

The Commission met on **Thursday, August 5, 2021**, with Chair Sieben and Commissioners Means, Schuerger, Sullivan, and Tuma present.

The following matters were taken up by the Commission:

**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**

**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-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**

Chair Sieben moved that the Commission:

1. Find that the Gas Utilities have not proven that they acted prudently before and during the February Event to protect ratepayers from the risk of extreme price increases, and that further process is required. Reaffirm that the Gas Utilities have the burden to prove that they acted prudently and produce evidence that justifies cost recovery; that other parties are not required to prove imprudence; that all doubts about whether the utilities have met their burden must be resolved in favor of ratepayers; that utilities are expected to act prudently and reasonably to protect ratepayers from risks; and that utilities that fail to do so should not recover the costs of those failures.
2. Define the February Event dates for all utilities to be February 13–17, 2021.
3. Define the February Event extraordinary costs as the margin between \$20/dekatherm and the actual average price experienced by the utilities.
4. Subject to prudence review, accept the revised extraordinary costs for CenterPoint Energy Resources Corp. (CenterPoint) (\$408,755,953); Northern States Power Company d/b/a Xcel Energy (Xcel) (\$178,978,695); Minnesota Energy Resources Corporation (MERC) (\$64,975,882); and Great Plains Natural Gas Co. (Great Plains) (\$8,827,249).
5. Subject to prudence review, permit CenterPoint, Xcel, MERC, and Great Plains to recover non-extraordinary costs through the automatic adjustment in the annual true-up filing dockets for each utility beginning on September 1, 2021, as authorized by the Commission.

6. Vary Minn. R. 7825.2500; Minn. R. 7825.2700, subp. 7; Minn. R. 7825.2810; and Minn. R. 7825.2910, subp. 4 to prevent CenterPoint, Xcel, MERC, and Great Plains from recovering extraordinary costs through the automatic adjustment for a period of 27 months.
7. Allow the Gas Utilities to recover February Event extraordinary costs starting on September 1, 2021, through a surcharge mechanism as established in the order. If a utility starts after that date, it still must maintain the rate mitigation distribution of the payments at 15 months for the first payment cycle and 12 months for the second payment cycle.
8. Allow the Gas Utilities to recover February Event extraordinary costs from all sales customer classes, with the exception of low-income customers as defined in the order, over a 27-month period.
9. Allow the Gas Utilities to recover February Event extraordinary costs using a volumetric charge with seasonally adjusted and stepped surcharge rates, with lower rates applied over the first 15 months and higher rates in the last 12 months.
10. Require CenterPoint, Xcel, MERC, and Great Plains to show the monthly surcharges for these extraordinary costs as a separate line item on customer bills. Delegate authority to the Executive Secretary to approve the bill language for a bill onsert or insert, which explains the surcharge. Order CenterPoint, Xcel, MERC, and Great Plains to file the proposed bill language and a sample bill by August 10, 2021.
11. Adopt the Gas Utilities' Year 2 implementation plan as outlined in page 7 of their joint July 6 filing, except for the recommendation regarding possible finance charges.
12. Require Great Plains, CenterPoint, Xcel, and MERC to exempt low-income residential customers who receive or previously received Low Income Home Energy Assistance Program (LIHEAP) assistance during 2019–2020, 2020–2021, 2021–2022, or 2022–2023, 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 the order. Authorize the Gas Utilities to recalibrate the customers covered by this exemption once every six months—exempting any new customers who have received 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 120 days in arrears. The Gas Utilities 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 new LIHEAP enrollments as of July 31, 2022; and March 1, 2023 based on arrears and new LIHEAP enrollments as of January 31, 2023.

13. Order the Gas Utilities to make all reasonable efforts to pursue recovery or offsets related to the February Event and to make quarterly compliance filings beginning on September 1, 2021, to report progress on any litigation, negotiations, or other offset possibilities.
14. Order the Gas Utilities to file refund proposals within 30 days of any offsets that were not included in the 27-month recovery period.
15. Order the Gas Utilities to pursue a sales tax exemption from the Minnesota Department of Revenue or, if necessary, the Legislature, for all February Event costs, and refund any difference as soon as practicable. Order the Gas Utilities to provide a status update in a compliance filing within 30 days of the order and, if necessary, before April 15, 2022.
16. Deny recovery of any financing costs.
17. Do not authorize the Gas Utilities to track and defer to a regulatory asset any incremental bad debt expense associated with the February Event.
18. Direct Commission staff to open new dockets specifically for Xcel's and MERC's requests to recover February Event costs.
19. Require CenterPoint (in Docket No. G-008/M-21-138), Xcel (in new assigned docket), MERC (in new assigned docket), and Great Plains (in Docket No. G-004/M-21-235) to submit compliance filings including tariff language and rates for the extraordinary cost surcharge mechanism and low-income exemptions approved in this decision by August 16, 2021. Delegate authority to the Executive Secretary to approve the compliance filings.
20. Require CenterPoint (in Docket No G-008/M-21-138), Xcel (in new assigned docket), MERC (in new assigned docket), and Great Plains (in Docket No. G-004/M-21-235) to submit quarterly compliance and tracking filings beginning on October 1, 2021 for the extraordinary cost surcharge mechanism and low-income exemptions approved in the order.
21. Find that additional prudence review is necessary and that all costs related to the February Event recovered through the automatic adjustments or any surcharge are subject to refund.
22. Determine that the prudence of Gas Utilities and the February Event costs should be evaluated in a contested case hearing, and refer the specific docket for each utility to the Office of Administrative Hearings for a joint contested case hearing. Request that the administrative law judge provide specific findings for each of the utilities individually. Request that the assigned administrative law judge grant intervention requests for organizations that filed comments in this proceeding.

23. Request development of the following issues in the contested case:

- A. Did the individual Gas Utilities act prudently before, during, and after the February Event, and are costs related to the February Event reasonable to recover from ratepayers?
- B. Should the Commission disallow recovery of any costs for each utility?
- C. If there are any disallowances for imprudent or unreasonable action, how should these costs be calculated?
- D. Evaluate the specific prudence questions raised so far, including but not limited to:
  - i. When and to what extent did Gas Utilities become aware of the potential for extreme weather during the February Event, and did they respond prudently and reasonably?
  - ii. Did the Gas Utilities have enough geographic diversity of gas supply and, if not, what was the potential financial impact?
  - iii. Should the Gas Utilities have had additional fixed-price contracts and, if so, what was the potential financial impact?
  - iv. Did the Gas Utilities maximize use of storage capacity and, if not, what was the potential financial impact?
  - v. Did the Gas Utilities maximize use of peaking capacity and, if not, what was the potential financial impact? Has Xcel's maintenance and operation of its Wescott, Sibley, and Maplewood facilities resulted in financial impact?
  - vi. Should the Gas Utilities have made more robust conservation efforts and, if so, what was the potential financial impact?
  - vii. Did the gas utilities timely and appropriately pursue recovery through insurance, federal regulatory actions, market rules, contract enforcement, and other available legal actions such that they have not missed deadlines or become barred from possible recovery on behalf of ratepayers and, if not, what is the potential financial impact?
  - viii. Are there any other issues or actions related to prudence and, if so, what is the potential financial impact?

- E. Is it possible to assign extraordinary costs to customers or customer classes based on their consumption during the February Event and, if so, would it be reasonable to do so?
24. Request the administrative law judge's report at least 120 days before September 1, 2022.
25. Require utilities to file by November 1, 2021, communication plans for future price spikes for approval. The plan should include multiple means of customer outreach, including phone calls, text messages, emails, and social media. Delegate authority to the Executive Secretary to review and approve communication plans.
26. Direct the Executive Secretary to convene a stakeholder group beginning no later than August 2022 to examine whether prospective changes are appropriate for natural gas supply planning, and to coordinate the stakeholder group's relationship to work on the Natural Gas Innovation Act. The stakeholder group shall include the rate regulated gas utilities and other interested parties, including, at a minimum, the Commerce Department, the Office of the Attorney General, the Citizens Utility Board of Minnesota, and Energy CENTS Coalition. Delegate authority to the Executive Secretary to establish timelines, comment periods, and procedures as appropriate, including whether the group should be facilitated by a third-party expert and, if so, the selection of the outside expert.
27. Request the Commissioner of the Commerce Department to seek authorization from the Commissioner of Management and Budget to incur costs for specialized technical and professional services and personnel to investigate the impacted natural gas utilities' request for cost recovery, Xcel's operation and maintenance of peak shaving facilities, storage prudence, and all stakeholder proceedings related to Docket Nos. G-999/C1-21-135, G-004/M-21-235, and G-008/M-21-138 (or any related docket(s) opened by the Commission) pursuant to Minn. Stat. § 216B.62, subd. 8.
28. Require CenterPoint to provide testimony in its next rate case about call center performance, staffing levels in and outside of Minnesota, budgets, and costs for the last three years and specifically during the February 2021 natural gas pricing event. Request that the Commerce Department, the Office of the Attorney General, and other parties evaluate whether that performance was reasonable and, if not, what steps should be taken.
29. Require the Gas Utilities to work with the Commerce Department, the Office of the Attorney General, and the other intervenors to (1) initiate the contested case in the fall of 2021, and (2) coordinate the scheduling of the contested case proceeding to accommodate the deadlines of other contested cases.

30. Within 10 days of the order, require the joint utilities to make a compliance filing informing the commission of negotiations and agreements on material assistance that would allow the Citizens Utility Board of Minnesota and Energy CENTS Coalition to participate fully in the prudence review contested case.

The motion passed 5–0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: August 18, 2021**

A handwritten signature in black ink, appearing to read "Will Seuffert", with a long horizontal flourish extending to the right.

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**Will Seuffert, Executive Secretary**