

NOTICE OF COMMENT PERIOD

Issued: December 6, 2018

In the Matter of Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota, et al.

PUC Docket Number(s): E-002/GR-12-961; E-002/GR-13-868; E-999/AA-14-579;
E-999/AA-16-523; E-999/AA-17-492; E-999/AA-18-373

Comment Period: Initial comment period closes January 15, 2019 at 4:30pm
Reply comment period closes January 31, 2019 at 4:30pm

Comments received after the close of the comment period may or may not be considered by the Commission.

Topic(s) Open for Comment:

- Should the Commission authorize the refund amount and method proposed by Xcel Energy for the GE settlement related to the 2011-2013 Sherco 3 outage?
- Are all of the issues related to the Sherco 3 outage resolved and, if so, should Xcel Energy be authorized to discontinue providing quarterly litigation updates?
- Are there any other issues or concerns related to this matter?

Background: On November, 19, 2011, an accident at Xcel Energy's Sherburne County Generating Station (Sherco), forced the shutdown of one of its three units, Sherco 3. It remained shut down from November 2011 to October 2013.

To replace Sherco 3's output, Xcel Energy bought both replacement power and additional fuel for other Company-owned generators; these costs were passed on to ratepayers through the fuel clause.

Xcel Energy, along with the joint owner of Sherco 3, Southern Minnesota Municipal Power Agency, and insurers of Sherco 3, filed a joint complaint against General Electric Company (GE).

In its May 8, 2015 FINDINGS OF FACT, CONCLUSIONS, AND ORDER (Docket No. E-002/GR-13-868), the Commission referred the issues of prudence, recoverability and ratemaking treatment of replacement power and additional fuel costs to the annual fuel-clause adjustment dockets.

In its August 31, 2015 ORDER REOPENING, CLARIFYING, AND SUPPLEMENTING MAY 8, 2015 ORDER, (Docket No. E-002/GR-13-868), the Commission required Xcel Energy to include Sherco 3 insurance proceeds as an offset to its rate base.

In Ordering Paragraph 3 of its June 2, 2016, ORDER ACTING ON ELECTRIC UTILITIES' ANNUAL REPORTS AND REQUIRING ADDITIONAL FILINGS, (Docket No. E-999/AA-14-579), the Commission determined that it would be premature to render a decision regarding Xcel Energy's prudence in connection with this outage while the Company's litigation against GE was pending. Therefore, the Commission deferred any decision on the recovery of energy replacement costs until there is a sufficient record to determine if recovery is appropriate and clarified that it may act in the future to remedy any inequities for ratepayers.

On September 20, 2018, Xcel Energy reached a settlement with GE resulting in a payment to Xcel Energy, which will be credited in its entirety to ratepayers.

On December 3, 2018, Xcel Energy filed an update stating that it planned on returning the settlement payment as a credit to customers through the monthly fuel clause adjustment for the month beginning February 1, 2019.

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission's electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: mn.gov/puc, select *eFiling*, and follow the prompts.

Submit Public Comments: Visit mn.gov/puc, select *Speak Up!* to find this docket, and add your comments to the discussion or email your comments to consumer.puc@state.mn.us.

Full Case Record: See all documents filed in this docket via the Commission's website at mn.gov/puc, for example, select *Search eDockets*, enter the year (13) and the docket number (868), select *Search*.

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Questions about this docket or Commission process and procedure? Contact Commission staff, Jason Bonnett, at jason.bonnett@state.mn.us or 651-201-2235 or Jorge Alonso, at jorge.alonso@state.mn.us or 651-201-2258.

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