

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Dan Lipschultz	Vice Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
John Tuma	Commissioner

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of the 2019 Review of Remaining Lives.

DOCKET NO. E002,G002/D-19-161

**REPLY COMMENTS OF THE OFFICE
OF THE ATTORNEY GENERAL**

INTRODUCTION

The Office of the Attorney General—Residential Utilities and Antitrust Division (“OAG”) respectfully submits the following Reply Comments in response to the Department of Commerce’s (“Department”) initial comments filed on April 18, 2019. The OAG continues to recommend that the Company’s requests to extend the useful lives of eight electric generation facilities be denied and not considered until after the Company’s next Integrated Resource Planning (“IRP”) process has been reviewed.

ANALYSIS

The OAG appreciates the Department’s comments regarding the potential impacts a change to an asset’s remaining life has on the annual depreciation expense, total depreciable costs, and capital asset balance.¹ The OAG also does not dispute the Department’s analysis of the life extension requests on the total depreciable costs for each of the eight generation facilities. That analysis, however, was limited solely to whether or not the Company can support its extension request with either engineering estimates, capital improvements, or OEM equipment equivalent start (“ES”) recommendations. In other words, the Department focused on whether

¹ Department’s Initial Comments at 3-4.

the Company could show that its plants *could* operate longer than their current depreciation schedules.

In this case, there are other issues that the Commission should consider before changing the depreciation schedules for these plants. Specifically, the Commission will need to consider the long-term economic viability of these facilities and any policy changes that may result in their early closures—such as a change to more rapidly reduce Xcel’s carbon intensity. These issues will be addressed further in the Company’s Integrated Resource Plan (“IRP”) docket² and are currently being discussed in the Company’s Mankato Energy Center (“MEC”) purchase docket.³ It is important that the Commission address any plans to close these facilities before the end of their useful lives prior to extending their depreciation schedule. Therefore, the plant remaining lives should not be changed now. Instead, the Commission should wait until the Company’s next depreciation filing in February 2020,⁴ after additional and more holistic information on the Company’s generation resources is reviewed.

The Commission may also elect to wait to extend the remaining lives of these plants until after Xcel’s IRP has concluded to ensure that Xcel is using the same assumptions to support its different requests. As it stands, the Company has assumed different operational lives of its plants to support its proposed MEC purchase docket than it is suggesting in this docket. It is possible that the Company may assume different operational plant lives in its upcoming IRP docket than it does here or in the MEC docket. This means that each decision could be made with different underlying assumptions. The table below shows the different plant remaining lives that the Company has proposed in different dockets.

² PUC docket 15-21.

³ PUC docket 18-702.

⁴ As proposed in Department’s Initial Comments at 16.

Table 1

Facility	Current end of life	Proposal in Depreciation docket (19-161)	Proposal in MEC docket (18-702)	Proposal in IRP scenarios (15-21)
Sherco 3	Jan 2035	Dec 2035	2030 ¹	2030 based on E2 presentation on 4/17/19.
Angus Anson 2 & 3	2025	2040	2034 ²	*
Blue Lake 7 & 8	2035	2045	2034 ²	*
¹ Xcel's reply comments on 3/29/19 at 19. ² PUC Information Request 1 in 18-702. * Company states in letter filing on 4/23/19 that it is "evaluating early shutdown scenarios for our coal and nuclear resources and life extension for our nuclear resources, in conjunction with the continuation of significant renewable resources additions."				

As the table above shows, Xcel has made different assumptions to support its request to purchase the MEC than it has in its current depreciation request to extend the remaining lives of these plants.

The OAG agrees with the Department's conclusion that aligning the financial and operational retirement dates of plant assets are appropriate. This is particularly important in this instance, when the Company's upcoming IRP filing in a little over two months' time will provide more information and greater certainty on the Company's operational plans for its plants that will impact the remaining lives used for depreciation purposes. The Company itself said that it "acknowledges that plant operations is the driver for its proposed life extensions rather than the fact that there are capital additions."⁵ For this reason, no changes should be made now on the remaining lives used for depreciation purposes.

⁵ DOC Information Request 5, attached as Exhibit 1.

CONCLUSION

For the reasons set forth above and in the OAG's Initial Comments, the OAG continues to recommend that no action be taken on plant remaining lives at this time, and that any action to change the remaining lives be delayed until Xcel's next IRP is concluded.

Dated: May 2, 2019

Respectfully submitted,

KEITH ELLSION
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State of Minnesota

s/ Shoua Lee

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s/ Joseph C. Meyer

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OFFICE OF THE ATTORNEY GENERAL—
RESIDENTIAL UTILITIES AND ANTITRUST
DIVISION



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May 2, 2019

Mr. Daniel Wolf, Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
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**Re: *In the Matter of the Petition of Northern States Power Company d/b/a Xcel
Energy for Approval of the 2019 Review of Remaining Lives.***
MPUC Docket No. E002,G002/D-19-161

Dear Mr. Wolf:

Enclosed and e-filed in the above-referenced matter please find Reply Comments of the Minnesota Office of the Attorney General—Residential Utilities and Antitrust Division.

By copy of this letter all parties have been served. An Affidavit of Service is also enclosed.

Sincerely,

s/ **Joseph C. Meyer**

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Enclosure

AFFIDAVIT OF SERVICE

Re: *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of the 2019 Review of Remaining Lives.*
MPUC Docket No. E002,G002/D-19-161

[illegible]

JUDY SIGAL hereby states that on 2nd day of May, 2019, I e-filed with eDockets **Reply**
Comments of the Minnesota Office of the Attorney General—Residential Utilities and
Antitrust Division and served the same upon all parties listed on the attached service list by
e-mail, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post
Office mail receptacle in the City of St. Paul, Minnesota.

s/ Judy Sigal
JUDY SIGAL

Subscribed and sworn to before me
this 2nd day of May, 2019.

s/ Patricia Jotblad
Notary Public
My Commission expires: January 31, 2020.

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