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S.F. No. 2132 – 2021 Polar Vortex Loan Account and Low-income Assistance (As Amended by the A-2 Amendment)

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S.F. 2132 establishes a 2021 polar vortex loan account for loans to municipal utilities that purchased natural gas during the extreme weather in February, 2021, and creates a natural gas assistance program for low-income households to defray a portion of the elevated costs the household paid for natural gas consumed.

Section 1. Municipal natural gas utilities; 2021 polar vortex loan account. Subdivision 1.

Definitions. Provides definitions for terms used in this section of the bill. Specifies the “critical period” as the period beginning February 12, 2021, and ending February 17, 2021.

Subd. 2. Establishment of account; expenditures. Establishes the 2021 polar vortex loan account in a special revenue fund to be managed by the commissioner of commerce.

Subd. 3. Purpose. States that the purpose of the loan account is to alleviate cash flow problems experienced by Minnesota municipal gas utilities that purchased natural gas supplies for immediate delivery at unusually high prices during the extreme cold weather in February 2021.

Subd. 4. Eligible applicants. Provides eligibility for loans to a utility that purchased natural gas for immediate delivery during the critical period to distribute the natural gas to Minnesota retail natural gas customers.

Subd. 5. Application. Specifies the information that must be included on a loan application, including the utility's incremental cost and incremental volume and evidence indicating the prices and volumes of natural gas purchased by the utility during the critical period that the utility used to calculate the utility's incremental cost and incremental volume. Requires the commissioner to develop procedures for the filing and review of applications and awarding loans.

Subd. 6. Loan terms; limits; repayment. Provides that loans must be zero-interest with no longer than a five-year term. Limits a utility's loan to the utility's incremental cost multiplied by its incremental volume. Allows the commissioner to reduce the amount of loans proportionately based on loan assistance demand. Requires loan principal repayments to be made to the commissioner and deposited in the general fund.

Subd. 7. Use of loan funds. Requires a utility receiving a loan to use the loan funds to pay for natural gas purchased during the critical period for immediate delivery and to submit evidence of payment of the full loan amount to the commissioner within ten days of the date of payment. If a utility receives funding from another source, the utility must remit an amount equal to the additional funding received to the commissioner within ten days of the date the additional funding is received.

Section 2. Low-income natural gas heating assistance; 2021 polar vortex. Subdivision 1.

Definitions. Provides definitions for terms used in this section of the bill. Specifies the “critical period” as the period beginning February 12, 2021, and ending February 17, 2021.

Subd. 2. Assistance program. Paragraph (a) Requires the commissioner of commerce, in consultation with utilities, to: (1) develop and implement a program to provide bill credits to eligible low-income households to defray a portion of the elevated costs the household paid for natural gas consumed during the critical period; and (2) develop a methodology, based on utility purchasing data, consumption data, and natural gas pricing information, to estimate the increase in natural gas bills of eligible low-income households during the critical period.

Paragraph (b) requires each utility requesting assistance to use the methodology developed to calculate the bill credit amount for each eligible low-income household.

Paragraph (c) requires the commissioner to allocate the appropriation for low-income natural gas heating assistance among public and municipal utilities, cooperative associations, and district heating systems and determine the timing, process, notice, and mechanisms utilities must use to issue the credits.

Paragraph (d) requires the PUC to determine by order the amount of bill credits eligible low-income households served by public utilities receive under this section.

Paragraph (e) requires a utility to comply with data requested for purposes of administering this section.

Paragraph (f) prohibits a bill credit from exceeding a reasonable estimate and allows a bill credit to be apportioned to an eligible low-income household over a period of up to 12 months, or longer, if deemed appropriate by the PUC or the commissioner.

Paragraph (g) allows the commissioner and the PUC to proportionately reduce the amount of a bill credit a utility provides to a customer if the aggregated calculated amount for bill credits exceeds available funds.

Paragraph (h) requires the PUC to determine the aggregate amount of bill credits each public utility must provide to eligible low-income households. Requires the commissioner to transfer the aggregate amount of funds available for bill credit to the applicable public utility upon receipt of the PUC order.

Subd. 3. Eligible expenditures. Allows the commissioner to make expenditures to provide funds to utilities to issue bill credits to eligible low-income households and to reimburse the Department of Commerce and the PUC for reasonable administrative costs.

Section 3. Additional funds. Paragraph (a) requires any federal funds received by the state to provide relief from the natural gas price spike to be deposited in the general fund.

Paragraph (b) requires any funds awarded to the state as a result of a settlement or legal judgment for price gouging relating to overpayment for natural gas consumed during the critical period to be deposited in the general fund and used to reduce the appropriation that funds bill credits to low-income households.

Section 4. Appropriations. Paragraph (a) appropriates \$15,000,000 in fiscal year 2021 from the general fund to the commissioner of commerce to make loans to eligible municipal utilities and for administrative costs incurred under section 1 of the bill.

Paragraph (b) appropriates \$100,000,000 in fiscal year 2021 from the general fund to the commissioner of commerce for transfer to utilities to fund bill credits under section 2 of the bill to low-income households that consumed natural gas during the critical period.