



2302 Great N. Drive  
Fargo, North Dakota 58102  
(701) 241-8632  
dave.sederquist@xcelenergy.com

January 19, 2016

**VIA U. S. AND ELECTRONIC MAIL**

Mr. Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building – 12th Floor  
Bismarck, North Dakota 58505

**RE: INVESTIGATION AND REMEDIATION OF FORMER FARGO MANUFACTURED  
GAS PLANT SITE (CASE NO. PU-15-514)**

Dear Mr. Nitschke:

Northern States Power company, doing business as Xcel Energy (“Xcel Energy”, or “the Company”), submits this update of progress made in the investigation and clean-up of areas potentially impacted by a former manufactured gas plant (MGP) (the “Site”) that was previously operated by the Company or prior companies in the city of Fargo, North Dakota.

The Commission may recall that on July 9, 2015 the Company sought Commission approval for deferred accounting to capture the costs of investigation and remediation (net of any insurance proceeds). On October 19, 2015 we provided the Commission with a written update on project activities. On November 12, 2015 the Company provided the Commission with an update on the project at a regularly scheduled Periodic Information Exchange meeting. On November 19, 2015 the Company submitted a written proposed Jurisdictional Cost Allocation and Partial Funding Proposal. On December 18, 2015, at its regular meeting, the Commission passed a motion to approve the Application for deferred accounting as outlined in the Company’s November 19, 2015 proposal. We provide further information below as to the status of project activities.

## **Project Update**

### *A. Investigation Results and Anticipated Next Steps*

In 2015, we completed the following tasks:

- We investigated and removed impacted soils and piping and other potential MGP infrastructure from NP Avenue in order to allow city crews to complete time critical upgrades along NP Avenue.
- We negotiated access and license agreements with area property owners and investigated site conditions at 1026 NP Avenue, 12 12<sup>th</sup> Street North, 11 12<sup>th</sup> Street North, and in the City right-of-ways around these properties (see attached **Exhibit 1** “Site Investigation Locations” showing properties and sampling areas completed to date). The investigations are being conducted pursuant to North Dakota Century Code, Section 23-20.3-03.1. The data results from these investigations have been submitted to the North Dakota Department of Health and are publically available.
- We performed a geophysical survey of the MGP site to help determine if structures from the former MGP remain in the ground below. The results of the survey were inconclusive, however.
- We held a public “open house” on October 20, 2015 to inform the public about the former MGP and our investigation. We also established a website available at [www.xcelenergy.com/FargoMGP](http://www.xcelenergy.com/FargoMGP) to keep the public informed about the project.
- Thus far, we have no information that indicates the public has contact with any contaminated soils. Most of the former MGP plant site is sealed by paved parking lots or streets, and our testing to date has found no evidence that MGP-related byproducts are airborne inside any buildings. In addition, the area ground water does not supply local drinking water. While all of these facts and the data collected so far do not indicate a cause for concern, some data gaps remain. We are, therefore, preparing to gather more information in early 2016 at the Site and surrounding vicinity.

In 2016, we anticipate the following activities will occur, subject to our ability to gain access to various sites from the property owners and oversight by the North Dakota Department of Public Health:

- We intend to perform additional soil, groundwater, and vapor investigations of site conditions at the site including: 1) at least two more rounds of quarterly groundwater sampling, 2) at least two more sub-slab vapor samplings at 1026 NP Avenue and 12 12<sup>th</sup> Street, 3) sampling for sub-slab vapor conditions and

collecting additional soil samples at 11 12th Street, and 4) investigating other potential properties in the area as appropriate.

- We may perform mitigation, excavation, and restoration activities at the Site depending on the results of the further investigation activities noted above.
- We intend to provide updates to the public through our website and we may host another public forum.

### *B. Ownership and Operational History*

We continue to investigate the history of ownership and operation of the Fargo MGP plant, which we believe operated from 1881 to 1960. Further, we continue to investigate the uses of the various parcels that made up the historical MGP site since 1960. Given the passage of time, NSP and its consultants have had to search extensively for historical information in archives, libraries and industry sources and publications. We recently discovered documents related to the operation and ownership of the Fargo MGP and the corporate entities associated with the MGP at the North Dakota State Archives, North Dakota State University Library, the North Dakota Secretary of State's office, and internal company records. We will be reviewing these documents, and will report on any new material information that we identify in our next update to the Commission.

### *C. Cost Summary*

With respect to actual costs incurred, as of December 31, 2015, \$719,885 was spent on soil and pipeline removal work in the streets, and \$1,277,999 was incurred on site investigation activities. In addition, \$93,860 has been spent on insurance recovery efforts. At this time we have also accrued \$2,725,000 for future investigation, mitigation, and limited excavation and restoration costs based on currently known information. These estimates could increase, however, as they are fully dependent on the results of our additional site investigation efforts and further discussions with other stakeholders, including the North Dakota Department of Health, the City of Fargo, and property owners in the area.

At this point, we are not able to develop a long-term forecast of the total project cost because there are still many unknowns that cannot be quantified until more information is available and a remediation plan has been finalized. We would note that the costs of the project could also potentially be offset by any insurance recoveries, as discussed further below.

### *D. Insurance Recovery*

While we continue to investigate other potential sources of contamination in the area and other potentially responsible parties, we are also seeking insurance recovery for

our investigation and remediation costs. In October of 2015, the Company initiated insurance recovery litigation in state court in North Dakota against Associated Electric and Gas Insurance Service, Ltd. (AEGIS). AEGIS subsequently removed the litigation to federal court, in the United States District Court, District of North Dakota and also cross-claimed against 10 additional insurance companies. A scheduling order in the case will likely be established in the first quarter of 2016.

### **Conclusion and Next Updates**

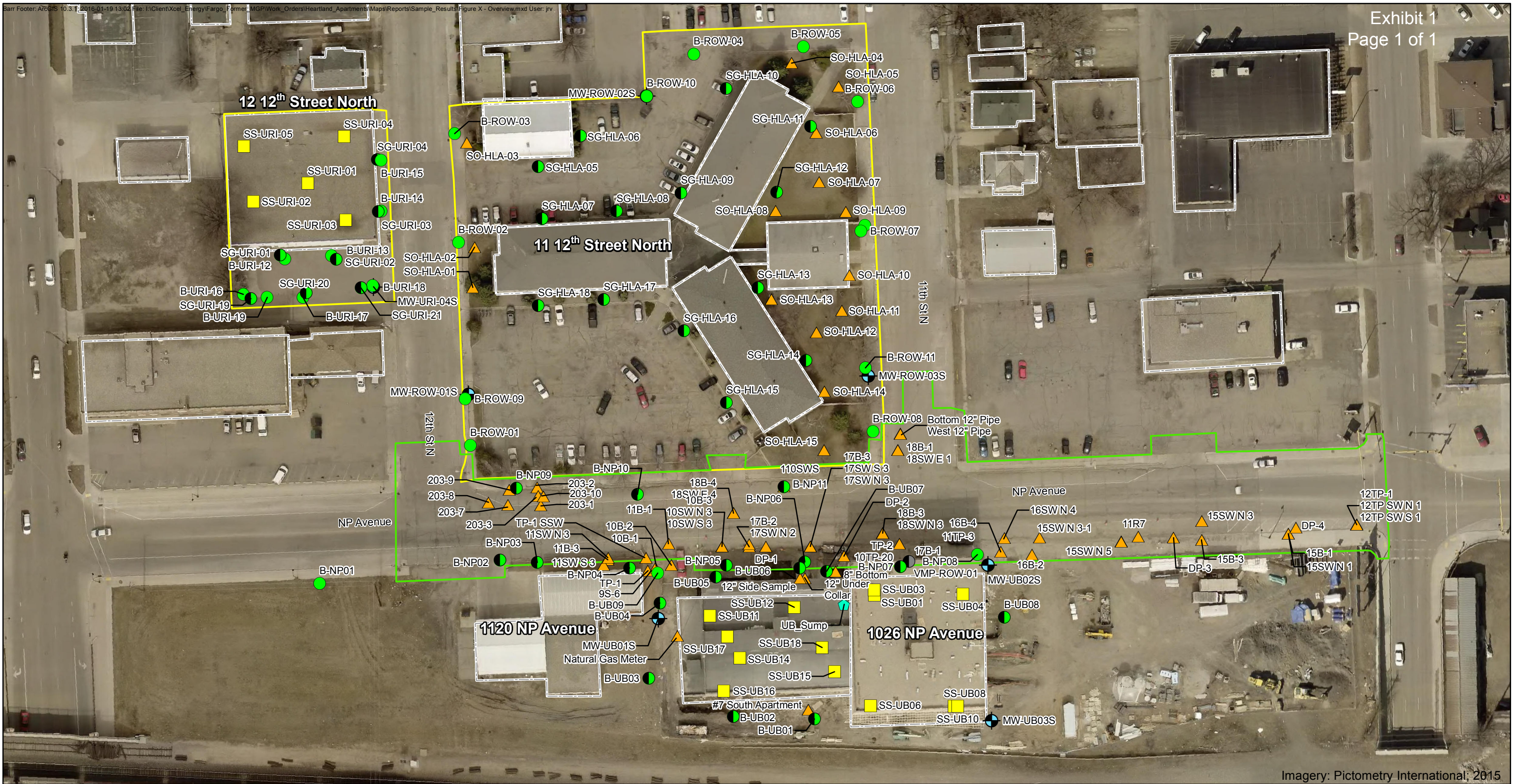
We hope this letter has been informative, and that our periodic updates have been sufficient for the Commission. Going forward, we intend to keep the Commission informed of the project status on a quarterly basis. If any material and significant events occur before the end of the quarter, we will provide additional updates as necessary. We appreciate the support shown by the Commission and staff thus far and we will continue to take the necessary steps to investigate and remediate the Fargo MGP site. Please contact me if there is anything in this update that the Commission would like more information about.

Sincerely,



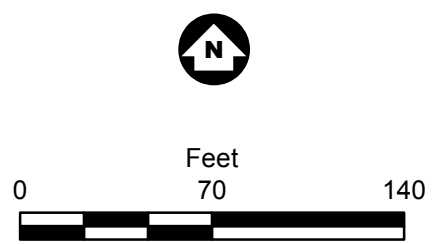
David H. Sederquist  
North Dakota Regulatory Affairs

Cc: Mike Diller  
Patrick Fahn  
Sara Cardwell



Imagery: Pictometry International, 2015

- Sample Locations**
- Soil Boring
  - Discrete Soil Gas
  - ▲ Discrete Soil
  - ◆ Sump
  - Sub-Slab Vapor Pin
  - Vapor Monitoring Point
  - Monitoring Well
- Existing Buildings
  - Former MGP Property
  - MGP Pipe Removal Boundary



SITE INVESTIGATIONS LOCATIONS  
(May - November 2015)  
Fargo, North Dakota