

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-SECOND SESSION**

**S.F. No. 1018**

(SENATE AUTHORS: SENJEM)

DATE	D-PG	OFFICIAL STATUS
02/15/2021	393	Introduction and first reading Referred to Energy and Utilities Finance and Policy
03/15/2021	923	Comm report: To pass
	926	Second reading
03/25/2021	1172a	Special Order: Amended
	1174	Third reading Passed

- 1.1 A bill for an act
- 1.2 relating to energy; creating the 2021 polar vortex loan account; eliminating the
- 1.3 sunset for recovery of gas utility infrastructure costs; appropriating money;
- 1.4 repealing Laws 2005, chapter 97, article 10, section 3, as amended.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. **MUNICIPAL NATURAL GAS UTILITIES; 2021 POLAR VORTEX**
- 1.7 **LOAN ACCOUNT.**
- 1.8 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
- 1.9 the meanings given.
- 1.10 (b) "Commissioner" means the commissioner of commerce.
- 1.11 (c) "Critical period" means the period beginning February 12, 2021, and ending February
- 1.12 17, 2021.
- 1.13 (d) "Incremental cost" means the average unit price a utility paid for natural gas purchased
- 1.14 for immediate delivery during the critical period, minus the average natural gas unit price
- 1.15 for wholesale natural gas the utility paid during the period between February 5, 2021, and
- 1.16 February 10, 2021.
- 1.17 (e) "Incremental volume" means the difference between the volume of gas a utility
- 1.18 purchased for immediate delivery in Minnesota during the critical period and the volume
- 1.19 of gas a utility distributed in Minnesota between February 5, 2021, and February 10, 2021.
- 1.20 (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.

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

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

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

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

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

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

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

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

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

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

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

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

3.11 Subd. 8. Account expiration. The account established under subdivision 2 expires the  
3.12 day after the last loan to a utility under this section is awarded.

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

3.14 Sec. 2. APPROPRIATIONS.

3.15 \$15,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner  
3.16 of commerce to make loans to eligible municipal utilities under section 1. Of this amount,  
3.17 up to \$150,000 is for costs to administer section 1. This is a onetime appropriation. Any  
3.18 unexpended funds remaining at the end of the biennium cancel to the general fund.

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

3.20 Sec. 3. REPEALER.

3.21 Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85,  
3.22 article 7, section 9, is repealed.

APPENDIX  
Repealed Minnesota Session Laws: S1018-1

***Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85, article 7, section 9***

Sec. 9. Laws 2005, chapter 97, article 10, section 3, is amended to read:

Sec. 3. **SUNSET.**

Sections 1 and 2 shall expire on June 30, 2023.