



March 16, 2021

Members, Minnesota Senate
Minnesota Senate Building
95 University Avenue W.
St. Paul, MN 55155

Members, Minnesota House of Representative
Minnesota State Office Building
100 Rev. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

RE: Natural gas price spike due to the polar vortex – HF 2216, Senate file pending

Dear Senators and Representatives:

As advocates for residential utility customers and low-income Minnesotans, we are writing to you concerning the spike in natural gas prices that will soon affect the two-thirds of Minnesota households that heat with natural gas. As you are no doubt aware, extreme cold weather that hit Texas and the central U.S. in February resulted in natural gas demand increases and supply shortages that were felt in Minnesota. Most Minnesota natural gas providers purchased gas on the spot market at extremely high prices. These costs will soon affect customers' natural gas bills, creating, for many Minnesotans, unaffordable increases in the cost to heat their homes. This situation demands urgent attention by the Minnesota legislature, and bills will be heard in both the House and Senate this week.

Many of Minnesota's natural gas utilities estimate that an average \$200-\$400 cost increase will be passed on to each residential customer to recover the high gas commodity costs during the short period of the February polar vortex. CenterPoint Energy alone has approximated the additional cost at \$500 million for its Minnesota business.¹ Even if spread over an entire year, this would increase customers' gas bills by approximately 50%. Other utilities reportedly spent the equivalent of their entire year's gas budget in just three days.

The need is especially urgent with respect to Minnesotans whose natural gas services are provided by municipal utilities. It is our understanding that some utilities could begin billing customers for the extra cost of gas as soon as mid-March.

These costs are hitting at a time when many customers are already struggling with the economic effects of the pandemic. The regulated gas utilities now dealing with this price spike were already reporting

¹ CenterPoint Feb. 25, 2021 earnings call

between 20% and 46% more residential customers behind on their bills this January compared with January 2020. Even more striking, the average amount owed by a residential customer has grown by between 66% and 277% over the past year.²

Because of this price spike, more customers will be unable to afford their natural gas bills, and customers who are already struggling will fall farther behind. In addition to the hardship this will place on Minnesota families, much of these past-due bills could be uncollectible and the bill amounts eventually recovered from other utility customers.

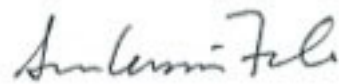
We are encouraged that Senator Tina Smith and others have called for a federal investigation into price gouging, as well as by the Minnesota Public Utilities' Commission's own investigation into the situation and discussion of options to mitigate cost impacts to customers, including by recovering the costs over a longer period. However, neither of these avenues is likely to resolve the issue, and certainly not on the timeline required.

Action by the legislature is appropriate to relieve some of the enormous burden that will be felt by Minnesotans, particularly low-income families. For this reason, we encourage you to support the bills being carried by Chair Jamie Long (HF 2216) and Chair David Senjem (Senate file pending).

We look forward to continuing to work with the bill authors to refine these proposals and would be happy to speak with any of you regarding this topic.

Thank you for your consideration.

Sincerely,



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² CenterPoint Energy, Minnesota Energy Resources Corporation, and Greater Minnesota Gas, reported to the Public Utilities Commission in Dockets 20-02 and 20-375. This figure does not include Xcel, which reports electricity and gas customer data together.