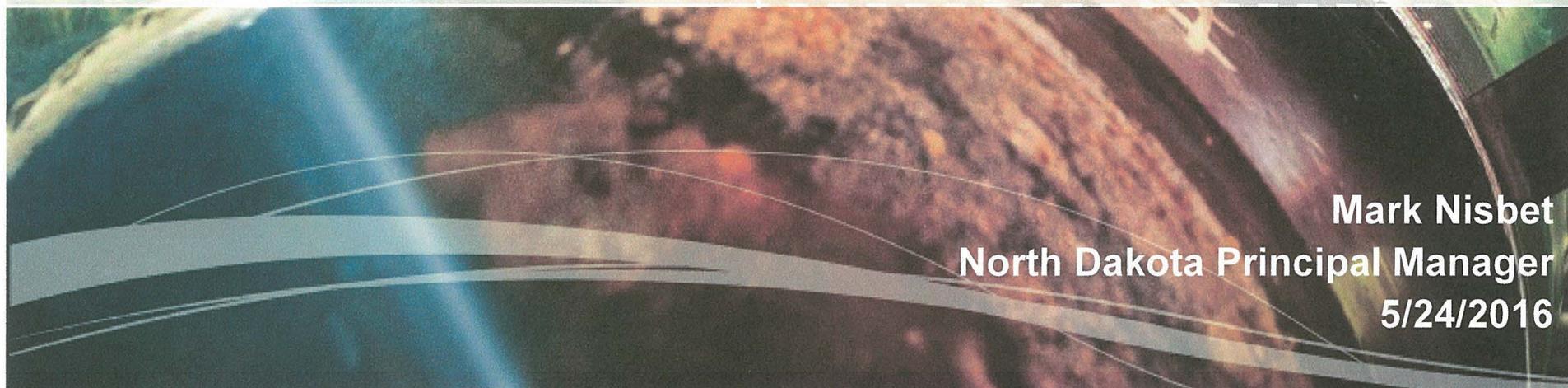


## GAS INFRASTRUCTURE FOR NORTH DAKOTA



**Mark Nisbet**  
**North Dakota Principal Manager**  
**5/24/2016**

# 1. VIKING EAST ROUTE

- Project Overview:
  - Build FERC interstate pipeline west of Viking
  - Build distribution backbone and laterals to serve communities
  - 10 Communities, approx. 1,300 new residential customers
  - Large customers
- Financials
  - Project cost approx. \$100-150 million
  - Annual Revenue Requirement ~ \$15 M
  - Annual Revenues ~ \$3M
  - Estimated Annual Revenue shortfall ~ \$12M

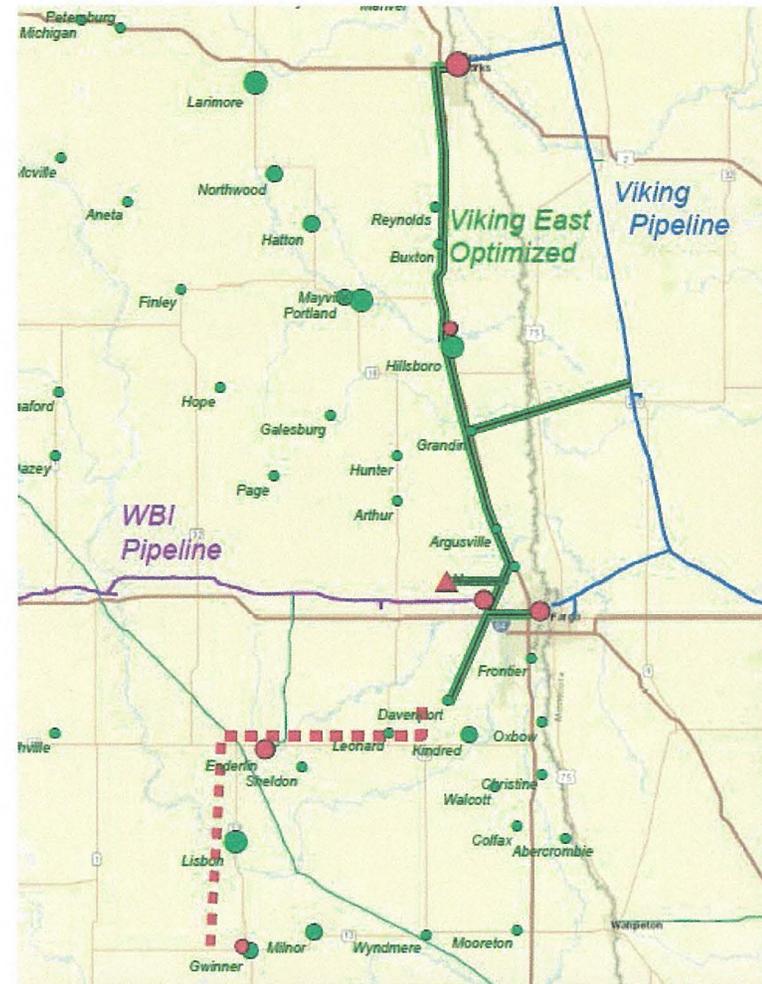


# VIKING EAST ROUTE “BOLT ON” PROJECT



## A. Gwinner/Bobcat – Incremental Values

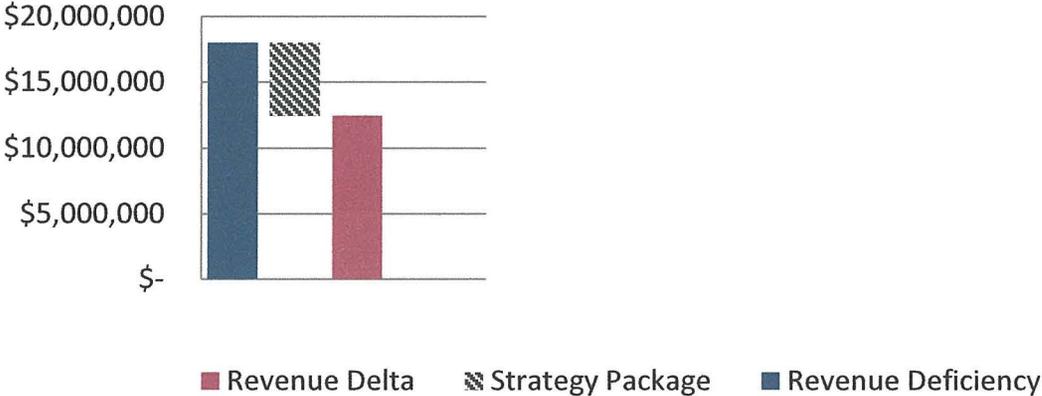
- 60 mile extension south and west, ~ \$40 million
- Bobcat & 13 Towns
- Annual Revenue Requirement ~ \$5.2 M
- Annual Revenues ~ \$0.5 M
- Estimated Annual Revenue shortfall - \$4.7 M
  - Does not include any contribution to the main line



# POSSIBLE STRATEGIES



Program	Impact on Annual Revenue Requirement In Thousands- (\$000)
1. Viking East Optimized	
10 year Property Tax Relief on plant	\$ (544)
Monthly Customer Surcharge	\$ (146)
Eliminate 5% sales tax on project materials	\$ (135)
Optimize Depreciation Schedule	\$ (689)



## CLOSING REMARKS



- 
- Thank you to EDND and the committee for facilitating discussion.
  - We will reach out to the propane distributors.
  - We see a sizable gap under any scenario we have explored.
  - Anchor customers are important.
  - Creative solutions will be needed to meet this challenge.
  - Xcel Energy will continue to work with those who encourage growth in North Dakota.



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