

Rebuttal Testimony
Allen D. Krug

**BEFORE THE COURT OF ADMINISTRATIVE HEARINGS
FOR THE
MINNESOTA PUBLIC UTILITIES COMMISSION
STATE OF MINNESOTA**

IN THE MATTER OF XCEL ENERGY'S
PETITION FOR APPROVAL OF ITS 2023
ANNUAL FUEL FORECAST AND
MONTHLY FUEL COST CHARGES

MPUC Docket No. E002/AA-22-179

CAH Docket No. 21-2500-40336

REBUTTAL TESTIMONY OF

ALLEN D. KRUG

On Behalf of

NORTHERN STATES POWER COMPANY

August 13, 2025

Exhibit___(ADK-2)

Policy

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1 **I. INTRODUCTION**

2

3 Q. PLEASE STATE YOUR NAME AND OCCUPATION.

4 A. My name is Allen D. Krug. I am the Associate Vice President, State Regulatory
5 Policy for Northern States Power Company – Minnesota, d/b/a Xcel Energy
6 (Xcel Energy or the Company).

7

8 Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS PROCEEDING?

9 A. Yes. I provided Direct Testimony that included background information
10 regarding the Prairie Island Nuclear Generating Plant (PINGP or Plant), the
11 October 2023 incident (Event) that resulted in PINGP shutting down for a
12 period of time, and the Company’s actions following the Event to minimize the
13 cost to customers due to the Plant being unavailable. I also discussed the
14 prudence standard, and how that standard should be applied in this proceeding,
15 including a discussion of the policy and factual considerations that should guide
16 the resolution of this matter. Specifically, I explained that any customer refund
17 of incremental power costs incurred during the outage following the Event
18 must account for the benefits customers received from the prudent steps the
19 Company took to avoid or minimize the length of future outages that would
20 result in customers paying for replacement power costs in the future, and I
21 explained how the Commission should consider the benefits customers have
22 received from the Company’s historical performance and overall operation of
23 the plant.

24

25 Q. DID ANY INTERVENORS PROVIDE DIRECT TESTIMONY REGARDING THE ISSUES
26 YOU ADDRESSED IN YOUR DIRECT TESTIMONY?

1 A. Yes. Department of Commerce (Department) witness Andrew Golden and
2 Office of the Attorney General (OAG) witness Shoua Lee discussed the work
3 performed by the Company to avoid or minimize the length of future outages
4 and how the Commission should consider the benefits to customers of the
5 Company's work. Department witness Golden and OAG witness Lee also
6 addressed my Direct Testimony regarding the Company's historical
7 performance at PINGP and how the Commission should consider the benefits
8 to customers from that performance.

9
10 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

11 A. I respond to Department witness Golden's and OAG witness Lee's testimony
12 regarding any benefits and offsets that should be considered by the Commission
13 in this proceeding. I also introduce the Company's rebuttal witnesses,
14 identifying the issues they address.

15
16 Q. HOW IS YOUR REBUTTAL TESTIMONY ORGANIZED?

17 A. I first respond to Department witness Golden and OAG witness Lee's
18 testimony regarding the three types of "offsets" or "benefits" the Commission
19 should consider in this case:

- 20 1. An offset that recognizes the value to customers of the Company's work
21 to replace the control cables impacted by the Event, avoiding a future
22 outage;
- 23 2. An offset that recognizes the value to customers of work the Company
24 was able to "pull forward" and completed during this outage and that did
25 not extend the outage time, thereby saving future outage time; and
- 26 3. The benefits received by customers related to PINGP's historical
27 performance.

1 I then introduce the Company’s other rebuttal witnesses.

2
3 Q. WHY IS IT IMPORTANT THAT THIS PROCEEDING EXAMINE POTENTIAL OFFSETS
4 OR BENEFITS TO CUSTOMERS?

5 A. In Ordering Paragraph 3 of its January 31, 2025 ORDER DENYING PETITION
6 FOR RECONSIDERATION AND GRANTING REQUEST FOR CLARIFICATION, the
7 Commission clarified that it desired a record that would allow it to determine if
8 the Event and the resulting outage at PINGP “resulted in customers paying
9 more for power than they otherwise would have paid [had the Event not
10 occurred], such that a refund is appropriate.” To assist it in making this
11 determination, the Commission specifically stated that this proceeding should
12 “consider any benefits and offsets in determining the appropriate refund”
13 amount.

14
15 **II. OFFSET FOR AVOIDED OUTAGE DUE**
16 **TO CABLE REPLACEMENT**

17
18 Q. WHAT POSITION DID DEPARTMENT WITNESS GOLDEN AND OAG WITNESS LEE
19 TAKE REGARDING ANY OFFSET RELATED TO THE COMPANY’S REPLACEMENT OF
20 THE CONTROL CABLES, AVOIDING THE NEED FOR A FUTURE OUTAGE?

21 A. Department witness Golden simply summarized the Company’s testimony on
22 this matter and does not appear to have made any recommendation on the
23 merits of this offset. OAG witness Lee opposes recognizing any offset for the
24 avoided future outage on two grounds. First, she states that the Company has
25 not demonstrated that the need to replace the cables in the future would not
26 have been due to imprudent actions by the Company. Second, she states that
27 the Company failed to demonstrate this future cable replacement could not

1 have occurred while the Company was performing other work, so has not
2 demonstrated that any future outage time was actually avoided.

3
4 Q. DO OAG WITNESS LEE'S CRITICISMS HAVE MERIT?

5 A. No. With respect to her first point, as Company witnesses Carl R. Bible and
6 Allen L. Hiser, Jr. have discussed in their Direct Testimony and discuss again in
7 Rebuttal Testimony, the Company operated consistently with industry practice
8 in burying these cables and did not have a reason to perform more detailed
9 inspections that could have identified their condition and the need to replace
10 them. Rather, again as Company witnesses Bible and Hiser have testified, the
11 cables would have been identified for replacement either as part of the
12 Subsequent License Renewal (SLR) process or due to a failure. Neither scenario
13 raises the potential prudence issues claimed by OAG witness Lee.

14
15 Regarding OAG witness Lee's second point, as Company witness Nicholas J.
16 Detmer explained in his Direct Testimony, the Company did, in fact, assume
17 that the cable replacement work could be done at the least disruptive time –
18 when one of the two PINGP units was already in a refueling outage. By making
19 that assumption, the Company has minimized the value of this offset to the
20 Company and maximized any eventual refund to customers. Company witness
21 Bible further discusses this issue in his Rebuttal Testimony.

22
23 Q. DID OAG witness LEE RAISE ANY OTHER CONCERN REGARDING THIS OFFSET?

24 A. Yes. OAG witness Lee also questioned the Company's use of a jurisdictional
25 allocator to apportion the benefit of this offset to Minnesota customers.
26 Specifically, OAG witness Lee questioned why the Company's jurisdictional
27 allocator for replacement power costs incurred in October 2023 and 2024

1 ranged from 70.22 percent to 71.44 percent while the jurisdictional allocator for
2 avoided replacement power costs in 2029 was 77.30 percent.

3
4 Q. HOW DID THE COMPANY DETERMINE THE JURISDICTIONAL ALLOCATOR FOR
5 THESE POWER COSTS?

6 A. The jurisdictional allocators for the 2023 and 2024 replacement power costs
7 were determined as the Company has historically done – fuel clause costs such
8 as these are allocated to each state based on sales. That allocation resulted in the
9 70.22 to 71.44 percent allocators mentioned by OAG witness Lee. Consistent
10 with this approach, the Company allocated the avoided replacement power
11 costs in 2029 based on forecasted sales, resulting in the 77.30 percent allocation.

12
13 Q. WHY IS THE 2029 JURISDICTIONAL ALLOCATOR HIGHER THAN THE ALLOCATORS
14 FOR 2023 AND 2024?

15 A. The higher jurisdictional allocator for 2029 reflects a significant projected
16 increase incremental load in Minnesota, largely due to data centers. In the
17 Company's most recent Integrated Resource Plan docket, we projected over
18 2,000 megawatts (MW) of new data center load.

19
20 Q. SO WHAT DO YOU RECOMMEND REGARDING THIS ISSUE?

21 A. I continue to recommend that the value of this avoided future outage be
22 recognized in the calculation of any final refund to customers, as presented in
23 the Company's Direct Testimony. By taking the prudent step of replacing these
24 control cables following the Event, the Company avoided the need to replace
25 them at a later date and avoided the costs of replacement power that would
26 have been incurred, and passed on to customers, during that future outage.

1 **III. OFFSET FOR “PULLED FORWARD” WORK**

2

3 Q. DID DEPARTMENT WITNESS GOLDEN AND OAG WITNESS LEE ALSO PROVIDE
4 DIRECT TESTIMONY REGARDING ANY OFFSET FOR THE VALUE TO CUSTOMERS
5 OF WORK THE COMPANY “PULLED FORWARD” AND COMPLETED DURING THE
6 OUTAGE FOLLOWING THE EVENT?

7 A. Yes. Department witness Golden did not dispute the reasonableness of an
8 offset that recognizes the benefit to customers of this “pulled forward” work.
9 However, he recommends that the offset be reduced from approximately \$1.8
10 million to approximately \$500,000.

11

12 OAG witness Lee objects to *any* offset that recognizes the customer value of
13 this work, again stating two primary objections. First, OAG witness Lee claims
14 that the Company has not demonstrated this work actually avoided any future
15 outage days. Second, she argues that the Company used an arbitrarily low
16 number for labor hours worked during an outage day, thereby increasing the
17 number of outage days and increasing the size of the offset.

18

19 Q. HOW DOES THE COMPANY RESPOND TO DEPARTMENT WITNESS GOLDEN?

20 A. After further reviewing this issue, the Company agrees with Department witness
21 Golden’s recommendation to reduce this offset to \$500,000, recognizing 2.2
22 days of avoided future outage time for the “pulled forward” work.

23

24 Q. HOW DOES THE COMPANY RESPOND TO OAG WITNESS LEE’S CONCERNS?

25 A. First, I would note that the Company has intentionally attempted to be
26 conservative in its estimates of avoided future outage time – both with respect
27 to the outage time avoided by the cable replacement and with regard to this

1 “pulled forward” work. Regarding the specific issues raised by OAG witness
2 Lee, Company witness Bible addresses these issues in his Rebuttal Testimony.

3
4 **IV. BENEFITS FROM PINGP**
5 **HISTORICAL PERFORMANCE**
6

7 Q. WHAT POSITIONS DID DEPARTMENT WITNESS GOLDEN AND OAG WITNESS
8 LEE PUT FORTH REGARDING THE COMPANY’S PROPOSAL TO RECOGNIZE THE
9 BENEFITS CUSTOMERS HAVE RECEIVED FROM PINGP’S HISTORICAL
10 PERFORMANCE?

11 A. Department witness Golden requested further explanation from the Company
12 regarding why its proposed historical performance adjustment is reasonable and
13 why it is reasonable to use the 2018-2022 time-frame as the basis of that
14 adjustment. OAG witness Lee objected to the entire concept of recognizing the
15 benefits customers have received from the Company’s operation of PINGP.

16
17 Q. HOW DO YOU RESPOND?

18 A. I continue to recommend that the Commission recognize the strong historical
19 performance at PINGP when determining whether and how much of a refund
20 may be appropriate due to costs incurred after the Event. No party disputes
21 that PINGP’s strong performance in the years prior to the Event saved Xcel
22 Energy customers millions of dollars in power costs compared to what they
23 would have paid if PINGP had industry-standard operating performance. The
24 Company’s proposed historical performance does not seek to recognize all of
25 the customer benefit of that exceptional performance, which Company witness
26 Detmer estimated to be over \$50 million. Instead, in recognition of that past
27 performance, the Company asks that the Commission determine any refund

1 amount by applying the “performance adjustment” recommended by the
2 Company in Company witness Detmer’s and my Direct Testimony. As
3 Company witness Detmer discusses in his Rebuttal Testimony, the Company’s
4 calculation of replacement power costs after the Event assumed 100 percent
5 availability of PINGP had the Event not occurred – in other words, it assumes
6 perfect performance. Applying the “performance adjustment” holds the
7 Company to an assumption of industry-median performance, not perfection,
8 and recognizes that some level of outage is expected and reasonable, while also
9 recognizing PINGP’s past strong performance.

10
11 Regarding the Company’s use of a five-year time frame for this analysis, the
12 Company consistently uses performance over the most recent five-year period
13 as the basis for its fuel forecast. In this case, the 2018-2022 time period
14 represents the most recent five-year period to the Event and therefore provides
15 the best data with respect to plant performance as experienced by the
16 Company’s customers during the relevant period.

17 18 **V. INTRODUCTION OF REBUTTAL WITNESSES**

19
20 Q. PLEASE INTRODUCE THE WITNESSES THE COMPANY SPONSORS IN THIS
21 PROCEEDING.

22 A. In addition to my Policy testimony, the Company sponsors the following
23 Rebuttal witnesses:

- 24 • *Nicholas J. Detmer*, Xcel Energy’s Director of Market Operations and
25 Analytics, responds to Department witness Golden’s and Xcel Large
26 Industrials (XLI) witness Brian C. Andrews’ testimony regarding the

1 Company's PLEXOS modeling and our estimation of replacement
2 power costs.

- 3 • *Allen L. Hiser, Jr.*, Senior Principal Regulatory Services Engineer with
4 Enercon, responds to OAG witness Lee's testimony speculating that the
5 Company should have inspected the control cables at issue prior to their
6 identification in SLR or a cable failure.
- 7 • *Carl R. Bible*, Senior Electrical Consultant with Enercon, responds to
8 Department witness Golden's and OAG witness Lee's testimony
9 regarding offsets and benefits that should be considered in calculating
10 any final refund amount.

11 12 VI. CONCLUSION

13
14 Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

15 A. As I and other Company witnesses discuss, the criticisms raised by intervenor
16 witnesses broadly lack merit. The Direct and Rebuttal Testimony the Company
17 has provided demonstrates that the best estimate of the Minnesota jurisdictional
18 incremental cost of power during the outage following the Event at PINGP is
19 \$34.3 million. In addition, a conservative estimate of the value of the benefits
20 and offsets realized by Minnesota customers due to the prudent operation of
21 PINGP prior to the Event and the prudent work performed during the outage
22 reduces any impact of the Event to Minnesota customers, such that any refund
23 of power costs incurred due to the Event, should be no more than \$7.4 million
24 plus interest at the prime rate. This reflects an \$1.3 million increase in the
25 recommended refund compared to the Company's Direct Testimony, reflecting
26 our agreement with Department witness Golden's calculation of the customer
27 value of the "pulled forward" work the Company completed during the outage.

1 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

2 A. Yes, it does.