



May 18, 2018

The Honorable Representative Marion O'Neill
549 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155

Re: SF 3504 – Carbon reduction facility designation for certain nuclear energy electric generating facilities

Dear Representative O'Neill:

Our organizations – advocates for Minnesota's residential and small business utility consumers and older Minnesotans – write to respectfully share our concerns with SF 3504, your bill dealing with the process for approving at least \$1.4 billion in anticipated upgrades to Xcel Energy's nuclear power plants.

We recognize that you have made significant changes to this bill since its introduction, and that these changes protect the authority of the Public Utilities Commission to some degree. We thank you for this work. However, we remain concerned that this bill still has the effect of transferring financial risks from Xcel and its shareholders to its captive customers.

Nuclear plant investments are notoriously difficult to predict. Nuclear plant projects around the country consistently run over budget, and Xcel's upgrades to its Monticello plant came in \$428 million over budget in 2015 – more than double the approved price tag.

This bill has been described as providing "certainty" or "de-risking" the upcoming investments. However, uncertainty has not been removed. Rather, the bill simply seeks to remove a portion of that risk from Xcel onto customers. The bill would reverse the longstanding principle that monopoly utilities bear the burden of proof for spending their customers' money – a key consumer protection. This would unfairly tilt the balance in regulatory proceedings in favor of the utility company.

Our organizations have decades of experience intervening in utility cost-recovery proceedings at the Public Utilities Commission. Based on that experience, we believe this bill would make it easier for Xcel to pass costs onto its customers with lessened regulatory review. We do not believe the bill would change the future of the nuclear plants.

Again, we recognize the significant changes that have been made to this bill and thank you for your work to try to address concerns that have been raised. However, we continue to believe this bill would harm Minnesota consumers, and so will ask House members to vote no.

Thank you for your consideration, and we stand ready to answer any questions you might have.

Sincerely,

Annie Levenson-Falk
Executive Director
Citizens Utility Board of Minnesota
332 Minnesota Street, Suite W1360
St. Paul, MN 55101
612-568-5707
annielf@cubminnesota.org

Will Phillips
State Director
AARP Minnesota
30 E. 7th Street, Suite 1200
St. Paul, MN 55101
651-726-5641
wphillips@aarp.org

Buddy Robinson
Staff Director
Minnesota Citizens Federation NE
424 W. Superior Street, #200
Duluth, MN 55802
218-727-0207
admin@citizensfed.org

cc: Members, Minnesota House of Representatives