



414 Nicollet Mall
Minneapolis, Minnesota 55401

December 10, 2001

To: Minnesota Environmental Disclosure Workgroups
Re: Environmental Disclosure Reply Comments

Xcel Energy has reviewed the comments submitted to date regarding the two new versions of the generic brochure for environmental disclosure. We believe that both versions provide the information necessary for customers to make informed decisions, that the information overall is meaningful and understandable, and that it meets the intent of the Commission's order. In addition, as a result of the work of the technical group, most, if not all the technical information communicated in the brochure will be from public, verifiable sources which will lend credibility to the brochure.

In general, we believe that Version 2 is preferable over Version 1. There are a few changes to Version 2 that may improve the brochure. In Version 2, the emissions by fuel type barchart is complicated. This same information could be captured by using pieces of the narrative descriptions from Version 1. We strongly support the cost and reliability table as presented in Version 2. This is the best way of capturing the relative differences between resources on these criteria. Calculating average generation costs will become complicated and controversial.

Below are our reply comments to the various stakeholder comments to date. While we will address Version 1 comments, we believe Version 2 is a better proposal and should be the format used for our compliance filings to the Commission.

Great River Energy/Dakota Electric

Draft Version 1

Regarding GRE/DE comments on the section entitled "Statewide, coal-fired plants in Minnesota generate", we believe this entire section should be deleted. We do not believe this information is critical, and the space could be better utilized conveying more important information to the customer. If this section were not eliminated in its' entirety, we would agree with the suggested changes GRE/DE made in this section.

Regarding the section on “Bar Chart of Emissions”, we agree with points 1-3. Regarding point 4, we prefer the combination of narrative descriptions and the cost/reliability table from Version 2 rather than GRE’s/DE’s recommendation to use the narrative from Version 1 to cover costs, reliability and environmental impacts. We believe the cost/reliability chart lays out more clearly, in a more readable format, the relative differences between resources. In fact, our original proposal contained a table which included not only costs and reliability, but environmental impacts as well. We believe this type of chart is more understandable than narrative descriptions for these particular concepts.

Draft Version 2

We agree with GRE/DE on their first point; that the cost table should be in the form of L-M-H rather than calculating average generation costs. This calculation will be complicated and controversial. Information beneficial to the customer would be the relative differences between the resources, not the absolute magnitude.

Regarding point 2, GRE/DE prefers that reliability be in the narrative description similar to Version 1. We think it makes more sense to have this information in with the cost information. We believe this type of table makes it easier to compare certain concepts across resources, rather than comparing these concepts through a narrative description.

Regarding point 3, we agree that the chart for emissions by fuel type in Version 2 is complicated. As we suggested earlier, we could capture that same information in a narrative description similar to Version 1.

MPCA

Version 1

The MPCA commented that the individual pollutants and their effects needs to be included. In the meeting when the Commission discussed the original joint proposal, there was a great deal of controversy over the narrative section describing impacts. Based on what we heard at the meeting, the Commission recognized the controversy and complexity of this section and replaced that language with language that GRE/DE had developed and submitted within their comments. Thus, we believe that the current narrative sections of impacts as they appear in Version 1 and 2 is what the Commission specified in the hearing.

Regarding the MPCA's second point, we agree that the inclusion of green pricing program information should be allowed in the brochure.

Version 2

Regarding the MPCA's first point, we have already addressed this in our first comment in Version 1.

On the second point, as we mentioned earlier, we believe the section on state-wide coal-fired generation should be deleted, as the information is not critical, and the space is needed to convey more appropriate information. We agree with the MPCA that if this section is deleted, that the information on emissions by fuel type must remain in the brochure. We do not feel however, that it has to be in the form of a bar chart; it could, if necessary, be included in the narrative descriptions.

For the third point, we agree with the MPCA.

Minnesota Power

We agree with all of Minnesota Power's comments with the exception of two items. First, we disagree that "availability" should replace "reliability". You can have resources that are available close to 100% of the time, but that doesn't mean they produce generation. Reliability as a measure is more indicative of energy production than availability. Secondly, as mentioned earlier, we prefer the cost/reliability table in Version 2, rather than a ranking of generation sources according to costs.

ME3

Regarding ME3's comments on conservation; we agree that quantitative conservation information should be included, and intend to include this information in our compliance filing.

In response to the comments on nuclear waste; we agree that the Commission's order states that nuclear waste must be disclosed, but it was not clear in terms of what level of detail. We are working internally to determine an appropriate way to address nuclear waste. We do not believe that listing the number of lbs of waste generated per year is necessarily informative to our customers unless there is some context to this information.

In regard to the pie chart comments; given the recommendation of the technical group, it appears that "certain purchases" will not be necessary as a category, as any

unidentified purchases will be assigned a proxy value. As ME3 points out, this category will not be needed as a result of the technical group's decision.

For the cost/reliability table; we support the costs as reflected in Version 2, rather than calculating average values.

Regarding environmental effects; this issue was addressed in our reply comments to the MPCA. Based on what we heard in the Commission's meeting, the language found in the joint proposal (which addressed health impacts) was replaced by language submitted by GRE/DE.

For the emissions by fuel chart; we agree that reporting emissions in pounds per 1,000 kWh may be more understandable to the customer given their bills are in terms of kWh.

In response to the recommended nuclear energy text, we disagree with ME3's suggested language for several reasons. First, the focus of the brochure is on a defined set of air emissions: CO₂, NO_x, SO₂, PM and Hg. Secondly, aside from the focus of the brochure being on air emissions, to highlight water discharges only for nuclear energy and no other resource type is unreasonable. Finally, the statement "Radioactive nuclear waste is toxic for thousands of years, requiring stringent handling, storage and security procedures" is conveying complex information without adequate balance or explanation. We will be working internally to develop appropriate language consistent with the Commission's order.

In conclusion, Xcel Energy believes there has been great value in this process; both in the policy and technical working groups. We believe Version 2 should serve as the primary basis for the utility's compliance filings. With some modifications, we believe Version 2 meets the Commission's order, and will provide meaningful information in an understandable format to allow customers to make informed decisions. We look forward to our final meeting on December 19.

Sincerely,

Michelle Swanson
Manager, Policy Analysis