find that Great Plains did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of the full \$8,827,429. (OAG primary recommendation) or



9. Find that Great Plains did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$1,232,000. (OAG secondary recommendation, high range) or
10. Find that Great Plains did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$950,000. (OAG secondary recommendation, low range)

Compliance Filings

11. Order Great Plains to, within 60 days, make a compliance filing that updates the remaining recovery amount and also updates the recovery factors for the remainder of 27-month recovery period. Delegate approval of this compliance filing to the Executive Secretary. (Staff)

Final True-Up

12. Order Great Plains to incorporate any remaining true-up into its next annual AAA report following the end of the 27-month period. (Staff)

II. Docket No. G-011/CI-21-611 (MERC)

ALJs' Report

1. Adopt the Administrative Law Judges' Findings of Fact, Conclusions of Law, and Recommendation to the extent that they are consistent with the Commission's decision as set forth herein. (ALJ, MERC)

AND

Prudency and Recoverability

2. Find that the extraordinary gas costs incurred by MERC to serve its customers during the February Event were prudently incurred and, therefore, it is just and reasonable to recover those costs from customers. (MERC)

OR (if decision option 2 is not selected, select one or more of the following)

Load Forecasting and Storage

3. Find that MERC did not meet its burden to prove it acted prudently with respect to load forecasting and; therefore, disallow recovery of recovery of \$9,707,206. (DOC) or
4. Find that MERC did not meet its burden to prove it acted prudently with respect to load forecasting and storage and; therefore, disallow recovery of recovery of \$3,903,233. (CUB recommendation, high range) or
5. Find that MERC did not meet its burden to prove it acted prudently with respect to load forecasting and storage and; therefore, disallow recovery of recovery of \$1,649,837. (CUB recommendation, low range)

Curtailment

6. Find that MERC did not meet its burden to prove it acted prudently with respect to curtailment and; therefore, disallow recovery of recovery of \$958,307. (DOC), or
- 6A. **(New)** For the February 13-17 period, find that MERC did not meet its burden to prove it acted prudently with respect to curtailment and, therefore, disallow recovery of \$4,211,701. (DOC, CUB, OAG)
7. Find that MERC did not meet its burden to prove it acted prudently with respect to curtailment; therefore, disallow recovery of recovery of \$4,165,683. (CUB recommendation, high range), or

8. Find that MERC did not meet its burden to prove it acted prudently with respect to curtailment and; therefore, disallow recovery of recovery of \$902,791. (CUB recommendation, low range)

Hedging

9. Find that MERC did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of the full \$64,975,882. (OAG primary recommendation) or
10. Find that MERC did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$8.8 million. (MERC's calculation of OAG recommendation, high range) or
11. Find that MERC did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$7.0 million. (MERC's calculation of OAG recommendation, low range) or
12. Find that MERC did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of the full \$9,427,954. (MERC's calculation of OAG recommendation, high range) or
13. Find that MERC did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of the full \$7,017,395. (MERC's calculation of OAG recommendation, low range) or
14. Find that MERC did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$9,285,054. (Staff's calculation of OAG recommendation, high range)

Compliance Filings

15. Order MERC to, within 60 days, make a compliance filing that updates the remaining recovery amount and also updates the recovery factors for the remainder of 27-month recovery period. Delegate approval of this compliance filing to the Executive Secretary. (Staff)

Final True-Up

16. Order MERC to incorporate any remaining true-up into its next annual AAA report following the end of the 27-month period. (Staff)

III. Docket No. G-008/M-21-138 (CenterPoint Energy)

ALJs' Report

1. Adopt the Administrative Law Judges' Findings of Fact, Conclusions of Law, and Recommendation to the extent that they are consistent with the Commission's decision as set forth herein. (ALJ, CPE)

AND

Prudency and Recoverability

2. Find that the extraordinary gas costs incurred by CenterPoint to serve its customers during the February Event were prudently incurred and, therefore, it is just and reasonable to recover those costs from customers. (CPE)

OR (if decision option 2 is not selected, select one or more of the following)

Waterville/Medford Facility

3. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to its Waterville/Medford storage facility and; therefore, disallow recovery of \$3,810,503. (DOC)

Storage – BP Canada (February 13-16)

4. For the February 13-16 period, find that CenterPoint did not meet its burden to prove it acted prudently with respect to its BP Canada storage facility and; therefore, disallow recovery of \$9,121,676. (DOC)

Storage – BP Canada (February 17)

5. For February 17, find that CenterPoint did not meet its burden to prove it acted prudently with respect to its BP Canada storage facility and; therefore, disallow recovery of \$12,195,499. (DOC)

Peaking Plants

6. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to its peaking facilities and; therefore, disallow recovery of \$12,685,132. (DOC; subsequently CUB and OAG agreed this is supported by substantial evidence in the record), or

7. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to its peaking facilities and; therefore, disallow recovery of \$12,558,281. (Staff, based on DOC recommendation minus 1%), or
8. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to its peaking facilities and; therefore, disallow recovery of \$12,431,429. (Staff, based on DOC recommendation minus 2%), or
9. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to its peaking facilities and; therefore, disallow recovery of \$34,452,670. (CUB primary) or
10. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to its peaking facilities and; therefore, disallow recovery of \$12,424,737. (CUB alternate) or
11. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to its peaking facilities and; therefore, disallow recovery of \$24,923,313. (CUB alternate) or
12. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to its peaking facilities and; therefore, disallow recovery of \$96,922,489. (CUB alternate)

Curtailment

13. For February 17 only, find that CenterPoint did not meet its burden to prove it acted prudently with respect to curtailment and; therefore, disallow recovery of \$7,279,592. (DOC) or
- 13A. (New) For the February 13-17 period, find that CenterPoint did not meet its burden to prove it acted prudently with respect to curtailment and, therefore, disallow recovery of \$38,617,551. (DOC, CUB, OAG)
14. For the February 13-17 period, find that CenterPoint did not meet its burden to prove it acted prudently with respect to curtailment and; therefore, disallow recovery of \$48,020,615. (CUB revised primary recommendation) or
15. For February 17 only, find that CenterPoint did not meet its burden to prove it acted prudently with respect to curtailment and; therefore, disallow recovery of \$16,508,066. (CUB revised alternate recommendation)

Hedging

16. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of the full \$408,755,953. (OAG primary recommendation) or
17. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$44.1 million. (OAG secondary recommendation) or
18. Find that CenterPoint did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$57.2 million. (OAG secondary recommendation)

Compliance Filings

19. Order CenterPoint to, within 60 days, make a compliance filing that updates the remaining recovery amount and also updates the recovery factors for the remainder of 63-month recovery period. Delegate approval of this compliance filing to the Executive Secretary. (Staff)

Final True-Up

20. Order CenterPoint to incorporate any remaining true-up into its next annual AAA report following the end of the 63-month period. (Staff)

LIHEAP Exemption

21. **(New)** With respect to CenterPoint only, modify the Commission's August 30, 2021 Order Point 12 in Docket No. G-999/CI-21-135¹ and its December 30, 2021 Order in Docket No. G-008/M-21-755 as follows: (City of Minneapolis, CPE, DOC, OAG, CUB)

CenterPoint must exempt low-income residential customers who ~~receive or previously received~~ applied and were eligible for Low Income Home Energy Assistance Program (LIHEAP) assistance during 2019–2020, 2020–2021, 2021–2022, ~~or~~ 2022–2023, 2023-2024, 2024-2025, 2025-2026, or 2026-2027 as well as those residential customers who are 60 to 120 days in arrears on their natural gas bills, from the extraordinary cost surcharge established in this order. ~~The Gas Utilities CenterPoint shall are authorized to~~ recalibrate the customers covered by this exemption once every six months — exempting any customers who newly applied and were eligible for LIHEAP or who fall within the category of being greater than 60 days and less than 120 days in arrears on a going-forward basis and removing customers who are no longer greater than 60 days and less than

¹ Staff added the language related to Docket No. G-999/CI-21-135.

120 days in arrears. ~~The Gas Utilities~~ CenterPoint will set exempted customers based on arrears and current or previous LIHEAP status as of June 30, 2021. These exemptions will be adjusted effective:

March 1, 2022, based on arrears and new LIHEAP enrollments as of January 31, 2022;

September 1, 2022, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of July 31, 2022;

March 1, 2023, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of January 31, 2023;

September 1, 2023, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of July 31, 2023;

March 1, 2024, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of January 31, 2024;

September 1, 2024, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of July 31, 2024;

March 1, 2025, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of January 31, 2025;

September 1, 2025, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of July 31, 2025;

March 1, 2026, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of January 31, 2026;

September 1, 2026, based on arrears and customers who applied and were determined eligible for LIHEAP enrollments as of July 31, 2026;

Cold Weather Rule Exemption

22. **(New)** Order CenterPoint to exempt residential customers who applied for Cold Weather Rule (CWR) protection and met income eligibility criteria from the extraordinary cost surcharge as follows: (City of Minneapolis, CPE, DOC, OAG, CUB)



- September 1, 2022 for low-income CWR customers from the previous CWR season (October 1, 2021 – April 30, 2022)
- September 1, 2023 for low-income CWR customers from the previous CWR season (October 1, 2022 – April 30, 2023);
- September 1, 2024 for low-income CWR customers from the previous CWR season (October 1, 2023 – April 30, 2024);
- September 1, 2025 for low-income CWR customers from the previous CWR season (October 1, 2024 – April 30, 2025); and
- September 1, 2026 for low-income CWR customers from the previous CWR season (October 1, 2025 – April 30, 2026).



IV. Docket No. G-002/CI-21-610 (Xcel)

ALJs' Report

1. Adopt the Administrative Law Judges' Findings of Fact, Conclusions of Law, and Recommendation to the extent that they are consistent with the Commission's decision as set forth herein. (ALJ, Xcel)

AND

Prudency and Recoverability

2. Find that the extraordinary gas costs incurred by Xcel to serve its customers during the February Event were prudently incurred and, therefore, it is just and reasonable to recover those costs from customers. (Xcel)

OR (if decision option 2 is not selected, select one or more of the following)

Baseload Purchases

3. Find that Xcel did not meet its burden to prove it acted prudently with respect to its baseload purchases and; therefore, disallow recovery of \$17,040,342. (DOC)

Intra-Weekend Purchases

4. Find that Xcel did not meet its burden to prove it acted prudently with respect to its intra-weekend purchases and; therefore, disallow recovery of \$2,820,990. (DOC)

Load Forecasting

5. For February 14, find that Xcel did not meet its burden to prove it acted prudently with respect to its load forecasting and; therefore, disallow recovery of \$26,875,063. (DOC, if peaking plants should have been available)
6. For February 14, find that Xcel did not meet its burden to prove it acted prudently with respect to its load forecasting and; therefore, disallow recovery of \$10,512,947. (DOC if peaking plants should have not been available)
7. For February 17, find that Xcel did not meet its burden to prove it acted prudently with respect to its load forecasting and; therefore, disallow recovery of \$4,351,593. (DOC revised recommendation, if peaking plants should have been available)
- 7A. **(DOC Revised)** For February 17, find that Xcel did not meet its burden to prove it acted prudently with respect to its load forecasting and; therefore, disallow recovery in total of \$7,176,393, which consists of \$4,351,593 for Feb. 17 load forecasting w/peaking

and \$2,824,800 for curtailment. (DOC revised recommendation, if peaking plants should have been available)

8. For February 17, find that Xcel did not meet its burden to prove it acted prudently with respect to its load forecasting and; therefore, disallow recovery of \$102,721. (DOC revised recommendation, if peaking plants should have not been available)
9. For the February 13-17 period, find that Xcel did not meet its burden to prove it acted prudently with respect to its load forecasting and; therefore, disallow recovery of \$9,734,465. (CUB, DOC, OAG, based on a 5% forecasting error and a 1.57% to 1.76% supply reserve)
10. For February 17 only, find that Xcel did not meet its burden to prove it acted prudently with respect to its load forecasting and; therefore, disallow recovery of \$4,836,910. (CUB, based on a 5% forecasting error)
11. For February 17 only, find that Xcel did not meet its burden to prove it acted prudently with respect to its load forecasting and; therefore, disallow recovery of \$1,513,383. (CUB, based on a 10% forecasting error)

Storage

12. Find that Xcel did not meet its burden to prove it acted prudently with respect to storage and; therefore, disallow recovery of \$4,051,652. (DOC)

Curtailment

Staff Note: If Decision Alternative 7A is adopted then Decision Alternative 13 should not be considered.

13. Find that Xcel did not meet its burden to prove it acted prudently with respect to curtailment and; therefore, disallow recovery of \$2,824,800. (DOC)

Peaking Plants

14. For the February 13-16 period, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking plants and; therefore, disallow recovery of \$49,382,475. (DOC), and/or
15. For February 17 only, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking plants and; therefore, disallow recovery of \$14,688,960. (DOC, **OAG and CUB agree that it is supported by the record**), or
- 15A. **(Xcel Revised Calculation of Decision Alternative 15)** For February 17 only, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking

plants and; therefore, disallow recovery of \$9,016,800.² (Xcel *does not* support disallowance), or

16. For the February 13-17 period, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking plants and; therefore, disallow recovery of \$115,791,314. (CUB, LNG 100%, Propane 50% alternative) or
17. For the February 13-17 period, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking plants and; therefore, disallow recovery of \$57,895,657. (CUB, LNG 50%, Propane 25% alternative) or
18. For the February 13-17 period, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking plants and; therefore, disallow recovery of \$14,311,286. (CUB, Propane 50% alternative)
19. For February 17 only, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking plants and; therefore, disallow recovery of \$20,137,247. (CUB, LNG 100%, Propane 50% alternative) or
20. For February 17 only, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking plants and; therefore, disallow recovery of \$10,068,623. (CUB, LNG 50%, Propane 25% alternative, **DOC and OAG agree that it is supported by the record**) or
21. For February 17 only, find that Xcel did not meet its burden to prove it acted prudently with respect to its peaking plants and; therefore, disallow recovery of \$2,488,873. (CUB, Propane 50% alternative)

Financial Hedging

22. Find that Xcel did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of the full \$178,978,695. (OAG primary recommendation) or
23. Find that Xcel did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$25.1 million. (OAG secondary recommendation, high range) or
24. Find that Xcel did not meet its burden to prove it acted prudently with respect to financial hedging and; therefore, disallow recovery of recovery of \$19.3 million. (OAG secondary recommendation, low range)

² Staff calculated actual amount: 78,000 Dth x \$115.60/Dth = \$9,016,800.



Compliance Filings

25. Order Xcel to, within 60 days, make a compliance filing that updates the remaining recovery amount and also updates the recovery factors for the remainder of 27-month and 63-month recovery periods. Delegate approval of this compliance filing to the Executive Secretary. (Staff)

Final True-Up

26. Order Xcel to incorporate any remaining true-up into its next annual AAA report following the 27-month and 63-month periods. (Staff)

V. Docket No. G-999/CI-21-135 (Gas Investigation)**Recovery Period**

1. Order Xcel to extend the recovery period of February 2021 extraordinary costs to 63 months for all remaining classes.
2. Order MERC to extend the recovery period of February 2021 extraordinary costs to 63 months for all remaining classes.
3. Order Great Plains to extend the recovery period of February 2021 extraordinary costs to 63 months for all remaining classes.
4. Do not extend the recovery period of February 2021 extraordinary costs for any additional classes. (Xcel, MERC, Great Plains, DOC, OAG).

[Decision Alternatives 5 and 6 only apply if Decision Alternative 1, 2, and/or 3 is adopted]

Compliance

5. Order Xcel, Great Plains, and MERC to, within 60 days, make a compliance filing that updates recovery factors for all impacted classes and proposes an implementation date for the updated factors. (Staff)
6. Delegate approval of the compliance filings to the Executive Secretary. (Staff)

Next Steps

7. Each impacted natural gas utility is required to review its gas contracting, purchasing, hedging, storage, peak-shaving, interruptible, customer communications, and other relevant practices and, by September 15, 2022, file a plan in its respective docket and in CI-21-135 on how it will improve or modify its practices to protect ratepayers from extraordinary natural gas price spikes in the future. As part of its plan, each utility shall identify the general timeframe it will implement the modifications, and, if the proposed change requires modification of tariff, proposed tariff language. Utilities should also identify, in their filings, any statutory or rule changes that could be implemented to protect ratepayers from future price spikes. Utilities should also indicate how any proposed tariff, rule, or statutory changes are consistent with the Natural Gas Innovation Act (Minn. Stat. 216B.2427 and 216B.2428). Reply comments to the utility plans will be due by October 7, 2022. The Commission shall hold hearings on these plans on or before December 2, 2022. Order Point 26 of the Commission's August 30, 2021 Order in Dockets 21-135, 21-138, 21-235, 21-610 and 21-611, regarding a stakeholder group, is revoked. (Chair Sieben)