

Memorandum

To: Commissioners Brian Kroshus, Julie Fedorchak, and Randy Christmann

From: Adam Renfandt

Date: September 11, 2019

Re: Foxtail Wind Project - Decommissioning Plan, Cost Estimate, and Financial Assurance (Case No. PU-18-339)

On August 27, 2019, Northern States Power Company (NSP) filed a decommissioning plan, cost estimate, and self-guarantee with the Commission for the Foxtail Wind facility.

NSP provided cost estimates for a base option and two alternative options. The base option involves dismantling, downsizing, and scraping the wind facility. Alternative B involves dismantling and hauling the wind turbine generator components a longer distance to a specialized facility for repurposing. Alternative C involves tipping the towers, downsizing the turbine components, and scraping the wind facility.

The base cost estimate is approximately \$21 million, or \$279,000 per wind turbine generator (WTG). Cost estimates for two alternatives were also provided. The cost estimate for alternative B is approximately \$25 million, or \$327,000 per WTG. The cost estimate for alternative C is approximately \$17 million, or \$233,000 per WTG. These cost estimates exclude salvage value. Alternative C is the least costly estimate, because tipping a turbine over on to the ground is less costly than manually dismantling a turbine with the use of a crane. Alternative B is the most costly because the turbine components are hauled 600 miles away to be repurposed versus resizing the components into smaller pieces to be sent to a scrap yard within the general area.

NSP also proposed a \$16.6 million self-guarantee; however, it deducted approximately \$4.3 million in scrap from the guarantee.

On September 3, 2019, the Commission held an Informal Hearing with NSP and Wanzek. The Commission did not raise concerns with the decommissioning plan or base cost estimate. Over the course of the Informal Hearing, two issues surfaced. The first issue dealt with a typographical error in NSP's decommissioning plan. The second issue was that NSP submitted a self-guarantee amount which was reduced by the scrap value.

On September 9, 2019, NSP filed a revised self-guarantee for the base cost estimate in the amount of approximately \$21 million. The amount does not deduct the scrap value. Furthermore, the cover letter noted that the August 27, 2019 filing contained a typographical error in the paragraph titled "Decommissioning Scope" under item number

three. Item three referenced that the removal depth for foundations, buildings, and ancillary equipment was 36 inches, but it should have been 48 inches. The depth is now consistent with the Commission's rulemaking.

On September 10, 2019, NSP filed with the Commission a revision to their September 9, 2019 revised filing, which included the addition that "Xcel Energy does not expect that the Foxtail facility will have any impact on present or future natural resource development in the area". Per decommissioning rules, a decommissioning plan must include "[a] description of any expected effects on present and future natural resource development". Therefore, with this revision, NSP has addressed each aspect required of it for a complete decommissioning plan. NSP did not make any other changes to its filing.

Given that NSP addressed the Commission's concerns raised in the Informal Hearing and upon review, Staff finds the decommissioning plan reasonable and recommends the Commission approve the decommissioning plan and base cost estimate filed on August 27, 2019 with revisions noted in the letter filed on September 10, 2019 (i.e., the typographical fix and the impact on present or future natural resource development). Staff further recommends the Commission approve the self-guarantee filed on September 9, 2019.