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Shareholder NEWS

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Utility Shareholders of North Dakota

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EPA Releases Final Clean Power Plan Rule, ND reduction mandate quadruples

On August 3, 2015, the Environmental Protection Agency released its final rule under the Clean Air Act, called the Clean Power Plan or 111d rule. The final rule came a little over a year after the proposed rule, which garnered over a million comments during the rule comment period. The proposed rule, which was issued in June 2014, gave each state a carbon-dioxide emission reduction level based on its generation mix, the ability to integrate natural gas and renewable sources, consumer energy efficiency goals, and heat rate improvements at each plant. In the proposed rule, North Dakota's carbon-dioxide emission reduction level was 11%.

The final rule dropped the goal for consumer energy efficiency, but North Dakota's reduction rate was set at 45% rather than the proposed 11%. This increase surprised and angered many North Dakota industry and government leaders, and the EPA has given no explanation for the large increase. Upon its release, the EPA said the final rule offered more flexibility than the proposed rules, with targets more easily reachable by industry. This is hardly true for North Dakota companies, and industry and government leaders are pushing the EPA for answers as to its disregard of the concerns conveyed during the comment period.

Notably, concerns raised during the comment period focused on the EPA's failure to acknowledge differences between lignite and other coal sources. North Dakota has immense reserves of lignite, and in the implementation of previous rules, the EPA was forced to allow lignite specific technologies. Here, despite legal precedent and industry comments, the EPA refused to differentiate lignite from bituminous and subbituminous coal for purposes of emissions and technology. Additionally, the EPA relied on carbon-dioxide capture technology which has not reached commercially viable stages with lignite.

The final rule claims to reduce carbon-dioxide emissions 32% from 2005 levels by 2030, however state reduction levels vary. The claim is a generalization inconsistent with the mechanics of the rule, as 2012 was the base year for the calculations, and no action prior to 2013 counts toward the reduction levels. For North Dakota generation, this is especially troublesome as industry invested hundreds of millions of dollars between 2005 and 2012 to reduce emission levels by approximately 15% without federal mandates. Using 2012 as a base year, the EPA determined the amount of renewable growth that could be added each year to meet the rule's reduction levels. There was tremendous building of wind power during 2012, since a federal production wind credit was set to expire at the end of the year. It is highly unlikely that the same level of renewable growth could happen each subsequent year. Generation growth is tied to need; if companies are forced to build additional renewable generation, most certainly base generation sources will need to be ramped down which raises concerns over reliability, costs of overbuild or stranded assets, and ultimately costs to the consumer.

The final rule allows each state to develop an implementation plan, with regional cooperation as a possibility. If

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Concerns over EPA rules deserve attention, not ridicule

Carlee McLeod
USND President

"Governments show thus how successfully men can be imposed on, even impose on themselves, for their own advantage…yet this government never of itself furthered any enterprise, but by the alacrity with which it got out of its way. …The character inherent in the American people has done all that has been accomplished; and it would have done somewhat more, if the government had not sometimes got in its way…Trade and commerce, if they were not made of India rubber, would never manage to bounce over the obstacles which legislators are continually putting in their way; and, if one were to judge these men wholly by the effects of their actions, and not partly by their intentions, they would deserve to be classed and punished with those mischievous persons who put obstructions on the railroads."

—Henry David Thoreau

While we often choose to face the world with the assumption that most actions are made from a place of sanity, logic, and good intentions, there are moments that test our resolve. For many of us, the release of the EPA's final 111d rule was one of those moments. The Clean Power Plan, as the final rule was dubbed, is so defiantly illogical and blatantly punitive that it shocks the conscience. That's how many of us find ourselves since the final rule was released: shocked, angry, and utterly frustrated.

To be clear: opposing the rule in whole or in part does not mean opposing environmental stewardship. Likewise, implementing environmentally conscious programs does not translate to unquestioning support of the rule. While many would like to frame this debate in absolutes, reality does not support such black and white statements.

Industry has been vocal about its opposition to the rule. Even those companies whose generation mixes meet the rule's proscribed reduction levels are faced with the uncertainty of how that mix will be treated under each state plan. Multistate companies with assets and customers spread across borders will face challenges as compliance relies on many factors outside their control, like whether the higher emitting generating sources are located in states with lower or higher goals, whether other generators in each state use renewables, coal, or natural gas, and whether other generators have improved emissions or haven't started those endeavors. Procrastinators get to reap rewards from their inaction while companies who have taken action for years to limit emissions and diversify resources get no credit for their consistent environmental stewardship. These are legitimate concerns, and they deserve to be addressed, but to date, the EPA has not answered.

Of the plan's most influential supporters, very few speak with any practical knowledge. They support the concept of environmental stewardship, so they assume the rule is good. For example, Pope Francis praised President Obama for the EPA's plan, but while his supporters are quick to believe in his scientific expertise (he earned a chemistry certificate at age19 and worked briefly as a chemist before turning his studies toward theology), the pope is hardly a climate expert and definitely not an expert in the utility field. He lacks the requisite knowledge of the rule that would make his praise intentionally deceptive, but his comments of support were reckless and unbecoming of a man of the cloth.

Similarly reckless but without the import of the Catholic Church, a local newspaper editorial supported the rule immediately upon its release and mocked the negative reaction by North Dakota leaders. While it was written in prose consistent with modern journalism, there was something less than thoughtfulness imbedded in the editorial's willfully ignorant message. Like particulate matter in an EPA forecast model, the fog of criticism against people concerned with the rule spread to St. Paul, where an anti-coal governor decided name-calling was an appropriate statesmanlike activity and the North Dakota governor should be his target. All of this ridicule was heaped on those who expressed concerns, but why?

Isn't it almost always the case that greater understanding of an issue leads to greater solutions? Transcendentalist writer Henry David Thoreau once said "If we were left solely to the wordy wit of legislators in Congress for our guidance, uncorrected by the seasonable experience and the effectual complaints of the people, America would not long retain her rank among the nations." A century and a half later, his words still ring true. If ridicule is how society reacts to legitimate concerns by experts and leaders, it is no wonder we have a government that feels legitimized to force inconceivably illegitimate regulations upon its people.

The government does not get to act, unchecked, without receiving practical knowledge and feedback

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The ‘*Costly Power Plan*’; a difficult pill to swallow

It’s been described as a “slap in the face”. It’s been examined by industry experts and it will sent to the Federal Register to be printed some time in October…and once that happens, it will be the subject of courtroom challenges across the country.

Jason Bohrer
President and CEO,
Lignite Energy Council

Of course, “it” is the Environmental Protection Agency’s final rule to regulate carbon dioxide from coal-fired power plants, a 1,500 page regulation that just might represent the most sweeping change to our nation’s energy generation and delivery system we have ever seen.

As the process to regulate carbon dioxide advanced over the past few years, the Lignite Energy Council worked closely with our members, our government officials, and the best scientific minds in the world to understand just how much, and how quickly, we could reduce carbon dioxide emissions from our lignite power plants, all the while continuing to make improvements and upgrades to our plants to make them more efficient and, therefore, cleaner.

When we took a look at the proposed rule, it seemed as if those efforts had at least been acklowledged. The proposed rule still had a lot of room for improvement, and didn’t perfectly address some of our concerns relating to the technical characteristics of lignite, the early action our members had taken or even the fact that many of our plants were actually built to burn coal specifically at the direction of the federal government. The proposed rule, which called for an 11 percent reduction in the emission of carbon dioxide from our plants, would have increased North Dakotans’ average annual electricity bill from $1,182 to $1,568; average annual gas bill would rise from $536 to $849.

Although those numbers are high, and would represent a great hardship to the people of North Dakota, we hoped to meet that goal without shutting down plants, putting hundreds, even thousands of people out of work, compounding the pain caused by higher utility bills.

We went to work educating the EPA, and everyone else who would listen, about the changes to the rule that would improve it from a technical perspective, and also from a reliability perspective. The LEC itself and its members individually met multiple times with those people at EPA who were writing the final rule in hopes they would take our experience into account when regulating lignite power plants. We even sat down with the Administrator of the EPA at the Great Plains Synfuels Plant near Beulah, North Dakota, to give her as much information as possible about our unique industry.

Imagine our surprise then, when the final rule was published and instead of a tough-but-perhaps-achievable goal of 11 percent reduction, we were given a goal to reduce our emissions by 45 percent. After all the work we had done, the miles flown, the hours spent in meetings—to see that number was truly a slap in the face to the hard work our industry has done.

As we continue to learn more about the rule, that sentiment remains a fair assessment. For instance, in our appeals to the EPA, we stressed the importance of keeping our plants open, not just because of the danger that closing plants represents to our region’s security, but because unlike Eastern plants, our plants are built adjacent to mines, meaning that when a power plant closes, the mine closes as well—nearly doubling the economic harm.

We also reminded the EPA of the efficiency and other upgrades our plants have made, and asked that previous work be taken into account.

The EPA didn’t just ignore those concerns, it compounded many of our problems because instead of evaluating North Dakota as an individual state, the final rule simply assumes North Dakota, and our power plants and mines, are just like mines and plants in the Eastern United States, which have not been upgraded for years. From efficiency upgrades to the chemical attributes of lignite, the final rule assumes North Dakota is just another Eastern state—throwing much of our hard work out the window.

So what’s next? Our industry officials have not given up. They have traveled to Washington, D.C., once again to meet with our Congressional Delegation and the EPA to discuss not just went wrong in the final rule, but what can be done now to fix it. The EPA has promised to send a technical team to Bismarck to better understand our concerns.

Each utility continues to look at different compliance options. The work is hard—the final rule assumes that multiple power plants in the state of North Dakota will close—some as soon as next year. We are working with our Department of Health, which will be tasked with implementing the EPA’s Costly Power Plan in North Dakota on a plan that will minimize the damage.

Finally, we are now more aggressively looking at a legal response, along with many other states and associations, and looking to the courts to rein in an agency that seemingly has lost touch with reality. A lawsuit was never our first strategy—but when our technical comments are ignored, our proven track record at improvement is brushed aside, and with the future of the North Dakota middle class at risk, we may have to answer a slap to the face with a trip to the courtroom.

Learn more about the lignite industry and the 111d rule at www.secureenergyfuture.com.

Companies report second quarter earnings, declare dividends

Xcel Energy

Xcel Energy Inc. reported 2015 second quarter GAAP and ongoing earnings of $197 million, or $0.39 per share, compared with $195 million, or $0.39 per share, in the same period in 2014. Second quarter electric margin increased due to new rates and riders in various jurisdictions and a lower PSCo earnings test refund that was partially offset by weather-normalized sales decline and unfavorable weather, having an impact of $0.02. The increase in margin was offset by higher depreciation, lower allowance for funds used during construction, higher property taxes, operating and maintenance expenses and interest charges.

“Our financial results during the first half of the year were generally in line with our expectations and we continue to expect to deliver ongoing earnings within our 2015 ongoing earnings guidance of $2.00 to $2.15 per share, despite lower than anticipated sales, unfavorable weather and adjustments to our rate request in Minnesota,” said Chairman, President and Chief Executive Officer Ben Fowke.

“Over the last several quarters, we laid out plans to reduce the ROE gap at our utilities and we are especially pleased with our progress this quarter. Recently signed legislation in Minnesota and Texas supplements our regulatory compact with new tools, supports our efforts as we continue to strengthen the system for our customers and improves our visibility on meeting our long term earnings growth objectives.”

“Importantly, the new legislation brings a longer-term focus to regulation in Minnesota, similar to what we have already accomplished in Colorado and North Dakota. Aligning the policies, business plans and rates in each of the states we serve is an important part of our strategy, and we took a big step forward this quarter.” “In other good news, our Monticello nuclear plant has received final NRC approval and is operating at full capacity. In Colorado, our Cherokee combine-cycle plant completed its first-fire. The project is on budget and on time.”

The Board of Directors declared a quarterly dividend on its common stock of 32 cents per share. The dividends are payable October 20, 2015, to shareholders of record on September 17, 2015.

Otter Tail Corporation

Otter Tail Corporation announced financial results for the quarter ended June 30, 2015.

Consolidated operating revenues from continuing operations were $188.2 million compared with $194.4 million in the second quarter of 2014. Consolidated net income and diluted earnings from continuing operations totaled $13.7 million and $0.36 per share, respectively, compared with $7.9 million and $0.21 per share in the second quarter of 2014.

On April 30, 2015 the corporation finalized the sale of the stock of its former water, wastewater, power and industrial construction contractor headquartered in Kansas City, Missouri (Foley Company) to Enerfab, Inc. in exchange for $12.0 million in cash plus adjustments for working capital and other related items to be determined within 120 days of closing.

Discontinued operations recorded a net loss of $2.2 million and diluted earnings of ($0.06) per share, compared with net income of $2.1 million and diluted earnings of $0.06 per share in the second quarter of 2014.

“We are pleased to announce stronger earnings from continuing operations for the second quarter of 2015, as our second quarter results were bolstered by significant reductions in operating expenses and continued rate base cost recovery,” said Otter Tail Corporation CEO Chuck MacFarlane.

“At Otter Tail Power Company higher transmission tariff revenues from increased investments in transmission lines and reduced operating and maintenance expenses contributed to increased earnings quarter over quarter in the Electric segment.

“The significant decrease in corporate operating expenses between the quarters is primarily because we did not have an expense this quarter similar to the airplane lease early termination expense incurred in the second quarter of 2014.

“We are maintaining our overall guidance for 2015 diluted earnings per share of $1.50 to $1.65, but now expect to be in the middle to upper end of the range. In spite of continued market challenges facing BTD, we expect to achieve a return on equity in a range of 9.5% to 10.4%.”

The board of directors declared a quarterly common stock dividend of $0.3075 per share. This dividend is payable September 10, 2015 to shareholders of record on August 14, 2015.

MDU Resources Group, Inc.

MDU Resources Group, Inc. reported second quarter consolidated adjusted earnings of $29.1 million, or 15 cents per common share, compared to $34.1 million, or 18 cents per common share for the second quarter of 2014. On a GAAP basis the company reported a loss of

$229.8 million, or $1.18 per share, compared to second quarter 2014 earnings of $53.9 million, or 28 cents per share.

Adjusted earnings for the six months ended June 30 were $56.5 million, or 29 cents per share, compared to $69.6 million, or 36 cents per share a year ago. On a GAAP basis the company reported a loss of $535.9 million, or $2.75 per share, compared to earnings of $110.4 million, or 58 cents per share in 2014.

"Our second quarter results were highlighted by outstanding performance at our construction materials business, offset by delayed timing of backlog additions and lower margins at our construction services group compared to the record pace a year ago, as well as by recent market dynamics that have created commodity price pressure for our refinery business," said David L. Goodin, president and CEO of MDU Resources Group. "We are very focused on improving earnings and lowering operating costs across our businesses. Over the longer term we remain confident that our assets and the underlying strengths of our businesses provide attractive growth opportunities and support our record capital investment in our utility and pipeline businesses. Our construction materials business is maintaining a strong backlog of future work and our construction services business is successfully building its backlog positioning for a stronger 2016. Additionally, our marketing process for the exploration and production business continues."

Electric utility operations reported earnings of $5.9 million. Electric sales volume increased about 3 percent, primarily due to increased demand from commercial and industrial customers. The natural gas business' normal seasonal loss was affected by weather that was up to 16 percent warmer than last year in parts of the service area. The utility group experienced higher operation and maintenance expense, largely payroll and benefit-related costs and contract services that included increased labor costs related to storm repairs and a planned outage at the Big Stone generating plant, as well as higher depreciation, depletion and amortization expense for plant additions. Natural gas rate increases partially offset these decreases.

The utility has received North Dakota regulatory approval of an advance determination of prudence for the purchase of the 107.5-megawatt Thunder Spirit wind farm that is expected to be in service by the end of the year. The utility group also obtained approval and implemented $18.9 million in annual revenue increases during this year and has pending filings totaling $30.1 million including four natural gas and two electric rate case filings in five jurisdictions and a pending pipeline replacement rider along with plans to file two more cases.

"We have line of sight investment opportunities at our utility group and are focused on providing reliable service to our customers at economic rates and obtaining timely rate recovery on our record capital program," Goodin said. "We are excited about the long term growth potential this group presents."

2015 Guidance – The company is lowering 2015 guidance for adjusted earnings to a range of 85 cents to $1.00 per share, down from $1.05 to $1.20 per share. The adjustment is related to recent market dynamics driving commodity pricing affecting Dakota Prairie refinery, securing construction services backlog later than planned and warmer than normal winter weather at our utility. These factors were partially offset by stronger than expected performance at the construction materials business. Adjusted earnings per share guidance includes results from the company's utility, pipeline and energy services, and construction businesses and excludes results for its exploration and production business as well as other adjustments noted in the earnings reconciliation table in this release. Revised GAAP guidance, which is all-in, is expected to be a loss per share in the range of $1.90 to $2.05.

The board of directors declared quarterly dividends on the company's common stock of 18.25 cents per share, unchanged from the previous quarter. The dividends are payable Oct. 1, 2015, to stockholders of record Sept. 10, 2015.

EPA rules deserve attention *(Cont. from page 2)*

from its people. The dialogue must continue, even if society's attention span is limited to scanning talking points before determining what it considers "fact" based on the identity of the speaker. Thoreau said, "It is not a man's duty, as matter of course, to devote himself to the eradication of any, even the enormous wrong; he may still properly have other concerns to engage him; but it is his duty, at least, to wash his hands of it, and, if he gives it no thought longer, not to give it practically his support. If I devote myself to other pursuits and contemplations, I must first see, at least, that I do not pursue them sitting upon another man's shoulders." In other words, we don't have to pay attention, but we need to ensure our inattention doesn't burden those who want to participate.

Unfortunately, inattention by many has allowed the marginalization and silence of those with crucial knowledge, which leads us to how we feel today: frustrated by nonsensical rules, speaking our legitimate concerns, facing ridicule as a result, and struggling to hold onto the assumption that regulation comes from a place of good intent by its proponents when its proponents refuse to acknowledge the same of concerns raised against it.

EPA releases final Clean Power Plan rule

(Cont. from page 1)

any state decides not to develop an implementation plan, the rule provides a federal implementation plan, enforceable by the EPA. The state plans are due in 2016, with the possibility of an extension until 2018. It can take years to develop a plan under less complex rules, so North Dakota officials are concerned about meeting the deadline.

It is almost certain that North Dakota will sue the EPA to stop many of the provisions of the rule, like the EPA's refusal to acknowledge lignite's unique properties. North Dakota Attorney General Wayne Stenehjem most recently led a group of 13 states in the only successful case to date against the EPA's Waters of the US Rule. He and his staff are zealous advocates for North Dakota's interests, and protecting North Dakota from this rule is likely to be one of his future priorities.

Reaction to the final rule has varied, with many strongly opposed or concerned about the effects of the rule. With companies having assets across state borders with different reduction levels, some are hit harder than others. Xcel Energy, a North Dakota investor-owned utility, is situated to comply with the rule. Ben Fowke, chairman, President, and CEO of Xcel Energy issued the following statement after the rule's release. "Implementing clean energy is familiar ground for Xcel Energy. We have worked for years with our states to increase the use of renewable resources, to help customers save energy and to modernize and retire our coal plants—all at a reasonable cost. This approach has put our company on a sound course to achieve a 30 percent reduction in carbon dioxide by 2020…While we expect the Clean Power Plan does not provide everything we hoped for in terms of fully recognizing the early actions of proactive states and utilities, Xcel Energy is ready to move ahead. We look forward to working with our states in the best interest of our customers, ensuring we continue to meet their expectations for clean, reliable and affordable power."

As the analysis of the rule continues, most are not optimistic. The following comments were made by ND's congressional delegation.

"EPA's final rule actually makes it harder for North Dakota to comply, not easier as they have claimed, further burdening the state after our utilities have genuinely tried to work with EPA on a feasible solution to reduce greenhouse gas emissions. That's just a slap in the face."
U.S. Senator Heitkamp

"The final rule will drive up the cost of producing electricity, which will in turn, drive up the cost of electricity to American families and businesses. According to Management Information Services, it will raise the price of power and gas for the average American family by more than $1,225 a year by 2030, and reduce the U.S. economy by more than $2.3 trillion over the next two decades." U.S. Senator Hoeven

"While we are still reviewing the final Clean Power Plan, it is much worse than we thought it would be. The proposed rule would have spared North Dakota from the steepest CO_2 reduction goals. Unfortunately, it appears North Dakota has not been spared from these draconian regulations. These extreme regulations will devastate North Dakota's economy. However if there is one silver lining, it is the fact the rule is now subject to litigation. My hope is a judge will issue a stay or injunction and allow Congress time to respond and repeal these onerous rules." U.S. Congressman Cramer

BTD Acquires Impulse Manufacturing

BTD Manufacturing, Inc. (a wholly owned subsidiary of Otter Tail Corporation), announced it has acquired Impulse Manufacturing of Dawsonville, Georgia, for $30.5 million in cash.

"Impulse brings a tradition of great service to its customers and allows us to accelerate our plans to expand into the Southeast to serve our growing customer base," said BTD's president, Paul Gintner. "Bringing our two organizations together will put us in a strong position to serve our customers."

"Impulse's customers and employees were our foremost concern as we pursued this new direction," said Ron Baysden, who founded the company and served as its president. "BTD's reputation and its management team provided me with the confidence that this was the right decision." Ron will retire at the conclusion of the transaction.

Impulse plant manager and part owner Clay Reiser also focused on the benefit to customers. "The strength BTD and Otter Tail bring to our company will allow us to grow and improve our overall service to customers. BTD is well respected in our industry, and we welcome the opportunity to become part of their organization," he said. Reiser will remain in a leadership role at the plant as will Karl and Jon Baysden, who also were part owners. BTD expects to retain the Impulse workforce.

Impulse had revenues of $27 million in 2014. Expected revenues for the remainder of 2015 are $11 million, and the results of operations for the last four months will be negatively impacted by $.01 per common share as a result of business combination accounting principles. Earnings from this acquisition are expected to be accretive for 2016.

Dakota Prairie Refinery Grand Opening Celebrated

First Greenfield Fuels Refinery Built in U.S. in Nearly 40 Years

The grand opening of Dakota Prairie refinery was a cause for celebration as several hundred business and government leaders marked the success of the first greenfield fuels refinery built in the U.S. in nearly 40 years.

The Dakota Prairie refinery, which began operating on May 4, 2015, is capable of processing 20,000 barrels per day of Bakken crude oil. It supplies about 7,000 barrels per day (bpd) of diesel fuel to help offset North Dakota's need to import nearly two-thirds of its diesel supply. In addition to diesel, the refinery is produces up to 6,500 bpd of naphtha, which is used as a diluent to transport heavy oil by pipeline and as a feedstock in gasoline, and 6,000 bpd of atmospheric tower bottoms, which can be used as a feedstock for lubricating oils and other refined products. The refinery is a joint venture of MDU Resources Group, Inc. and Calumet Specialty Products Partners, L.P.

"This facility will help improve the state's diesel supply, and over time has the potential to be an important contributor to the economic growth of the local and state economy," Dave Goodin, MDU Resources president and CEO, said at the refinery's grand opening. "All of this is possible because of the support of local and state officials and agencies, and the economic development climate they have created in North Dakota."

North Dakota Governor Jack Dalyrmple said, "The Dakota Prairie refinery is another example of the great progress we're making in North Dakota to create good jobs, diversify our economy and to help meet the energy needs of our state and the nation. The development of another fuel refinery in North Dakota has been a long-time goal, and I applaud MDU Resources and Calumet for this major achievement."

"The Dakota Prairie diesel refinery is helping us process crude right in the heart of our state's oil producing region," said North Dakota U.S. Senator John Hoeven. "This facility is a good example of the energy infrastructure that our nation needs to build a brighter energy future."

North Dakota U.S. Senator Heidi Heitkamp said, "As North Dakota continues to be a national leader in energy development, we have to make sure we're not only meeting the energy needs of today but also investing in the future. MDU Resources and Calumet have clearly taken a forward-looking approach by committing to this significant Dakota Prairie refinery project, showing that our state's oil play in the Bakken is not just a short-term boom, but rather a valuable resource for North Dakota for decades to come."

North Dakota U.S. Representative Kevin Cramer said, "Once again North Dakota leads America's energy renaissance with the successful completion of our nation's first new oil refinery in 40 years. I congratulate MDU Resources Group and their partner Calumet Specialty Products Partners for their leadership in capitalizing on increased energy production in North Dakota while providing additional diesel fuel for the region's market."

Xcel Energy proposes bold strategy to cut carbon emissions 60 percent by 2030

Xcel Energy has proposed the acceleration of the company's transition from coal-power to cleaner energy sources by retiring two units at its Sherburne County Generating Plant in Becker, Minn. The transition would protect reliability, jobs, and community investments by advancing the company's shift to renewable energy and adding cleaner natural gas-powered generation to its system.

"Today's proposal provides the clean energy our customers want, as well as the cost-effective transition our customers need," said Chris Clark, president, Xcel Energy-Minnesota. "By allowing adequate time to transition our workforce and the communities we serve, we can meet their needs and lead the way in delivering carbon free energy."

Xcel Energy's proposal for its Upper Midwest system would deliver 63 percent carbon-dioxide free energy by 2030 and protect reliability, jobs, and economic vitality by retiring two coal-fired units at Sherco in 2023 and 2026; advancing the pace of integrating wind and solar resources to 28% of the company's energy mix by 2020 and 35% by 2030; operating its nuclear plants in Monticello and Prairie Island through their existing licenses so they continue to serve as the region's reliable energy backbone; developing new natural gas generation in the region, including natural gas generation at Sherco and in North Dakota; and continuing to help customers be more energy efficient. By 2030 Xcel Energy's energy efficiency programs combined with its renewable energy additions will allow it to avoid adding three more combined-cycle gas plants to its system.

Xcel Energy filed its proposal with the Minnesota Public Utilities Commission. It is currently under MPUC review.

Xcel Energy leaders have met with a host of stakeholders to discuss this proposal, including discussions with Sherco plant employees and officials from the city of Becker and Sherburne County.

"Xcel Energy has a lot of experience transitioning its fleet to cleaner, more diverse energy sources, and we've done so while protecting jobs and community investments and keeping energy affordable," said Clark. "Our employees, host communities and other stakeholders are essential to Xcel Energy's future as we face a changing energy landscape, and we look forward to working with them as this proposal is considered by policymakers."

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