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April 7, 2021

—Via Electronic Filing—

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: COLD WEATHER EVENT AND ITS IMPACT ON UTILITY
FUEL CLAUSE ADJUSTMENTS AND PURCHASED GAS ADJUSTMENTS
DOCKET NO. GE21-001

Dear Ms. Van Gerpen:

Northern States Power Company, doing business as Xcel Energy (Xcel Energy or the Company), submits this letter regarding the cold weather event and its impact on our fuel clause adjustment. We are pleased to report that there will be no increased costs associated with this extreme weather event for our South Dakota electric customers.

In mid-February 2021, there was a February Extreme Weather Event, called Winter Storm Uri, which spread extreme and prolonged cold across our service territory in the Upper Midwest and many other parts of the country. The cold weather throughout the country caused a substantial increase in demand for natural gas and electricity. When the increase in demand was combined with unprecedented decreases in the country's natural gas supply availability because of the extent of the Extreme Weather Event, it caused a dramatic short-term increase in natural gas spot market prices across much of the United States. Natural gas prices at the beginning of February were below \$3 per dekatherm (Dth) and by Friday, February 12, 2021, the market for natural gas was trading at 100 times that price.

During this period of prolonged cold temperatures, the Company's foremost focus was ensuring safe and reliable service our customers expect and need in their homes and businesses. We provide a summary of our experience during

the Extreme Weather Event and the estimated cost impact for our South Dakota customers below.

Operational Overview

Each year, the Company prepares for winter operations by testing those generators capable of using fuel oil, under both cold weather and moderate weather conditions. Xcel Energy completed this testing of nearly all oil-fired units by the end of January; the only units not tested were unavailable due to outage.

The Company's electric staff began preparing specifically for the Extreme Weather Event in early February, when the Company's meteorologists forecasted the duration and strength of the extreme cold. King and Sherco 2 were offered to the MISO market with a must-run commitment status beginning February 6, 2021. To mitigate the risk of start-up failure, High Bridge, Black Dog, and Mankato natural gas-fired plants were offered to MISO as must-run beginning February 7, 2021. NSP peaking power plants were staffed around the clock beginning February 6 to be ready to come online quickly, and units were started early, during the warmer parts of the day, if plant staff expressed any concerns about extreme cold temperatures during their scheduled online time.

As there was some uncertainty around the availability of natural gas supply, the Company planned to run most dual-fuel capable resources on fuel oil. However, the Company's ability to offer these units to the MISO market was limited by the necessity of refilling the onsite fuel oil tanks. Where fuel oil stocks were high, such as at Inver Hills Peaking plant, the Company made the plant readily available to MISO. To optimize the fuel oil inventories and maximize flexibility of other oil-capable units to the MISO market, the Company offered these units with daily energy limits and limited economic availability to peak hours, to maximize the units' availability over the entire cold period. The Company notified MISO when fuel oil inventories were low, communicating how current-day operations would affect the next-day availability of those units.

The Company's ability to successfully manage this event is attributable to advanced planning, the commitment and professionalism of personnel working through challenging conditions to maintain high availability of our generation, transmission, and distribution facilities, and the diversity of our

generation resource mix. The nuclear and coal units provided a stable base of generation, and renewable resources generated even over the coldest period of the event. Dual-fuel peaking power plants provided flexibility and supplemental energy during morning and evening peak load periods, while simultaneously mitigating exposure for our electric customers to high natural gas prices. The Company maintained close communication and coordination between the Power Operations, Gas Supply, and Energy Supply teams to share changing system conditions, fuel supply and pricing updates, and unit availability and operations. This collaboration was pivotal in maintaining situational awareness, providing MISO with best information, and maximizing the operations of the Company's fleet.

Impacts to Customers

During the Extreme Weather Event, the Company's generation provided energy exceeding our load serving needs. The incremental revenue from the energy sales into the MISO market more than offset the increased costs of fuel during the event. Below is a table providing the estimated incremental impact of the Extreme Weather Event on our fuel costs relative to the storm dates of February 13 through February 19.

Extreme Weather Estimated Incremental Cost Impacts

Estimated Storm Costs		
\$ millions	NSP System	South Dakota ¹
Gas	5	0.3
Coal	2	0.1
Oil	10	0.5
Purchased Power	1	0.1
Projected MISO Net Settlements ²	(45)	(2.3)
Net Impact	(27)	(1.4)

Overall, we estimate a net decrease in FCA costs during the Extreme Weather Event due to the increased generation revenues. The margins on the energy sales into the MISO market are credited to our South Dakota customers and will be reflected in the FCA recovery factors. We do not plan to make any changes to our current FCA methodology due to the extreme cold weather.

¹ Estimated at 5.2 percent

² Final MISO net settlement amounts will be subject to the MISO resettlement process.

If there are any questions, please call me at 605-339-8350.

Sincerely,

A handwritten signature in cursive script that reads "Steve Kolbeck". The signature is written in a dark ink and is positioned above the printed name.

STEVEN T. KOLBECK, PRINCIPAL MANAGER
XCEL ENERGY