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January 29, 2020

- Via Email and Federal Express -

Steven M. Kahl, Executive Secretary
North Dakota Public Service Commission
State Capitol Building, Dept 408
600 East Boulevard
Bismarck, ND 58505-0480

RE: SUBMISSION OF A CUSTOMER CREDIT PLAN RELATED TO
DEPARTMENT OF ENERGY NUCLEAR FUEL SETTLEMENT PAYMENTS
CASE NO. PU-19-093

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy, respectfully submits to the North Dakota Public Service Commission an original and 3 copies of the Company's customer credit plan to issue \$2,289,696 to our North Dakota electric customers for additional funds received from the United States Department of Energy (DOE).

In its August 21, 2019 decision in Case No. PU-19-093, the Commission ordered the Company to submit its customer credit plan reflecting the combined funds from both the 9th and 10th payments from the DOE. The payments are for past damages related to the partial breach of its contract to take spent nuclear fuel.

Please contact me if you have any questions regarding this filing.

Sincerely,

A handwritten signature in blue ink that reads 'David H. Sederquist'.

DAVID H. SEDERQUIST
Sr. Consultant, Regulation & Finance

Enclosures

STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

Brian Kroshus	Chair
Randy Christmann	Commissioner
Julie Fedorchak	Commissioner

IN THE MATTER OF NORTHERN STATES
POWER COMPANY'S CUSTOMER CREDIT
PLAN RELATED TO THE 9TH AND 10TH
DEPARTMENT OF ENERGY (DOE)
SETTLEMENT PAYMENTS

Case No. PU-19-093

INTRODUCTION

Pursuant to ND Century Code § 49-02-03 and by Order of the North Dakota Public Service Commission in Case No. PU-19-093, Northern States Power Company, doing business as Xcel Energy with operations in North Dakota, submits to the Commission its customer credit plan to issue \$2,289,696 in billing credits to the Company's North Dakota electric customers. The credits reflect additional funds received pursuant to the 2011 Settlement Agreement with the United States Department of Energy (DOE) for the partial breach of its contract to take spent nuclear fuel.

On November 13, 2018, a 9th payment was received in the amount of \$15,412,139 for the period January 1, 2017 to December 31, 2017. The North Dakota allocation of the payment is \$773,104. On March 1, 2019 the Company petitioned the Commission to allow the Company to combine the 9th payment with the anticipated 10th payment due later in the year (Case No. PU-19-093). Xcel Energy stated that combining the payments into a single credit would avoid delays due to limitations in the Company's billing system for processing multiple state credits and refunds. On August 21, 2019 the Commission approved the request. On December 23, 2019, the 10th payment was received in the amount of \$31,096,483. This payment was for damages during the period January 1, 2018 to December 31, 2018. The North Dakota allocation of the 10th payment is \$1,516,593.

Per the Commission's Order in Case No. PU-19-093, we file this customer credit plan to pass on to our North Dakota electric customers both the 9th and 10th payments, totaling \$2,289,696, in the form of a one-time bill credit.

The Company has placed these funds into a separate external interest bearing account and will include the interest received, net of bank fees, in calculating the amount of the credit. The one-time bill credit for both payments will be based upon the customers' most recent twelve months of usage. This approach is consistent with the Commission's previous Orders in Case Nos. PU-11-557 and PU-16-019

In support of this filing, Xcel Energy provides:

- Background of the DOE Settlement and previous credits;
- A description of the credit mechanism;

Also provided with this credit plan are the following attachments:

- Attachment A: Wire Transfer of DOE Payments #9 and #10
- Attachment B: Payment #9 and #10 Jurisdictional and Class Allocations Detail
- Attachment C: Combined Payments #9 and #10 Class Allocations and Estimate Credits

A. Utility Employee Responsible for Filing

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I. BACKGROUND

A. 2011 DOE Settlement

Under the Nuclear Waste Policy Act, utilities such as Xcel Energy were required to enter into contracts for the disposal of spent nuclear fuel; utilities contributed 1.0 mil for every kilowatt-hour of electricity generated by their nuclear power plants. In exchange, the DOE committed to transport and dispose of the spent nuclear fuel beginning no later than January 31, 1998. However, the DOE has not accepted any spent nuclear fuel to date.

In 1998, the Company filed the first of two suits against the DOE seeking to recover damages associated with storage of spent nuclear fuel at our Prairie Island and Monticello nuclear generating plants. The Company's claims were for partial breach of the Standard Contract for Disposal of Spent Nuclear Fuel for failing to take title to, transport, and dispose of spent nuclear fuel beginning no later than January 31, 1998.

The first lawsuit sought damages through 2004; the second sought damages through 2008.

The Company reached a settlement with the U.S. Government on these suits on July 7, 2011. The settlement provided a mechanism for the Company to recover its spent nuclear fuel storage damages through December 31, 2013.

B. First Extension of Settlement Agreement

The Company and the U.S. Government reached an agreement on January 24, 2014, to extend the 2011 Settlement for the recovery of spent fuel storage damages for the three-year period of 2014 through 2016. On January 8, 2016, the Company submitted a petition in Case No. PU-16-019, notifying the Commission of the receipt of the first payment on November 5, 2015 (for the 2014 calendar year) under the extension and requesting approval of a customer credit. Similar filings for customer credits related to subsequent DOE payments for 2015 and 2016 damages were made in late 2016 and late 2017, respectively.

C. Second Extension of Settlement Agreement

On February 23, 2017, the Company and the U.S. Government agreed to again extend the Settlement another three years to allow for recovery of damages through December 31, 2019 (Payments 9, 10, and 11). The second payment (and 10th overall) under this second extension was received on December 23, 2019 in the amount of \$31,096,483 million on a total Company basis (see Attachment A), or approximately \$1,516,593 on a North Dakota jurisdictional basis (see Attachment B) and represents damages for costs incurred in 2018. This payment was placed into a segregated bank account established specifically and solely for the settlement proceeds similar to the Company's treatment of the previous payments under the 2011 Settlement Agreement and Extended Settlement.

D. History of DOE Customer Credits

The Company has previously passed on to North Dakota customers approximately \$12.8 million in DOE payment credits from eight DOE payments already received since 2011. These payments reflected damages from the period January 31, 1998 through December 31, 2016. The credits for these payments were passed on to customers either in the form of a reduced base rate increase or a series of one-time bill credits. All ten DOE payments received to date and their dispositions are summarized in Table 1 below:

Table 1
DOE Payment History (North Dakota Allocation)

Payment Date	ND Allocation* and Credit Method	Period of Damages
1 st Payment Rec'd: Aug 1, 2011	\$4,673,813 issued with an interim rate refund (Case Nos. PU-10-657, PU-11-055, PU-11-557)	Jan 31, 1998 – Dec. 31, 2008
2 nd Payment Rec'd: Mar 15, 2012	\$878,748 used to reduce 2013 base rate increase (Case Nos. PU-11-557, PU-12-813)	Jan 1, 2009 – Dec. 31, 2010
3 rd Payment Rec'd: Oct 16, 2012	\$997,149 used to reduce 2013 base rate increase (Case Nos. PU-11-557, PU-12-813)	Jan 1, 2011 – Dec. 31, 2011
4 th Payment Rec'd: Nov. 7, 2013	\$2,060,803 used to reduce 2013 base rate increase (Case Nos. PU-11-557, PU-12-813)	Jan 1, 2012 – Dec. 31, 2012
5 th Payment Rec'd: Dec 18, 2014	\$1,742,907 used to reduce 2014 base rate increase (Case Nos. PU-11-557, PU-12-813)	Jan 1, 2013 – Dec. 31, 2013
6 th Payment Rec'd: Nov. 5, 2015	\$702,656 issued as one-time bill credit in May 2016 (Case No. PU-16-19)	Jan 1, 2014 – Dec. 31, 2014
7 th Payment Rec'd: Oct. 26, 2016	\$1,013,041 issued as one-time bill credit in Apr 2017 (Case No. PU-16-19)	Jan 1, 2015 – Dec. 31, 2015
8 th Payment Rec'd: Nov.13, 2017	\$788,140 issued as a one-time bill credit in Dec 2018 (Case No. PU-16-19)	Jan 1, 2016 – Dec. 31, 2016
9 th Payment Rec'd: Nov.13, 2018	\$773,104 to be combined with 10 th pay-ment in a one-time bill credit (Case No. PU-19-93)	Jan 1, 2017 – Dec. 31, 2017
10 th Payment Rec'd: Dec 23, 2019	\$1,516,593 to be issued as a one-time bill credit in Mar 2020 (Case No. PU-19-93)	Jan 1, 2018 – Dec. 31, 2018

*NOTE: Amounts shown above do not include interest or bank fees.

II. JURISDICTIONAL AND CLASS ALLOCATIONS

Both the 9th and 10th DOE settlement payments have been allocated between the NSPM and NSP-Wisconsin operating Companies using the Interchange Agreement 36CP demand allocator. Then, the NSPM portion was further allocated to state jurisdictions (North Dakota, South Dakota, Minnesota) using actual 2017 jurisdictional demand data for the 9th payment and 2018 demand data for the 10th payment.

Consistent with past practice under the one-time bill credit method, the 9th and 10th DOE settlement payments will be allocated to customer classes using the applicable energy and capacity allocators from the Company's most recent Class Cost of Service Study (Case No. PU-12-813). In that proceeding, the allocator used for nuclear plant investment was developed using a process to stratify investment drivers between energy

and capacity. That process resulted in an allocation factor that was 81.26 percent energy-related and 18.74 percent capacity-related (see Attachment B).

As outlined in Attachment B, once the credit amounts have been allocated to each customer class, a credit “rate” or factor was calculated for each customer class by dividing the targeted refund amount (of the combined 9th and 10th payments) for the class by the total kWh energy sales for the class during the most recent historical 12 month period. This credit factor was then applied to each active customer’s actual kWh usage for the same 12 month period to determine the credit amount for each customer. Using 12 months of usage avoids the problems inherent with selecting a particular month or quarter to base the credit allocation on (e.g. seasonal fluctuations in customers and energy usage).

Attachment C shows the total proposed credit for each class after combining the credit calculations for each of the 9th and 10th payments.

IV. IMPLEMENTATION OF CUSTOMER CREDIT

In compliance with the Commission’s order in PU-19-093, the Company has scheduled implementation of the combined credit for payments #9 and #10 to occur the week of March 2nd.

As has been the case in our previous one-time DOE settlement credits, the Company will file a compliance report within 30 days after completion of the customer credit issuance. The report will provide a summary of the settlement payment, interest credited, allocations to customer class (as applicable), and the actual average customer credit for each customer class as was done for the previous DOE settlement payment credits.

It should be noted that the Company has placed the funds from the 9th & 10th payment in a separate interest-bearing account to protect both customers and the Company and to ensure the funds are accurately accounted for pending the actual bill credit. The interest bearing sweep account currently earns 1.35 annually and the interest is posted daily. As with previous DOE credits, the Company proposes that the credit amount include the actual amount of interest earned by the Company, minus any bank fees or charges on these funds.

V. MISCELLANEOUS INFORMATION

The Company respectfully requests that the following persons be placed on the Commission's official service list for all official communications, including data requests in this case:

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CONCLUSION

The Company submits this customer credit plan as ordered by the Commission in Case No. PU-19-93. The credit plan will provide the Company's North Dakota electric customers with their portion of the proceeds received from the DOE's 9th and 10th settlement payments, combined.

Dated: January 29, 2020

Northern States Power Company