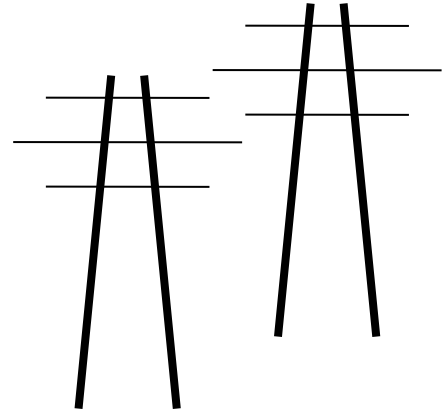


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February 27, 2022

Will Seuffert
Executive Director
Public Utilities Commission
121 – 7th Place East, Suite 350
St. Paul, MN 55101

via eDockets only

RE: Comment #2 - It's a gas – Natural Gas shortage, prices, supply and **STORAGE**
PUC Investigation Docket: G-999/CI-21-135
G-008/M-21-138 – CenterPoint Energy
G-004/M21-235 – Great Plains Natural Gas
G-002/CI-21-610 – Northern States Power Company
G-011/CI-21-611 – Minnesota Energy Resources Corporation

Dear Mr. Seuffert:

I am submitting this Comment as an individual, not in the course of representing any client – as a natural gas ratepayer and resident of Minnesota, and commenting in the public interest.

A hearty THANKS for the public (virtual) hearings scheduled for March 3. An issue of this importance to the millions of ratepayers facing these extreme increases in gas costs needs a public hearing. My hope is that many will show up, though unfortunately, typically few do. There has been much vocalizing about this gas price spike and spreading it over the ratepayers here in Red Wing, where Xcel is our gas provider, and I'm hoping for turnout.

The only question offered by the Commission for comment is:

Should the recovery period for February 2021 extraordinary gas costs be extended to all Xcel's, MERC's and Great Plains' rate classes.

... and sub-questions about the time period for recovery:

- Should classes that have not already had their recovery period for February 2021 extraordinary gas costs extended have their recovery period extended? If so, should the new recovery period be 63 months or a different time period?

- If the recovery period is extended, for which classes should the recovery period be extended?
- Should the decision to extend the recovery period be made now or when the Commission considers the contested hearing currently at OAH?
- Xcel, MERC, and Great Plains are requested to include in their comments a calculation of new recovery factors if the recovery period were to be extended to 63 months for all classes to which the current 27-month period applies.
- If, in their comments, Xcel, MERC, and Great Plains propose a different recovery period then that proposal should include corresponding recovery factors.
- Are there other issues or concerns related to this matter?

The main question and sub-questions are all off point, but for the last bullet.

In its August 30, 2021 Order, the Commission “authorized the impacted utilities to recover extraordinary costs over a 27-month period beginning September 1, 2021, using volumetric, seasonally adjusted, stepped surcharge rates, pending prudence review...” and In its notice of this comment Period, the Commission stated, “At this time, the Commission only seeks comments on the issue of the recovery period...”

However, the Commission did ask, “Are there other issues or concerns related to this matter?” To this question, I shout **“YES THERE ARE OTHER CONCERNS! THE COMMISSION’S ORDER PRESUMES RATE RECOVERY AND THIS POSITION IS NO PLACE FROM WHICH TO START AN INVESTIGATION!”**

At this time, I urge the Commission to take the bottom line of OAG-RUD to heart:

The public interest will be furthered only by holding shareholders—and not ratepayers—responsible for the utilities’ unreasonable and imprudent business planning and judgment. For this reason, the Commission should deny recovery of \$379.8 million in unreasonable and imprudently incurred gas costs as identified by the OAG.

OAG Comment, p. 3, July 6, 2021.

The Department hems and haws, pointing out many of the problems raised by OAG-RUD, but backs away from the logical conclusions, providing a soft landing for the utilities and steering the Commission away from holding utilities accountable. This is not the public interest.

Just this week, as the Commission is spreading the costs of this natural gas fiasco to ratepayers, Xcel Energy increased its dividend to shareholders 6.6%.¹

As I’d noted in my earlier comment, I have some knowledge of natural gas storage as a client lives above Minnesota’s only geological natural gas storage facility, the 7 billion cubic foot natural gas dome storage near Waseca. It turns out that there is also other storage available near Minnesota gas

¹ Seeking Alpha: <https://seekingalpha.com/pr/18683447-xcel-energy-inc-board-increases-2022-common-dividend-6-6-percent-declares-dividend-on-common>

plants that was not utilized, as it was out of commission! There's no excuse for this failure, and similarly, there is no excuse for the Commission's order for recovery. However, I don't have the inside information or expertise to pick out the specifics of these failures. The Commission should give great weight to those who do have the information and expertise, and in particular those expressly charged with representing us ratepayers – OAG-RUD.

OAG-RUD points out the procurement and mitigation failures of the gas utilities in excruciating detail, the gas utilities have failed in forecasting, failed to anticipate severe weather, failed to utilize storage, failed to predict and prepare for both price spikes and decreased production, failed to institute curtailment and non-compliance penalties, failed to institute conservation measures, and failed to act in the public interest and protect ratepayers from extremes in the cost of gas. In particular, OAH-RUD notes that gas companies are relying on daily spot market, which is inexplicable, and susceptible to volatility as experience a year ago. The claim that the gas utilities knew or should have known of potential for a price spike is not hindsight, it's a statement of the reasonable expectation that the gas utilities should know their industry, should know their market, and should do a better job of forecasting. The Commission should not reward these utilities for their failures by allowing recovery.

OAG-RUD has exposed evidence that shows gas utility knowledge of potential issues and worse, those utilities banking, *IN WRITING*, that cost recovery would be allowed. This is not in the public interest. The Commission's proposal is not "just and reasonable," The utilities actions were not prudent, there was inadequate mitigation of cost impacts,

The Commission must not allow regulated utilities to take advantage of their "regulated" status, to bank on recovery of extreme costs of their poor business practices and mismanagement, practices that would not be condoned in an unregulated business. I urge the Commission to follow the recommendation of OAG-RUD and disallow \$379.8 million, and to refund all payments by ratepayers, with interest, that have been made toward gas utility recovery of price spike costs.

Again, thanks for the virtual public hearings scheduled for March 3, and for continuing this investigation. Please let me know if you have any questions.

Very truly yours,



Carol A. Overland
Attorney at Law

cc: Nancy Prehn