



414 Nicollet Mall
Minneapolis, Minnesota 55401

~~Via Email & U.S. Mail~~

December 1, 2014

Darrell Nitschke, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept 408
600 East Boulevard
Bismarck, ND 59505-0480

RE: COMPLIANCE FILING
CASE NO. PU-11-557

Dear Mr. Nitschke:

In 1998, Northern States Power Company (Xcel Energy or the Company) filed the first of two lawsuits against the United States Department of Energy (DOE) for failing to take title to, transport, and dispose of spent nuclear fuel by January 31, 1998. The first lawsuit sought damages through 2004 and the second sought damages through 2008.

The Company reached a settlement with the DOE on these suits in 2011. The 2011 settlement compensated the Company for its spent nuclear fuel storage damages through December 31, 2013.

In 2012, approximately \$4.7 million received from DOE was credited to North Dakota customer bills through a one-time bill credit as part of the interim rate refund in Case No. PU-10-657. The Settlement Agreement approved by the Commission in the Company's most recent rate case, Case No. PU-12-813 used the payments received in 2013 and 2014 to offset base rate increases by \$5.2 million.

This year the Company and the DOE agreed to extend the Settlement Agreement to allow for the recovery of spent fuel storage damages through December 31,

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2016. We expect the first payment for 2014 damages to be received in late 2015 or early 2016, with the subsequent payments following a similar schedule.

The Company does not propose that the Commission take any action at this time on how best to return these payments to our customers. Rather, the Company will submit a proposal for review in late 2015, at which time the 2014 payment may be known. This will allow the Commission to review the amount at issue and, given the circumstances present next year, determine how best to return the funds to customers.

If the Company receives any payments under the extension of the Settlement Agreement prior to a Commission determination of how to apply the funds, the Company will deposit the funds into a segregated bank account established specifically and solely for the settlement proceeds similar to the Company's treatment of the first payments under the 2011 settlement.

Please contact me at 701-241-8632 with any questions regarding this matter.

Sincerely,

/s/

DAVID H. SEDERQUIST
SR. REGULATORY CONSULTANT

cc: Mike Diller