

Rebuttal Testimony
Allen D. Krug

State of Minnesota
Before the Office of Administrative Hearings
for the Minnesota Public Utilities Commission

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy
for a Certificate of Need for Additional Dry Cask Storage at the
Monticello Nuclear Generating Plant Independent Spent Fuel Storage Installation
in Wright County

OAH Docket No. 8-2500-38129
MPUC Docket No. E002/CN-21-668
Exhibit___(ADK-2)

Policy

March 27, 2023

1 Q. PLEASE STATE YOUR NAME AND OCCUPATION.

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

5

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

7 A. Yes. I filed Direct Testimony on behalf of Xcel Energy, presenting the
8 Company's overall case to the Minnesota Public Utilities Commission
9 (Commission) in support of our Certificate of Need Application (Application)
10 requesting additional dry cask storage at the Monticello Nuclear Generating
11 Plant (Monticello Plant or the Plant) Independent Spent Fuel Storage
12 Installation (ISFSI). I provided a general overview of the Company's proposal
13 (Project), introduced the Company's other witnesses in this proceeding, and
14 explained why the Monticello Plant remains a vital generation resource for the
15 Company. I also explained that to extend the life of the Plant, the Company
16 will need to expand the existing ISFSI site and apply for a 20-year Subsequent
17 License Renewal (SLR) with the Nuclear Regulatory Commission (NRC). My
18 Direct Testimony supported the conclusion that expansion of the ISFSI,
19 allowing the Plant to continue playing a critical role in the Company's long-
20 term carbon-free generation resource mix, will benefit Xcel Energy customers
21 and meets the Commission's criteria for granting a Certificate of Need.

22

23 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

24 A. My Rebuttal Testimony responds to the Direct Testimony filed by the
25 Minnesota Department of Commerce – Division of Energy Resources
26 (Department), the only party filing testimony in this matter. The Department

1 recommends approving Xcel Energy's Application and granting the
2 Certificate of Need for additional dry cask storage at the Monticello Plant,
3 subject to certain conditions. I provide the Company's response to the
4 Department's conclusions and recommendation, including its recommended
5 conditions.

6
7 Q. PLEASE SUMMARIZE YOUR RESPONSE REGARDING THE DEPARTMENT'S
8 DIRECT TESTIMONY.

9 A. The Company appreciates the Department's thorough review of our
10 Application and agrees with the key conclusions presented in its testimony
11 and its overall conclusion that the Commission should approve the
12 Application. For example, we agree that the Project will have a positive impact
13 in meeting the State's energy needs, is consistent with (and, in fact, is critical
14 to complying with) Minnesota's newly enacted Carbon-Free Energy Standard,
15 and that no alternative appears more reasonable – either with respect to
16 providing the necessary energy or for storage of the spent fuel.

17
18 Q. AS YOU NOTED ABOVE, THE DEPARTMENT RECOMMENDS THAT THE
19 APPLICATION BE GRANTED SUBJECT TO CERTAIN CONDITIONS. WHAT WERE
20 THOSE CONDITIONS?

21 A. The Department recommends what it refers to as "ratepayer protections,"
22 identical to those approved by the Commission in a recent wind resource
23 acquisition proceeding, Docket No. E002/M-20-620. Specifically, the
24 Department recommends the following conditions, as specified in the
25 Commission's November 2, 2022 Order in that docket, be applied to the
26 Certificate of Need:

- 1 • Xcel [Energy] must justify any costs (including operations-and-
2 management expense, ongoing capital expense—including revenue
3 requirements related to capital included in rate base—insurance
4 expense, land-lease expense, and property/production tax expense)
5 that are higher than forecasted in this proceeding. Xcel [Energy] bears
6 the burden of proof in any future regulatory proceeding related to the
7 recovery of costs above those forecasted in this proceeding.
- 8 • The Commission will otherwise hold the Company accountable for the
9 price and terms used to evaluate the project.
- 10 • Ratepayers will not be put at risk for any assumed benefits that do not
11 materialize.
- 12 • Xcel [Energy’s] customers must be protected from risks associated with
13 the non-deliverability of accredited capacity and/or energy from the
14 project. The Commission may adjust Xcel [Energy]’s recovery of costs
15 associated with this project in the future if actual production varies
16 significantly from assumed production over an extended period.
- 17 • Xcel [Energy] must clearly account for all costs incurred for the
18 Project.¹

19
20 Q. HOW DOES THE COMPANY RESPOND TO THESE PROPOSED CONDITIONS?

21 A. Xcel Energy views these conditions as reasonably requiring the Company to
22 report and justify variances from the Project’s predicted costs and benefits, in
23 order to recover the costs of the Project from customers. The Company
24 understands and agrees that it will bear the burden of proof in any future

¹ Ex. DOC-___ at 24-25 and Schedule SR-D-4 (Rakow Direct).

1 regulatory proceeding related to the recovery of the costs associated with the
2 Project and will need to demonstrate the reasonableness of those costs.
3 Moreover, the Company agrees to clearly account for all costs incurred for the
4 Project.

5

6 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

7 A. Yes, it does.