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July 15, 2021

**PUBLIC DOCUMENT –  
NOT PUBLIC DATA EXCISED**

**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 2nd quarter 2021 update of the remediation of the former Fargo manufactured gas plant (MGP) and surrounding properties (the “Project Site”).

### ***Project Site Activities***

As discussed in our last report, we cooperated with the City of Fargo on its upgrade of 11<sup>th</sup> Street. We removed MGP infrastructure that was encountered during the street upgrade, and we assisted the City in transporting and disposing of the MGP infrastructure. The 11<sup>th</sup> Street work is now complete.

As previously noted, while we anticipated closing on the buy-back of the Heartland property at the end of December, the prospective purchaser failed to close on the transaction and the option to buy-back the property expired. We have continued discussions, however, with the prior owners of the Heartland property to determine whether the parties are still interested in entering into a purchase and sale of the property anyway, despite the expiration of the Option Agreement. Those discussions are ongoing.

The proceeds from any future sale will be credited back to the deferred asset but the timing of a future sale and purchase price is not currently known.

### ***Cost Summary***

The Commission approved deferred accounting for this project in 2015<sup>1</sup>. As of June 30, 2021,

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

approximately \$21.4 million was spent on the initial investigation of the Project Site, remediation activities, insurance recovery work, and related legal defense work. The total projected costs at the end of June 2021 continued to be \$23.2 million, of which \$20.4 million is attributable to the North Dakota jurisdiction.<sup>2</sup> This cost estimate is subject to change depending on the future sale of the property and adjustments anticipated next quarter due to the status of the insurance litigation described below.

These costs will be offset by insurance recoveries already realized and reported previously and future recoveries as described below, as well as proceeds from the sale or license of the property.

### ***Insurance Recovery***

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 cross-claims (lawsuits) against multiple additional insurance companies. We entered into another round of mediation with **[PROTECTED DATA BEGINS... ... PROTECTED DATA ENDS]** and reached a settlement in principle in May, at which time the trial scheduled for June of 2021 was postponed. Negotiations continued for several months over the final terms and conditions of settlement. On July 12, 2021, a final settlement agreement was executed with **[PROTECTED DATA BEGINS... ...PROTECTED DATA ENDS]**.

This completes our insurance recovery efforts. These, along with our prior insurance recoveries, will be used to offset the costs attributable to both the North Dakota and Minnesota jurisdictions.

### ***Next Update***

We intend to file our 3rd quarter 2021 project update in October of 2021. 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

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<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

**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