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Burl Haar
Executive Secretary
Public Utilities Commission
121 – 7th Place East, Suite 350
St. Paul, MN 55101

eFiled & emailed: burl.haar@state.mn.us

RE: **Xcel's Changed Circumstances and Prairie Island Uprate**
Comments of Carol A. Overland
PUC Docket 08-509

Dear Dr. Haar (and eFiling list for above-listed dockets):

I am filing this comment as an independent individual frequently before the Commission, with knowledge of nuclear issues, and a resident of Red Wing, home off the Prairie Island Nuclear Generating Plant. I am not making this Comment in the course of representation of any party.

I'm grateful Xcel Energy is now acknowledges "changes in the timing and size of the project since it was certified" and that:

> *…other changes – such as our load forecasts, the costs of alternative resource options, and uncertainties now possible in the federal licensing process have reduced the potential benefits associated with the project and could combine to lead the Commission to determine the uprate program should not be further pursued.*

After reviewing the company's filing, it's time for the Commission to make a determination that the project is not in the public interest.

The uprate project is now roughly 30 MW less, Xcel states that with reasonable certainty it will come in at 117MW but "actual results can vary." It is now anticipated to be at least three years behind schedule (2017-2018). Despite not having this project available, Xcel Energy has been well able to meet its needs. And as we know, things have changed dramatically since the opening of this docket on May 16, 2008, four years ago.

Applicants admit, referencing the Resource Plan update, that they "expect 0.7% annual demand growth and 0.5% annual energy growth over the planning horizon, down from 1.1% and 0.9% respectively, from the initial 2010 Resource Plan filing. The CapX 2020 transmission Certificate of Need, granted in 2009, after the 2007 peak, was predicated on an annual 2.49% demand increase, based on 2004 and 2005 information. This project, as with all others in that time frame, should be re-evaluated.

The Applicant's cost estimate is $294 million (cost to complete is $237 million, $54 million has already been spent), and its "refreshed analysis" "without any changes to other assumptions," "shows customer benefits of $278 million. At the outset, $294 cost is greater than $278 million benefit, the cost is more than benefits, and the project should be presumed to not be in the public interest. Given this obvious gap in cost-benefit, it would be particularly offensive for the company to continue and receive ~12% rate recovery on a project that will cost more than benefits provided. It would also be hard for the Commission to justify the project given this knowledge, using Applicant's own estimates.

But wait, it gets worse…its "prospective analysis provides a current estimate of PVRR benefit from the EPU of $50 million." **Please note again that the total cost estimate is $294 million, and cost to <u>complete</u> is $237 million.** Petition, p. 6. The cost of $237 million used in its "Prospective Analysis" is incorrect, that only represents the cost to **<u>complete</u>** and is $54 million short. The current estimate of PVRR benefit seems to be overstated by $54 million, for a PVRR benefit of -$4 million.

Although it's not a benefit, and is instead a cost, Applicants go on to present additional project scenarios, and it only gets worse. Looking at "Customer Demand for Capacity and Energy" and as before, utilizing the $237 million cost estimate that is $54 million short, "under low load conditions the $50 million in benefits decreases by approximately $45 million" down to $5 million, which, again, doesn't take into account the $54 million already spent and not included. "Under high load conditions, the $50 million in benefits increases by approximately $30 million," leaving $20 million in benefits, and again not taking into account the $54 million already spent and not included.

Without verification, using Xcel Energy's own numbers, this project does not make economic sense.

In discussing natural gas prices, the company does reasonably note that "we believe it may be more realistic to assume lower natural gas price forecasts," and there is no estimate as to when that may change, a very rational presumption given the "major transformation."

With CO2 legislation, the "benefits" claimed are not sufficient to offset the $54 million that has already been spent and is not added into the $237 million cost used instead of the correct $294 million.

The cost issues and analysis in the Petition discuss NRC regulatory issues and back-up of LAR review, noting "delay in federal licensing process is a real possibility and outside of our control," but the analysis does not take into account the potential for and cost of additional regulation, inability to comply, or mandated shut-down due to the post-Fukushima review of nuclear plants.

It is against the public interest to continue to throw ratepayer money at this project. To continue spending on a nuclear uprate where we've already spent $54 million on this project, where cost outweighs benefits by any calculation, and where post-Fukushima Daiichi nuclear uncertainty looms as an admittedly real possibility, it's time to stop putting money down this rat hole.

We appreciate Xcel Energy's admissions in this Petition, and we thank you for the opportunity to submit this Comment.

Very truly yours,

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Alan Muller
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