

May 12, 2016

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

RE: **Procedural Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-15-922

Dear Mr. Wolf:

Based upon the Minnesota Public Utilities Commission's (Commission) December 10, 2015 decisions about the scope of issues to be explored in the most recent general rate case for Northern States Power, d/b/a Xcel Energy (Docket No. E002/GR-15-826) and other research,¹ at this time the Minnesota Department of Commerce, Division of Energy Resources (Department) intends to undertake a more comprehensive review of the economics of continued operation of the Prairie Island Nuclear Generating Plant (PINGP).

The October 15, 2015 petition in this proceeding is fundamentally based upon the presumption that PINGP will continue to operate for the foreseeable future. The license lives of the two units end in 2033 and 2034; the investigation into the effects of higher costs and other factors requires considerable examination. To allow the investigation to proceed, and in light of numerous other contested cases, the Department recommends that the Commission allow the proposed agreement between PINGP and Xcel to take effect until it can be established whether continued operation of PINGP is in the public interest, and if so, for how long.

The Department is available to answer any questions the Commission may have regarding this proposed process.

Sincerely,



William Grant
Deputy Commissioner

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¹ For example, Xcel's recent Federal Energy Regulatory Commission (FERC) Form 1 filings (at page 402) demonstrate that total production expenses per net kWh for the Prairie Island Nuclear Generating Plant have increased substantially in recent years. In FERC Form 1 figures for "Total production expenses" include items such as fuel costs, operation supervision and engineering, miscellaneous steam power expenses, and maintenance of steam plant. In real dollars, *after adjusting for inflation*, total production expenses per net kWh increased at a compound rate of 4.9 percent from 2004 to 2014 and by 8.1 percent from 2008 to 2014.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Procedural Comments**

Docket No. E002/M-15-922

Dated this 12th day of May 2016

/s/Sharon Ferguson

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