



August 15, 2021

Will Seuffert, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

BY E-MAIL AND U.S. MAIL
PublicComments.PUC@state.mn.us

**RE: Supplemental Comments of the City of Red Wing in the Matter of Xcel Energy's 2020-2034 Upper Midwest Integrated Resource Plan
MPUC Docket Number: E002/RP-19-368**

Dear Mr. Seuffert:

The City of Red Wing ("City") submits these supplemental comments regarding Xcel Energy's 2020-2034 Upper Midwest Integrated Resource Plan to the Minnesota Public Utilities Commission. Specifically, the City writes to express our extreme disappointment about the lack of clarity in Xcel's plans regarding the future of its two nuclear generating units at the Prairie Island Nuclear Generating Plant ("PINGP"), and to urge the Commission to take steps to require Xcel to address the future of PINGP.

The City of Red Wing has a population of approximately 16,600 and has hosted the PINGP since Units 1 and 2 commenced operations in 1973 and 1974. Red Wing's interest in the PINGP facility is substantial as the PINGP facility is one of Red Wing's largest employers with approximately 600 high quality regular full-time jobs and hundreds of contract and support jobs. Many of PINGP's employees, contract and support workers reside within Red Wing and Goodhue County. The PINGP facility is also the largest singular tax payer within Red Wing currently representing approximately 50% of Red Wing's taxable tax capacity.

In addition to being one of Red Wing's largest local employers and the City's largest singular tax payer, Xcel Energy and the PINGP facility have been stable and dependable partners in the community and region. Xcel Energy, its employees, contractors and support workers have demonstrated a strong sustained commitment to promoting economic development in the region and have always been significant partners, advocates and participants in various



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philanthropic and community activities including fund raising and support of the United Way, Sister Cities activities, numerous community events, and a wide variety of community improvement projects.

The City of Red Wing, as a significant stakeholder in this matter, appreciates the opportunity to participate in the decision making process. This collaborative approach will aid in the development of a sustainable long-term plan and will benefit all stake holders including host communities, such as Red Wing, during this era of increasing uncertainty and energy transition. The City of Red Wing supports the continuation of this collaborative approach to decision making.

With the energy future rapidly changing, we are actively engaged in the process of evaluating and preparing for the impacts of the eventual retirement of PINGP. The City supports extension of both units at the facility but understands that we need to work to develop and diversify our economy in ways that will support our community through the transition whenever it comes. However, that work is severely inhibited by the uncertainty created by Xcel's unwillingness to address its plans for PINGP in this resource plan, despite the license of both units being set to expire in just 12 and 13 years, respectively.

Xcel's "alternate plan," filed on June 25, 2021 made substantial changes to the company's previous preferred plan. Perhaps most significantly, the alternate plan eliminated the proposed combined cycle gas plant that would be located in the City of Becker, but also proposed significant other changes to Xcel's preferred plan. These substantial changes have already lengthened a resource planning process that has spanned more than two years. Each of these delays brings Red Wing closer in time to the end of the current unit licenses and potential retirement PINGP—an event that will forever re-shape our community—but without clarity on when retirement will come or even when Xcel will address its future plans for PINGP in a meaningful and transparent manner.

Due to the substantial nature of Xcel's alternate plan, the City urges the Commission to regard Xcel's alternate plan as a new IRP—bringing with it an adjusted forecast period of fifteen years from the date of its filing. Relatedly, because of the complexity of the transition planning and development work our City will need to undertake to weather the impacts of a possible plant retirement, and the already short timeframe we would have to do that work if PINGP retires at the end of its current licenses, the City further urges the Commission to require Xcel to address the future of its PINGP units in this resource plan.



The Prairie Island Nuclear Plant is deeply intertwined with our community's economic well-being

The economic future of our community is directly tied to the fate of the PINGP, its workers, and Xcel as a company. Although the integrated resource plan that is before the Commission in this docket has spanned more than two years, the city of Red Wing and other stakeholders impacted by the future of PINGP have mostly been left out of the conversation.

The table below details just how deeply intertwined the plant is with our community. This table is an excerpt from "Minnesota's Power Plant Communities: An Uncertain Future," a multi-stakeholder effort led by the Center for Energy and Environment that we understand the Commission has previously reviewed.¹ More than half of our City's tax base is derived from the plant or related property. More than 600 employees at the plant earn an average annual income of \$109,023, compared to a median household income of \$66,800 in Goodhue County overall.² This table also doesn't capture the boost our local economy receives from the hundreds of temporary workers that service the plant throughout the year, but especially during maintenance outages.

Table 6: Prairie Island Nuclear Generating Station Quick Facts

| Power Plant Information | |
|--|-----------------|
| Power plant fuel type | Nuclear |
| Projected closure date (unit respective) | 2033, 2034 |
| Generation capacity | 1,100 megawatts |
| Plant employees | 600 |
| Average annual plant employee income ³⁸ | \$109,023 |
| City Information | |
| City population | 16,500 |
| % of plant workers residing in city | 31% |
| % of city's tax base from power plant | 54% |
| County Information | |
| Goodhue County population | 46,304 |
| % of plant workers residing in county | 39% |
| % of county's tax base from power plant | 22% |
| School District Information | |
| % of school district's tax base from power plant | 40% |

¹ *Minnesota's Power Plant Communities: An Uncertain Future*, (available at https://www.mncee.org/sites/default/files/report-files/Host-Communities-Study-Report-FINAL_2-24-20_updated%20%281%29.pdf (last visited October 6, 2021)).

² <https://www.census.gov/quickfacts/fact/table/goodhuecountyminnesota/PST045219>



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As a City, we have a responsibility to our citizens to provide basic services, maintain our infrastructure, develop responsible city budgets, and plan for the future to ensure Red Wing remains a great place to live, work, and play while minimizing the property tax burden on residents and businesses. The figures above should be enough to clearly convey that any local planning and budgeting work that we do—especially long-term planning—necessarily requires an understanding of the future of the plant. With the global energy landscape rapidly changing, we owe it to our residents and businesses to be planning for the day when PINGP retires, whenever that day might come. Our role is also to make that transition as responsibly and with as much foresight and planning as we possibly can, but the significant uncertainty around the PINGP's future obstructs our ability to do that.

Lingering uncertainty also impacts Red Wing's ability to access external resources to support transition planning, because eligibility for those programs sometimes exclude communities where the retirement status of a plant is uncertain. In fact, the ambiguous status of PINGP in this resource plan has already once prevented Red Wing from taking advantage of a program created by the Minnesota State legislature to support communities confronting an eventual plant retirement. The Community Energy Transition Grant Program³ was created in 2020 to provide grants to local governments to assist with planning, research, or efforts to diversify tax base in communities facing the retirement of an investor-owned power plant. Because the status of PINGP is not addressed in this resource plan, Red Wing was the only City that hosts a plant owned by Xcel to be excluded from the program, while others received awards of up to \$500,000.⁴

The uncertainty around PINGP's future also has other immediate impacts. The uncertainty has had significant impacts and essentially halted Red Wing's ability to plan and invest in the critical and necessary local infrastructure improvement projects that ensure Red Wing's future success and relevance. The simple fact of the matter is that making decisions about current long-term investments in infrastructure and Red Wing's future is virtually impossible when there is significant and continued uncertainty about 50 percent of Red Wing's future tax base.

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³ Minn. Stat. § 116J.55

⁴ See Press Release: DEED Awards Almost \$2 Million in Five Community Energy Transition Grants Across Minnesota (available at <https://mn.gov/deed/newscenter/press-releases/#/detail/appld/1/id/468365> (last visited October 6, 2021)).



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Extension of Prairie Island is a boon to our regional economy while supporting carbon-free transition

Because of the substantial economic impact the plant has on our community, the City is supportive of the alternate plan's proposal to operate both Prairie Island units "*at least* through the end of their current licenses" (emphasis added).⁵ The City is also encouraged that Xcel's alternate plan emphasizes the central role that nuclear energy will play in the near term in undergirding the company's ability to reach the ambitious carbon-free goals it has set, while maintaining system reliability and stability.

The City notes that Xcel also acknowledges in its alternate plan filing that its modeling shows incremental benefits by also extending the licenses of both Prairie Island units. This has been the case throughout this multi-year process. In fact, Xcel's original modeling filed July 1, 2019 found that "several lesser cost scenarios included an extension of Prairie Island's operating license."⁶

These figures support the notion that extension of PINGP can be a rare "win-win" scenario. Extension of PINGP would play a central role in our state's transition to carbon-free energy, continue to provide high-quality jobs, and allow communities like ours the time and resources to marshal a transition effort that best serves our citizens, businesses, and the State. We fully understand that there will also be stakeholders with significant, genuine concerns about extending the life of PINGP, and the City will have its own concerns—especially related to the future of spent nuclear fuel storage. Those conversations about the future of the plant should have already begun, and the City contends that no one will be well served by further delay.

Xcel's alternate plan constitutes a new IRP, and the forecast period should be modified to include clarity on PINGP

A resource plan before the Commission is required to articulate "a set of resource options that a utility could use to meet the service needs of its customers over the forecast period."⁷ "Forecast period" for these purposes is defined as "the first 15 calendar years following the year the proposed resource plan is filed."⁸ The two nuclear generating units at the PINGP are currently licensed through 2033 and 2034 respectively. Xcel's resource plan was initially filed on

⁵ Xcel Alternate Plan at page 7.

⁶ Xcel Initial IRP Filing, July 1, 2019 at page 116 of 139.

⁷ Minn. R. 7843.0600 Subp. 9.

⁸ *Id.* at Subp. 6.



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July 1, 2019. Even then, the current end-of-license date for one of two units was only 14 years in the future, while the other was 15 years.

In requesting an extension to this filing period for supplemental comments on July 8, 2021, the Department of Commerce (“DOC”) wrote, “[t]he Department’s initial impression is that Xcel’s updated information represents a new IRP.”⁹ DOC went on to comment that Xcel’s June 25th filing was so substantial—and differed enough from Xcel’s previous preferred plan, that “the new data has the potential to change the Department’s preferred retirement plan for Xcel’s baseload units and, in any event, would change the preferred expansion plan.”¹⁰

The City agrees with this assessment. The filing of the alternate plan has already lengthened the resource planning process by extending this supplemental comment period, and the City fears that additional delays could result. It has already been more than two years since Xcel’s initial filing, and this process seems certain to drag on even longer. In its revised preferred plan, filed June 25, 2021, Xcel indicates that “[w]ithin the next five years, we will also continue our evaluation of, and make a decision on, the extension of the Prairie Island License in the five-year plan.” This only deepens the City’s concerns, by signaling to us that uncertainty surrounding PINGP is likely to linger for many more years. With Xcel stating that it could be up to five years before it makes a decision on PINGP, plus the time that will be required to undertake future resource planning processes, the City could find itself with painfully little time to plan for plant retirement.

Of course, the City appreciates Xcel’s acknowledgment that this work should include outreach to and input from the Prairie Island Indian Community, the City, and others—and particularly appreciates the company’s acknowledgment that these discussions should include discussions of long-term solutions for spent nuclear fuel. For the City, however, those conversations cannot begin soon enough. Accordingly, we respectfully request that the Commission require Xcel to address the future of its PINGP units in this resource plan.

Alternatively, the Commission should require that Xcel begin PINGP stakeholder discussions and make additional filings immediately

If the Commission declines to require Xcel to address its plans regarding the potential relicensing of PINGP in this resource plan, we urge the commission to require Xcel to begin stakeholder discussions about the future of the plant immediately. Moreover, should PINGP’s future not be addressed in this resource plan, the City respectfully requests that the

⁹ Minnesota Department of Commerce, Extension Request Letter, filed July 8, 2021.

¹⁰ *Id.*



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Commission require Xcel to file its next resource plan as soon as is practicable, with a requirement that PINGP's future be addressed.

Thank you

Thank you for your service to our State and you consideration of these comments. With questions about these comments or to coordinate future discussions, please contact Marshall Hallock, CPA, at 651-385-3602 or marshall.hallock@ci.red-wing.mn.us.

Respectfully submitted,

CITY OF RED WING, MINNESOTA



Becky Norton, Council President



Michael Wilson, Mayor