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November 25, 2020

**PUBLIC DOCUMENT – NOT  
PUBLIC DATA HAS BEEN EXCISED**

**VIA EMAIL**

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 3rd quarter 2020 update of the remediation of the former Fargo manufactured gas plant (MGP) and surrounding properties (the “Project Site”). This report was delayed somewhat in order to include new information on events occurring in the past few weeks.

***Project Site Activities***

The remediation, groundwater and other monitoring activities at the Project Site are now complete. The North Dakota Department of Environmental Quality (NDDEQ) had informed NSP in August 2020 that once the covenant for the Heartland property at the Site was recorded, it would issue a *No Further Action* letter to NSP. The final covenant for the Heartland property was recorded on October 2, 2020. NDDEQ issued a letter confirming its *No Further Action* determination for the entire Project Site on October 27, 2020. The monitoring wells at the Project Site were properly sealed/removed on November 11, 2020. **[PROTECTED DATA BEGINS...**

...

**PROTECTED DATA ENDS]** we anticipate we will likely close on the buy-back of the property on or before December 23, 2020 **[PROTECTED DATA BEGINS...**

**...PROTECTED DATA ENDS]**

The proceeds from that purchase will be credited back to the deferred asset.

### ***Cost Summary***

The Commission approved deferred accounting for this project in 2015<sup>1</sup>. As of October 31, 2020, approximately \$21.1 million was spent on the initial investigation of the Project Site, remediation activities, insurance recovery work, and related legal defense work. Now that we have a *No Further Action* determination and we can discontinue groundwater monitoring at the Site, our forecast of total project costs has been reduced by about \$1.5 million, to \$22.7 million. This cost estimate remains subject to change depending on negotiations and litigation with the Company's insurers. We are continuing to finalize project close-out tasks and monitoring site development activities in the area.

The estimated project cost attributable to our North Dakota jurisdiction has likewise been reduced to \$20 million.<sup>2</sup>

These costs will be offset by insurance recoveries already realized and reported previously, as well as future proceeds we anticipate receiving. As previously reported, in its rulings on our insurance recovery litigation, the Court has signaled that potential recoveries against the remaining insurer in the case, St. Paul, might potentially range between \$2.3 to \$9.7 million in recoverable damages depending on how certain issues left to trial and post-trial motions are ultimately determined.

### ***Insurance Recovery***

Efforts for insurance recovery for the costs of investigating, remediating, and restoring the Project Site, as well as the costs of our legal defense activity are ongoing. There have been no new insurance recoveries received since the amount reported in our quarterly update submitted on May 1, 2019.

As previously reported, 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 crossclaims (lawsuits) against multiple additional insurance companies.

We attempted to reach a settlement with St. Paul, the remaining insurer in the case, through a mediation process conducted in October of 2020 but were unsuccessful in reaching a settlement and therefore are now preparing for trial. The trial against St. Paul, which was scheduled to commence on January 25, 2021 in federal court in

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<sup>1</sup> Case No. PU-15-514.

<sup>2</sup> The remaining project costs are attributable to our Minnesota jurisdiction based on 12.1 percent of the plant's historical manufactured gas sales being made in Minnesota

Bismarck, has now been postponed to an undetermined future date due to the COVID-19 virus. An order was issued on November 13, 2020 postponing all jury trials in North Dakota scheduled to commence before January 31, 2020.

*Next Update*

Certain information included in this third quarter update has been marked as “Trade Secret” as it is information the Company considers to be trade secret data pursuant to N.D.C.C. § 44-04-18.2(2)(d) and N.D.C.C. § 47-25.1-01(4). The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons that could obtain economic value from its disclosure or use. Thus, Xcel Energy maintains this information as trade secret pursuant to our Application for Trade Secret Protection submitted on February 6, 2018 and February 7, 2019 and approved by the Commission in an Order dated May 29, 2019, enclosed.

We intend to file our 4th quarter 2020 project update in January of 2021. As always, please feel free to contact me at any time if you have questions.

Thank you,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style.

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

cc: Pat Fahn

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Northern States Power Company  
Deferred Accounting - Fargo MGP Project  
Application**

**Case No. PU-15-514**

**STAFF RESPONSE TO APPLICATIONS FOR PROTECTION OF INFORMATION**

On 6 November 2018 and 7 February 2019, Northern States Power Company (NSP) filed Applications for Protection of Information (Applications) to protect certain information in the captioned case.

In NSP's Applications, NSP seeks protection for information related to confidential settlement agreements with the NSP's insurers and a confidential settlement and purchase agreement with Heartland, Inc.

NSP's application states that this information is trade secret because it is information that "(1) [d]erives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons that can obtain economic value from its disclosure or use; and (2) [i]s the subject of efforts that are reasonable under the circumstances to maintain the secrecy of the information," as provided in North Dakota Century Code Section 44-04-18.4(2)(d).

NSP claims the information could have economic value to other entities, including insurance companies, with whom the company is involved in litigation or other transactions, by using the information against the company. The confidentiality of this information has been maintained by NSP and the company has requested protection of information for all its regulatory filings.

Staff has reviewed the information and recommends that the Commission approve the Applications.

Dated this 17<sup>th</sup> day of May, 2019.



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John Schuh  
Legal Counsel  
North Dakota Public Service Commission

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing **STAFF RESPONSE TO APPLICATION FOR PROTECTION OF INFORMATION** was, on 20 May 2019, served on the following by email:

**Dave Sederquist (dave.sederquist@xcelenergy.com)**

Dated this 20th day of May 2019.



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John Schuh  
Legal Counsel