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Xcel Energy

Data Request No. 1-1

Docket No.: EL20-026

Response To: South Dakota Public Utilities Commission

Requestor: Patrick Steffensen

Date Received: October 27, 2020

Question:

Did the late delivery of the main power transformers for the Blazing Star I project cause any cost increases or impact PTCs? What was the cause of the late delivery? Is there any recourse available to Xcel for this delay?

Response:

The late delivery did not impact the PTCs as the Blazing Star I project was placed in-service before the end of 2020, enabling it to qualify for 100% of the tax credits. However, it did increase the project cost by nearly \$800,000. A majority of this was due to an issue with the initial transformer supplier, as described below.

The cause of delay was attributed to two main issues. First, the original transformer supplier, selected by the project developer, informed us of significant delays which we would not be able to remedy even with the contract liquidated damage provision in the contract. After reaching out to alternate transformer suppliers, we identified a supplier that could deliver two transformers that fell within the delivery window to maintain project schedule. Therefore, we transitioned to the alternate supplier to maintain the project schedule. We later learned that the original supplier had declared bankruptcy. Had Xcel Energy not proactively made the change to another supplier, the in-service date of Blazing Star 1 could have been further delayed.

Second, delivery of the transformers was further delayed when one of the two transformers failed during the factory acceptance testing and had to be rebuilt from the windings. In connection with this delay, however, Xcel Energy was able to recover liquidated damages from the supplier, offsetting a portion of the total cost impacts.

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