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January 15, 2020

VIA EMAIL AND U.S. MAIL

Steven M. Kahl, Executive Secretary
North Dakota Public Service Commission
State Capitol Building – 12th Floor
Bismarck, North Dakota 58505

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

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy (“Xcel Energy”, or “the Company”), submits this 4th quarter 2019 update of the remediation of the former Fargo manufactured gas plant (MGP) and surrounding properties (the “Project Site”).

Project Site Activities

Groundwater and other monitoring activities at the Project Site under the long-term monitoring plan approved by the North Dakota Department of Environmental Quality (NDDEQ) are ongoing and will likely continue for the next few years.

Cost Summary

The Commission approved deferred accounting for this project in 2015¹. As of December 31, 2019, approximately \$20.5 million was spent on the initial investigation of the Project Site, remediation activities, insurance recovery work, and related legal defense work. Since our last report, we have not substantially changed our forecast of the total project costs, estimated to be \$24.2 million. This cost estimate is subject to change depending on: 1) the potential for field condition changes and future monitoring outcomes; and 2) negotiations and litigation with the Company’s insurers.

¹ Case No. PU-15-514.

The estimated project cost attributable to our North Dakota jurisdiction remains at approximately \$21 million.

These costs will be offset by insurance recoveries already realized and reported previously, as well as future proceeds we anticipate receiving.

Insurance Recovery

We continue our aggressive pursuit of insurance recovery for the costs of investigating, remediating, and restoring the Project Site, as well as the costs of our legal defense activity.

In 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 brought cross-claims (lawsuits) against multiple additional insurance companies.

There are no updates to the insurance amounts received and reported in our quarterly update on May 1, 2019.

Because we have been unable to reach settlement with all of the insurers, litigation continues against the other non-settling insurers. Motions for partial summary judgement have been filed in the case and rulings are expected in first quarter 2020. Trial has been postponed to January 2021 due to the Court's docket which is overwhelmed by other matters.

Next Update

We intend to file our 1st quarter 2020 project update in April of 2020. As always, please feel free to contact me at any time if you have questions.

Thank you.

Sincerely,



DAVID H. SEDERQUIST
SR. REGULATORY CONSULTANT
NORTHERN STATES POWER COMPANY

cc: Pat Fahn