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February 15, 2021

- Via Email and Federal Express -

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

RE: PLAN RELATED TO THE 11TH DEPARTMENT OF ENERGY (DOE)
SETTLEMENT PAYMENT
CASE NO. PU-21-____

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 \$689,356 to our North Dakota electric customers for additional funds received from the United States Department of Energy (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 11TH
DEPARTMENT OF ENERGY (DOE)
SETTLEMENT PAYMENT

Case No. PU-21-____

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 \$689,356 in billing credits to the Company's North Dakota electric customers. The credit reflects 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 December 22, 2020, the 11th payment was received in the amount of \$13,130,727. This payment was for damages during the period January 1, 2019 to December 31, 2019. The North Dakota allocation of this payment is \$689,356. 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 customer credit. This approach is consistent with the Commission's previous Orders in Case Nos. PU-11-557, PU-16-019, and PU-19-093.

In support of this filing, Xcel Energy provides:

- Summary of the DOE Settlement and previous credits;
- A description of the proposed credit mechanism for the 11th payment;

Also provided with this credit plan are the following attachments:

- Attachment A: Wire Transfer of the 11th DOE Payment
- Attachment B: Jurisdictional and Class Allocation Detail

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 lawsuits against the DOE seeking to recover damages associated with the 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. Subsequently, five payments were received by Xcel Energy to cover the damages from Jan. 31, 1998 through 2013.

B. First Extension of DOE Settlement

On January 24, 2014, the Company and the U.S. Government reached an agreement to extend the 2011 Settlement to include the recovery of spent fuel storage damages during the three-year period from 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 under this extension on November 5, 2015 (for the 2014 calendar year) 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 DOE Settlement

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 during the three year period of 2017 through 2019 (for the 9th, 10th, and 11th payments). On December 8, 2017, the Company submitted a compliance filing in Case No. PU-16-019, providing the Commission notice of the the extended DOE nuclear fuel settlement. The third payment under this second extension (and the 11th payment overall) was received on December 22, 2020 in the amount of \$13,130,727 million on a total Company basis (see Attachment A), or approximately \$689,356 on a North Dakota jurisdictional basis (see Attachment B) and represents damages for costs incurred in 2019. 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 \$15.1 million in DOE payment credits from the ten DOE payments already received since 2011. These payments reflected damages from the period January 31, 1998 through December 31, 2018. The credits for these payments were passed on to customers either in the form of a reduced base rate increase, an add-on to an interim rate refund, or a series of singular, one-time bill credits. All eleven DOE payments received to date and their previous or proposed 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

8th 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
9th Payment Rec'd: Nov.13, 2018	\$773,104 issued as a one-time bill credit in Mar 2020 along with the 10th payment (Case No. PU-19-93)	Jan 1, 2017 – Dec. 31, 2017
10th Payment Rec'd: Dec 23, 2019	\$1,516,593 issued as a one-time bill credit in Mar 2020 (Case No. PU-19-93)	Jan 1, 2018 – Dec. 31, 2018
11 th Payment Rec'd: Dec 22, 2020	\$689,356 proposed to be issued in conjunction with an electric interim rate refund in 2021.	Jan 1, 2019 – Dec. 31, 2019

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

II. PROPOSED CREDIT MECHANISM

As mentioned above, Xcel Energy has issued DOE settlement proceeds to its North Dakota customers in various ways. Some payments have even been bundled together, as were the 2nd, 3rd, and 4th and most recently the 9th and 10th payments, which were combined into a single bill credit due to limitations in the Company's billing system to process more than one refund and/or credit at the same time.

Presently, the Company once again has a number of refund and bill credit obligations throughout its service areas that are scheduled to occur during the first half of 2021. The Company also has an electric base rate increase request (Case No. PU-20-441) pending before the Commission, with interim rates in effect since January 5, 2021. Given this, the Company believes there is an opportunity to timely and efficiently issue the DOE proceeds to customers by once again bundling the DOE credits from the 11th payment with a future interim rate refund, generally anticipated to be issued in the latter half of 2021 (or sooner, should a Rate Case Settlement be reached), once the Commission issues its Order in the current case.

A. Combine the 11th DOE Payment Credit with Impending Interim Rate Refund

To facilitate a timely and efficient billing credit for customers, the Company respectfully requests the Commission approve, in this docket, the combining of the proceeds from the 11th DOE payment with the anticipated electric interim rate refund in 2021 emanating from Case No. PU-20-441. This approach would ensure expedited processing of the proceeds from the 11th payment while minimizing the billing and administrative resources of conducting a special one-time bill credit. It would also avoid any delays in processing the 11th payment which could arise from the potential scheduling of additional jurisdictional credits by the Company. Combining the 11th payment with the interim rate refund would also produce a more meaningful credit for customers.

B. Issue the 11th DOE Payment Credit in Same Manner as Previous 5 Payments

In the event the Commission rejects this combination interim refund/DOE credit plan, the Company seeks Commission approval for a one-time billing credit to be issued via a one-time bill credit in 2021, the same manner used for the previous five DOE payments received by Xcel Energy.

III. JURISDICTIONAL AND CLASS ALLOCATIONS

The 11th DOE payment is first allocated between the NSPM and NSP-Wisconsin operating Companies using the Interchange Agreement 36CP demand allocator. Then, the NSPM company portion is further allocated to state jurisdictions (North Dakota, South Dakota, Minnesota) using actual 2019 jurisdictional demand data.

Consistent with past practice, and to ensure the most appropriate apportionment of credits among customer classes, the 11th DOE settlement payment is then allocated to customer class using the applicable energy and capacity allocators from the Company's most recently approved Class Cost of Service Study (from Case No. PU-12-813). In that proceeding, the allocators used for nuclear plant investment were developed using a process to stratify nuclear investment-related costs between energy and capacity drivers. That process indicated that 81.26 percent of nuclear investment was energy-related and 18.74 percent capacity-related (as shown on Attachment B).

Should the Commission approve the proposed plan to combine the 11th DOE payment proceeds with the future interim rate refund (as describe in II.A above), the DOE credit factors will be calculated by dividing the DOE credit amounts for each customer class by the interim revenue amounts collected from each class. The DOE credit factor for each customer class would then be added to the interim rate refund factor for a combined DOE credit and interim rate refund factor. This combined factor is then applied to the interim rate charges paid by each customer for the same period to determine the total interim rate refund/DOE credit amount for each customer.

The exact residential DOE credit from the 11th payment cannot be calculated until final rates in the pending rate case go into effect and interim rates are no longer being collected. A reasonable estimate of the average DOE credit per residential customer is between \$2.75 and \$3.00. It should be noted that, while combining the interim rate refund with the DOE payment proceeds allows for a timely and efficient issuing of billing credits to customers, the total DOE credit for each class will be allocated to customers within the class in a manner consistent with the interim rate refund, and not by using 12 months of historical kWh usage as has been the case when implementing a singular DOE bill credit, as referred to in II.B above.

IV. IMPLEMENTATION OF CUSTOMER CREDIT

As has been the case in our previous DOE settlement customer credit issuances, the Company will file a compliance report within 30 days after completion of the customer credit for the 11th payment. If the option to bundle the DOE credit with the interim rate refund is selected, the report will likely be in conjunction with a compliance filing related to the interim rate refund and will provide a summary of the settlement payment, interest credited, allocations to customer class (as applicable), and the actual average customer DOE credit for each customer class as has been done for previous DOE settlement payment credits.

It should be noted that the Company has placed the funds from the 11th 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 0.05% 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:

Matt Harris
Lead Assistant General Counsel
Xcel Energy
401 Nicollet Mall, 401-8
Minneapolis, MN 55401
matt.b.harris@xcelenergy.com

Lynnette Sweet
Regulatory Administrator
Xcel Energy
401 Nicollet Mall - 401-7
Minneapolis, MN 55401
Regulatory.Records@xcelenergy.com

CONCLUSION

The Company respectfully requests the Commission approve its proposed plan to issue \$689,356 in customer credits from the 11th DOE Settlement payment received by Xcel Energy. The proposed plan would combine the DOE credits with the anticipated Interim Rate refund to be issued later in 2021 as part of Case No. PU-20-441. In the event the Commission rejects this combination interim refund/DOE credit plan, the Company seeks approval for a one-time billing credit to be issued in 2021 in the manner used for the previous five DOE payments received by Xcel Energy.

Dated: February 15, 2021

Northern States Power Company

Previous Day Composite Report

Standard Previous Day Composite Report

As of 12/22/2020

Company: XCEL ENERGY INC.

User:

12/23/2020 07:31 AM ET

Commercial Electronic Office®

Treasury Information Reporting

12/22/2020

169 / MISCELLANEOUS ACH CREDIT

Cust Ref:

Unique ID:

Bank Ref:

Credit Amount:

13,130,726.57

Northern States Power Company
DOE Settlement - 11th Payment
Customer Credits for North Dakota Jurisdiction

Case No. PU-21-____
Compliance Filing
Attachment B - Page 1 of 1

<u>Item</u>	<u>Total</u>	<u>NSPM</u>	<u>Retail</u>		
			<u>Minn</u>	<u>N. Dakota</u>	<u>S. Dakota</u>
Actual 2019 12 CP Allocator		100.0000%	87.0633%	6.2584%	6.6783%
<u>Overall Actual Allocator *</u>	<u>100.0000%</u>	<u>83.8864%</u>	<u>73.0343%</u>	<u>5.2499%</u>	<u>5.6022%</u>
<u>11th Credit</u>	<u>\$13,130,727</u>	<u>\$11,014,894</u>	<u>\$9,589,930</u>	<u>\$689,356</u>	<u>\$735,608</u>

* The NSPM/NSPW Co split uses a 36 CP allocator

<u>Item</u>	<u>Retail</u>		
	<u>NSPW</u>	<u>Wisc</u>	<u>Mich</u>
Actual 2019 12 CP Allocator	100.0000%	97.9646%	2.0354%
<u>Overall Actual Allocator *</u>	<u>16.1136%</u>	<u>15.7856%</u>	<u>0.3280%</u>
Total Credit	\$2,115,833	\$2,072,767	\$43,066

North Dakota (PU-12-813)						
Stratification Components	Weight **	Res	Sm Non Dm	C&I Demand	Lighting	Total
Capacity Component (D10C) ***	18.74%	32.43%	6.10%	61.17%	0.30%	100.00%
Energy Component (E8760) ***	81.26%	34.58%	5.74%	59.06%	0.63%	100.00%
Wtd Combination	100.00%	34.18%	5.80%	59.45%	0.57%	100.00%
[1] 11th Credit by Customer Class		\$235,594	\$40,016	\$409,843	\$3,903	\$689,356
[2] Est. MWh Sales Jan 2020 - Dec 2020 ****		<u>782,516</u>	<u>102,259</u>	<u>1,232,121</u>	<u>17,924</u>	<u>2,134,820</u>
[3] Est. Credit / kWh, [3] = [1] / [2] / 1000		\$0.000301	\$0.000391	\$0.000333	\$0.000218	\$0.000323
[4] Est. Customer Count Jan 2020 - Dec 2020		82,246	8,838	4,228	2,041	97,353
[5] Est. kWh / Cust, [5] = [2] x 1000 / [4]		<u>9,514</u>	<u>11,571</u>	<u>291,391</u>	<u>8,782</u>	<u>21,929</u>
[6] Est. Credit / Customer, [6] = [3] x [5]		\$2.86	\$4.53	\$96.93	\$1.91	\$7.08

** Nuclear Plant Stratification from Case No. PU-12-813.

*** Class Allocation Factors from Case No. PU-12-813.

**** Actual MWh sales. Most recent 12 months of actual sales will be used at the time of credit calculation for all active customers.