

Xcel 19-723 Decision Options

X. Decision Options

Passage of Time Adjustment

- 1) Approve a two-year passage of time adjustment for all natural gas and electric production and gas storage facilities, except for the Luverne Wind2Battery System and the Wescott Gas Storage facility. (DOC, Xcel)

Remaining Lives - Wescott

- 2) Approve the proposed increase in the remaining life of certain components of the Wescott Gas Storage facility to 12 years. (DOC, Xcel)

Or

- 3) Deny Xcel's request to extend the remaining life of the Wescott LNG Plant until the status and prudence of the plant can be reviewed in another proceeding. (Staff offered alternative)

Remaining Lives – Wind2Battery

- 4) Approve a remaining life of zero years for the inoperable Wind2Battery System (accelerating retirement by three years) as of January 1, 2021. (Xcel, DOC did not object)

Net Salvage Rates

- 5) Approve Xcel's proposed changes in net salvage rates, including the Wind2Battery System. (Xcel)

OR

- 6) Approve Xcel's proposed changes in net salvage rates, except as noted for the Wind2Battery System. (DOC, OAG)
 - 6a) Take no action on the Wind2Battery net salvage rate. (Xcel offered alternative)

Wind2Battery Salvage

- 7) Approve a reserve reallocation from other plants within the Other Production function to this asset in the amount of \$6.5 million (\$0.9 million for estimated remaining net book value and \$5.6 million for removal costs) in order to fully depreciate and retire the battery and then safely remove and dispose of it. (Xcel)

OR

8) Deny Xcel's request for removal costs of \$5.6 million for the Wind2Battery System and require Xcel to write off the \$0.9 million remaining net book value as required by generally accepted accounting principles. (DOC, OAG)

8a) Take no action on Xcel Energy's request for a reserve reallocation for the removal costs of \$5.6 million for the Wind2Battery System in this proceeding and require Xcel Energy to address the prudence of these costs in its next general rate case and ensure such costs are not included in interim rates in connection with that case. (Xcel offered alternative)

8b) Permit a reserve reallocation for Xcel Energy's request for the \$0.9 million estimated remaining net book value for the Wind2Battery System but require Xcel Energy to address the prudence of these costs in its next general rate case and ensure such costs are not included in interim rates in connection with that case. (Xcel offered alternative)

Reserve Reallocation

9) Approve Xcel's proposal to reallocate accumulated production reserve balances (mainly from the Minnesota Valley plant to Black Dog plant) for dismantling costs. (Xcel)

OR

10) Approve Xcel's proposal to reallocate accumulated production reserve balances (mainly from the Minnesota Valley plant to the Black Dog plant for dismantling costs) but exclude Wind2Battery. (DOC, OAG)

Initial Wind Farm Lives

11) Approve the Company's proposed initial remaining lives of 25 years and net salvage rates of 10.5 percent for the Blazing Star II, Crowned Ridge, Freeborn, and Dakota Range wind farms, as of the actual in-service dates for each facility. (DOC, Xcel)

Future Filings

12) Require Xcel to continue to provide in future depreciation filings a comparison of depreciation remaining lives and resource planning lives for electric production with an explanation of any differences. (DOC, Xcel)

13) Require Xcel to continue to provide in future depreciation filings a historical comparison of changes in remaining lives and net salvage rates. (DOC, Xcel)

- 14) Require Xcel to provide in future depreciation filings a supplemental schedule showing the total (in addition to the remaining) depreciable lives of the Company's electric production facilities. (DOC, Xcel)
- 15) Require Xcel to continue to provide in future depreciation filings updates on the removal costs for the Minnesota Valley Plant, Key City Plant, Granite City Plant, and Black Dog Units 3-4, including the impact on depreciation reserves and a final true-up when the retirement/removal is completed, until retirement/removal is complete. (DOC, Xcel)
- 16) Require Xcel to provide in its next depreciation filing a supplemental schedule with the (1) actual costs to date, (2) projected future costs, and (3) percentage of completion to date for the Minnesota Valley Plant, Key City Plant, Granite City Plant, and Black Dog Units 3-4 as applicable. (DOC, Xcel)
- 17) Require Xcel to file its next five-year depreciation study no later than February 1, 2025. (Staff)