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Administration

November 30, 2022



Community
Center

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101



Community
Development



Finance

RE: City of Becker Comments
Petition for Approval to Sell 348 Acres of Land at Sherco
Docket No. E002/PA-22-489



Parks and
Recreation

Dear Mr. Seuffert,

The City of Becker submits these comments in Response to Xcel Energy's filing dated November 14, 2022, and the Minnesota Department of Commerce filing dated November 21, 2022.



Pebble Creek
Golf Club

In Docket No. E002/PA-22-489, Xcel Energy proposed selling surplus property to Elk River Technologies. The City concurs with the following recommendations of the Minnesota Commerce Department contained in their supplemental comment later dated November 1, 2022:



Police
Department

- Approve the instant transaction according to the terms and conditions stated in the Option Agreement.
- Approve the proposed account treatment of the sales revenue from the instant transaction so the gain can be passed onto customers as a one-time bill credit only for this transaction.
- Approve the Company's request for a variance.



Public Works

The City, however, opposes the Commerce Department's recommendation to "Require Xcel to develop and employ a process whereby a significant majority of the future land parcels Xcel identifies as surplus at the Sherco Generating Station would be sold via a competitive bid and the net gain from these sales returned to the ratepayers as quickly as possible."

The City agrees that development of this property has been slower than all parties desire, but the City opposes the concept of an alternative bidding process for the following reasons:

1. In support of their request to have the Public Utilities Commission ("Commission") require Xcel Energy to develop "an alternative competitive bidding land sale process" for the surplus property, the Department of Commerce states that nothing has happened in the three and one-half years the property has been marketed. The City would like to point out prior to 2022, there were no municipal utilities supplied to the surplus property. The City is presently installing infrastructure in the Xcel surplus property made possible through a 2020 state bonding appropriation. We anticipate that next summer the infrastructure within the property will be completed and able to provide service to the surplus property. In addition, the COVID pandemic occurred within the last three and a half years and had a very negative impact on economic development activity.
2. Developing the Xcel surplus property is critical to help mitigate the enormous impacts of the loss of the SHERCO plant – both in terms of employees and lost tax base. The Commission, through its rulings, has consistently stated the importance of Xcel and the City, County, and Becker Township working together to develop the surplus property in a way that supports the financial future of the community. Selling the land by competitive bidding would most certainly jeopardize that future.
3. Selling the property strictly through a competitive-bid process cannot guarantee that the sales would be in favor of ratepayers. In fact, that approach could conversely create long-term negative impacts to ratepayers. While a minimum sales price or reserve could guarantee an appropriate sales price that would reimburse ratepayers for the cost to originally acquire the land, the opportunity cost for lost electric users could result in higher electric costs for other Xcel customers. Having a large, diversified base of electrical users should result in more efficient cost sharing, resulting in lower electric bills for everyone.
4. The City and Xcel have been engaged in developing a master plan for this area and preparing an Alternative Urban Area-wide Review (AUAR) for the Xcel buffer property. The AUAR is an extensive environmental evaluation of the property, which includes the evaluation of future traffic and other site impacts for anticipated development scenarios. It is a planning tool that gives the City an advantage when it comes to attracting businesses. The Sherburne County Power Plant Development Master Plan has been a year-long collaborative project between the City and Xcel Energy. The plan is in its final draft form and is anticipated to be adopted sometime in the first quarter of 2023. It too will provide an additional advantage to Xcel Energy and the City in business attraction and other economic development efforts. The plan represents a vision, framework, principals, and guidelines for development of the property. During the master planning process key local stakeholders were given an opportunity to provide

input on what they would like to see – in terms of large- and small-scale businesses development and where it would occur on the surplus property. Together the AUAR and master plan provide an orderly, but flexible foundation and cohesive approach to future development initiatives that takes many considerations in account. Selling the property through a competitive bidding process as quickly as possible would negate this entire planning effort.

5. Finally, this property was required to be purchased as buffer to the land surrounding Sherco by Northern States Power when it initially sited the plant in Becker. If SHERCO was not going to be decommissioned, this property would never be developed and therefore rate payers would never be reimbursed. But because the plant is being decommissioned, the City certainly supports the rate payers receiving reimbursement commensurate with the sale of the property, but why does that have to occur immediately? The City believes it is in best interest of rate payers, Xcel Energy, Sherburne County, and the City of Becker's to continue to work together – as we are presently doing – to develop this property to its highest and best use.

Rather than develop a process for competitive bidding process to sell the land, the City urges the PUC to consider developing a process where a sale of surplus land would be deemed approved provided certain conditions are met. As an example – no sale less than appraised value, Becker and Sherburne County support the sale, etc. There are likely other conditions. This type of process would have the advantage of streamlining the sales process, while ensuring development would be consistent with planning efforts, and be in the best interest of the local community.

The City of Becker appreciates the Commission's consideration of these comments.

Regards,

A handwritten signature in black ink, appearing to read "Tracy Bertram", with a stylized flourish at the end.

Tracy Bertram, Mayor
City of Becker