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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **2216**

03/15/2021 Authored by Long, Baker and Sandstede
The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy
03/18/2021 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to energy; establishing a loan program for municipal utilities paying
1.3 unusually high prices for natural gas in February 2021; establishing a program to
1.4 defray high natural gas bills from the February 2021 price spike for low-income
1.5 households; appropriating money.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. MUNICIPAL NATURAL GAS UTILITIES; 2021 POLAR VORTEX
1.8 LOAN ACCOUNT.

1.9 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.10 the meanings given.

1.11 (b) "Commissioner" means the commissioner of commerce.

1.12 (c) "Critical period" means the period beginning February 12, 2021, and ending February
1.13 17, 2021.

1.14 (d) "Incremental cost" means the average unit price a utility paid for natural gas purchased
1.15 for immediate delivery during the critical period, minus the average natural gas unit price
1.16 for wholesale natural gas the utility paid during the period between February 5, 2021, and
1.17 February 10, 2021.

1.18 (e) "Incremental volume" means the difference between the volume of gas a utility
1.19 purchased for immediate delivery in Minnesota during the critical period and the volume
1.20 of gas a utility distributed in Minnesota between February 5, 2021, and February 10, 2021.

1.21 (f) "Spot price" means the price paid per unit for an immediate delivery of natural gas.

2.1 (g) "Utility" means a nonprofit municipal utility established under Minnesota Statutes,
2.2 chapter 412, that (1) is owned by the city to which it provides service, and (2) sells natural
2.3 gas to retail customers in Minnesota.

2.4 Subd. 2. **Establishment of account; expenditures.** The 2021 polar vortex loan account
2.5 is established in a special revenue fund. The commissioner must manage the account. Money
2.6 in the account may be used to make loans under this section and to pay the reasonable costs
2.7 incurred to administer this section.

2.8 Subd. 3. **Purpose.** The 2021 polar vortex loan account is established to alleviate cash
2.9 flow problems experienced by Minnesota municipal gas utilities that purchased natural gas
2.10 supplies for immediate delivery at unusually high prices during the extreme cold weather
2.11 in February 2021.

2.12 Subd. 4. **Eligible applicants.** A utility that purchased natural gas for immediate delivery
2.13 during the critical period to distribute the natural gas to Minnesota retail natural gas customers
2.14 is eligible to receive a loan under this section.

2.15 Subd. 5. **Applications.** (a) An applicant for a loan under this section must file an
2.16 application with the commissioner on a form developed by the commissioner. The application
2.17 must require an applicant to supply:

2.18 (1) the utility's incremental cost and incremental volume;

2.19 (2) evidence indicating the prices and volumes of natural gas purchased by the utility
2.20 during the critical period that the utility used to calculate the utility's incremental cost and
2.21 incremental volume; and

2.22 (3) any additional information required by the commissioner.

2.23 (b) The commissioner must develop procedures governing the filing of applications,
2.24 review of applications, and awarding of loans under this section.

2.25 Subd. 6. **Loan terms; limits; repayment.** (a) A loan made under this section must be
2.26 a zero-interest loan with a term not exceeding five years.

2.27 (b) The commissioner must determine the amount of a loan based on the information
2.28 provided in an application filed under this section. A utility's loan must not exceed the
2.29 utility's incremental cost multiplied by its incremental volume. The commissioner may
2.30 reduce the amount of loans proportionately if the demand for loan assistance exceeds the
2.31 funds available for loans.

3.1 (c) Loan principal repayments must be made to the commissioner. The commissioner
3.2 must deposit money received from loan principal repayments in the general fund.

3.3 Subd. 7. Use of loan funds. (a) A utility awarded a loan under this section must use the
3.4 loan funds to pay for natural gas purchased during the critical period for immediate delivery.
3.5 The utility must submit to the commissioner evidence that the full loan amount was used
3.6 to pay for natural gas as provided in this section. The evidence must be submitted to the
3.7 commissioner within ten days of the date the payment was made.

3.8 (b) A utility that is issued a loan under this section and that also receives funding from
3.9 another source that is meant to be used for the purpose described in subdivision 3 must
3.10 remit an amount equal to the additional funding received to the commissioner within ten
3.11 days of the date the utility received the additional funding or received a loan under this
3.12 section, whichever is later.

3.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.14 Sec. 2. **LOW-INCOME NATURAL GAS HEATING ASSISTANCE; 2021 POLAR**
3.15 **VORTEX.**

3.16 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
3.17 the meanings given.

3.18 (b) "Commission" means the Public Utilities Commission.

3.19 (c) "Commissioner" means the commissioner of commerce.

3.20 (d) "Cooperative association" means a cooperative association organized under Minnesota
3.21 Statutes, chapter 308A, that sells natural gas to retail customers in Minnesota.

3.22 (e) "Critical period" means the period beginning February 12, 2021, and ending February
3.23 17, 2021.

3.24 (f) "District heating system" means a nonprofit district heating system organized under
3.25 Minnesota Statutes, chapter 317A, that provides thermal energy in the form of steam or hot
3.26 water generated from natural gas to residential retail customers.

3.27 (g) "Eligible low-income household" means a Minnesota residential household that
3.28 consumed natural gas for space heating during the critical period and, as determined by the
3.29 utility providing natural gas service to the household:

3.30 (1) received federal heating assistance under LIHEAP between October 1, 2019, and
3.31 September 30, 2021;

4.1 (2) participated in a payment agreement with the utility under Minnesota Statutes, section
4.2 216B.096, 216B.097, or 216B.098, at any time since March 2020; or

4.3 (3) has missed two or more utility bill payments or submitted two or more partial utility
4.4 bill payments since October 2020.

4.5 (h) "LIHEAP" means the low-income home energy assistance program under United
4.6 States Code, title 42, sections 8621 to 8630, and Minnesota Statutes, section 216C.02,
4.7 subdivision 1.

4.8 (i) "Municipal utility" means a nonprofit utility established under Minnesota Statutes,
4.9 chapter 412, that (1) is owned by the city to which it provides service, and (2) sells natural
4.10 gas to retail customers in Minnesota.

4.11 (j) "Public utility" means a public utility, as defined in Minnesota Statutes, section
4.12 216B.02, subdivision 4, that sells natural gas to retail customers in Minnesota.

4.13 (k) "Utility" means:

4.14 (1) a municipal utility;

4.15 (2) a public utility, including a public utility that is exempt from the provisions of
4.16 Minnesota Statutes, chapter 216B;

4.17 (3) a cooperative association organized under Minnesota Statutes, chapter 308A; or

4.18 (4) a district heating system.

4.19 Subd. 2. **Assistance program.** (a) The commissioner of commerce must, in consultation
4.20 with utilities:

4.21 (1) develop and implement a program in which each public utility, upon approval by
4.22 the commission of a true-up mechanism for the cost of natural gas purchased by the public
4.23 utility during the critical period, and each municipal utility, cooperative association, and
4.24 district heating system, provides bill credits to eligible low-income households to defray a
4.25 portion of the elevated costs the household paid for natural gas the household consumed
4.26 during the critical period; and

4.27 (2) develop a methodology, based on utility purchasing data, utility consumption data,
4.28 and natural gas pricing information, to estimate the increase in natural gas bills of eligible
4.29 low-income households during the critical period.

4.30 (b) Each utility requesting assistance under this section must use the methodology
4.31 developed under paragraph (a), clause (2), to calculate the bill credit amount for each eligible
4.32 low-income household.

5.1 (c) The commissioner must, utilizing data presented in Public Utilities Commission
5.2 Docket No. 21-135 and data collected from utilities estimating the number of eligible
5.3 low-income households the utility serves:

5.4 (1) allocate the appropriation in section 4 among public and municipal utilities,
5.5 cooperative associations, and district heating systems;

5.6 (2) allocate assistance to individual municipal utilities, cooperative associations, and
5.7 district heating systems; and

5.8 (3) determine the amount of bill credits that eligible low-income households served by
5.9 municipal utilities, cooperative associations, and district heating systems receive under this
5.10 section and the timing, process, notice, and mechanisms utilities must use to issue the credits.

5.11 (d) The commission must, by order, utilizing the data presented in Public Utilities
5.12 Commission Docket No. 21-135, the commissioner's allocation of the appropriation in
5.13 section 4 to public utilities, criteria the commission deems necessary to target relief, and
5.14 filings the commission requests from individual public utilities, determine the amount of
5.15 bill credits eligible low-income households served by public utilities receive under this
5.16 section.

5.17 (e) A utility must comply with a request from the commissioner or the commission for
5.18 any additional data necessary to carry out the duties of this section.

5.19 (f) A bill credit issued under this section must not exceed a reasonable estimate made
5.20 using a methodology approved by the commissioner or as determined by the commission,
5.21 as applicable, and may be apportioned to an eligible low-income household over a period
5.22 of up to 12 months, or longer if deemed appropriate by the commission or the commissioner.

5.23 (g) The commissioner and the commission may proportionately reduce the amount of
5.24 a bill credit a utility provides to a customer under this section if the aggregated calculated
5.25 amount for bill credits exceeds available funds.

5.26 (h) The commission must, by order, determine the aggregate amount of bill credits each
5.27 public utility must provide to eligible low-income households and must provide a copy of
5.28 the order to the commissioner. Upon receipt of the order, the commissioner shall transfer
5.29 from the appropriation made in section 4, paragraph (b), the aggregate amount of funds
5.30 available for bill credits, as determined by the commission, to the applicable public utility.

5.31 Subd. 3. **Eligible expenditure.** The commissioner may make expenditures under this
5.32 section to:

5.33 (1) provide funds to utilities to issue bill credits to eligible low-income households;

6.1 (2) reimburse the Department of Commerce for the reasonable costs incurred to administer
6.2 this section; and

6.3 (3) reimburse the commission for the reasonable costs incurred to administer this section.

6.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.5 Sec. 3. **ADDITIONAL FUNDS.**

6.6 (a) Any federal funds received by the state that are intended to provide relief from the
6.7 natural gas price spike experienced during the critical period must be deposited in the general
6.8 fund. To the extent that the appropriation in section 4, paragraph (b), meets the relevant
6.9 spending requirements of these federal funds, the appropriation is reduced by the amount
6.10 of the federal funds.

6.11 (b) Any funds awarded to the state as a result of a settlement or legal judgment regarding
6.12 price gouging or other malfeasance relating to overpayment for natural gas consumed during
6.13 the critical period must be deposited in the general fund and must be used to reduce the
6.14 amount of the appropriation made in section 4, paragraph (b).

6.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.16 Sec. 4. **APPROPRIATIONS.**

6.17 (a) \$15,000,000 in fiscal year 2021 is appropriated from the general fund to the
6.18 commissioner of commerce to make loans to eligible municipal utilities under section 1 and
6.19 to reimburse the commissioner for the reasonable costs incurred to administer section 1.
6.20 Any unexpended funds remaining at the end of the biennium cancel to the general fund.

6.21 (b) \$100,000,000 in fiscal year 2021 is appropriated from the general fund to the
6.22 commissioner of commerce for transfer to utilities to fund bill credits to low-income
6.23 households in Minnesota that consumed natural gas during the spike in natural gas prices
6.24 between February 12, 2021, and February 17, 2021, as described in section 2. This is a
6.25 onetime appropriation. Any unexpended funds at the end of the biennium cancel to the
6.26 general fund.

6.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.