

Xcel Energy Testimony
Political Subdivision Taxation Committee
January 13, 2016

Mr. Chairman and members of the Committee, my name is Mark Nisbet and I represent Xcel Energy. On behalf of Xcel Energy we urge continued support of the economic development incentive for electrical generating facilities sales tax exemption.

Xcel Energy is a major U.S. electricity and natural gas company with regulated operations in eight Western and Midwestern states. Xcel Energy provides a comprehensive portfolio of energy-related products and services to 3.5 million electricity customers and 1.9 million natural gas customers through its regulated operating companies. Company headquarters are located in Minneapolis MN. In North Dakota, Xcel Energy serves approximately 92,000 electric customers and more than 50,000 natural gas customers.

As you have heard in prior testimony this is not a good time for the State of North Dakota to step back from being aggressive in pursuit of projects that are competitive in nature and are not constrained by state boundaries. With a measureable impact from the state sales tax exemption Xcel Energy chose two North Dakota projects from our last round of requests for proposals.

- In Rolette County, ND, construction was completed on the 150-MW Border Winds Farm, creating 10 full-time jobs. The project employed 150 people during peak construction. It will generate \$605,000 in local tax revenue.
- Xcel Energy broke ground on a 200-MW wind farm project in Courtenay, ND in September 2015. The \$300 million dollar investment will create about 200 construction jobs and 10 full-time jobs, while providing an estimated \$850,000 in local tax revenue.

Our ratepayers benefited from the lower overall cost of the project and the state benefits from the jobs and long term property taxes that these projects create. The landowners benefit by having a steady source of income during times of uncertain commodity prices.

This is not the end of Xcel Energy's investment interest in North Dakota. We are on record saying that we will continue the transition to clean energy, including renewables and natural gas. We are advancing the pace of integrating wind and solar resources so in five years, 28% of Xcel Energy's energy mix will be from renewable sources. To do so would mean that we will be deploying up to 1200 megawatts of wind and

solar. By 2030 we are planning on having 35% of our electricity generated from wind and solar. Recently, the company met 40% of customer demand in the Upper Midwest with wind generation for the entire day.

We plan on developing natural gas generation in North Dakota but we have to go through a competitive process against states like Minnesota who offer a full sales tax exemption as well as an exemption for upgrades to existing facilities. If we want further investment in the state we need to be aware of what other states are offering and continue to be the state that means business.

Mr. Chairman and members of the Committee, on behalf of Xcel Energy, I ask you for your continued support of retaining the electrical generating facilities sales tax exemption. This concludes my testimony and I am happy to entertain any questions.