



2302 Great N. Drive
Fargo, North Dakota 58102
dave.sederquist@xcelenergy.com

November 26, 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 12TH 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 \$847,600 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

Julie Fedorchak
Randy Christmann
Brian Kroshus

Chair
Commissioner
Commissioner

IN THE MATTER OF NORTHERN STATES
POWER COMPANY'S CUSTOMER CREDIT
PLAN RELATED TO THE 12TH
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-21-89, Northern States Power Company, doing business as Xcel Energy with operations in North Dakota, hereby provides notice that the Company has received the 12th payment pursuant to the third extension of the 2011 Settlement Agreement with the United States Department of Energy (DOE) for 2020 damages due to the partial breach of its contract to take spent nuclear fuel.

On October 27, 2021, the 12th payment was received in the amount of \$16,550,164.31. This payment was for damages during the period January 1, 2020 to December 31, 2020. The North Dakota allocation of this payment is \$847,600. The Company has placed these funds into a separate external interest bearing account and will include the interest received, minus bank fees, in calculating the final amount of the customer credit. This approach is consistent with the Commission's previous Orders in Case Nos. PU-11-557, PU-16-019, PU-19-093, and PU-21-089. A reasonable estimate of the average one-time DOE credit per residential customer for this 12th payment is \$3.75.

In its Order in Case No. PU-21-89 (approving the disbursement of the 11th payment), the Commission instructed in Order Pt. 4:

“NSP shall refund future USDOE settlement proceeds to North Dakota customers using the one-time bill credit method as soon as is practicable, but not to exceed 120 days from receipt of the funds from the USDOE unless the Company petitions for – and the Commission approves – an extension. Within 30 days of receipt of the settlement proceeds, NSP shall provide notification to the Commission detailing the amount and planned timing of the refund. A refund report shall be filed with the Commission by NSP within 30 days of completion of future refunds.”

The Company continues to experience a significant backlog of customer refunds and credits that need to be issued across its NSP service area. As we have previously indicated, the Company's billing system is unable to process multiple refunds concurrently. The various types of refunds that are being scheduled for issuance include interim rate refunds, true-ups, service quality credits, DOE payments, and other unique billing credits. Xcel Energy has worked diligently to prioritize its various refund obligations and worked with multiple state commissions to fairly and effectively "queue" the known refunds in an optimal manner. We have also pursued creative ways to bundle DOE credits with other refunds or credits (including consecutive DOE payments) where possible to alleviate the refund backlog. However, at this time, due to multiple refunds already in the queue, processing the 12th payment as a distinct billing credit within the required 120 day period (i.e., by February 24, 2022), does not seem feasible.

As such, with this Petition, the Company respectfully requests the Commission to consider and approve one of the following approaches to provide additional flexibility:

1. Grant a 150 day extension of the February 24 deadline to allow the Company to properly schedule and prepare to issue the \$847,600 credit as a distinct line item credit on bills to its North Dakota electric customers by July 24th, or;
2. Grant a variance to the Commission's Fuel Adjustment Clause rules (69-09-02-39) allowing Xcel Energy to issue the 12th DOE payment of \$847,600 as a credit to fuel expense in an upcoming monthly North Dakota Fuel Cost Rider, effective in the month after Commission approval.

In support of this filing, Xcel Energy provides:

- A summary of the DOE Settlement and previous credits;
- A description of the proposed mechanisms for issuing the 12th payment.

Also provided with this credit plan are the following attachments:

- Attachment A: Wire Transfer of the 12th DOE Payment
- Attachment B: Jurisdictional and Class Allocation Detail

A. Utility Employee Responsible for Filing

David Sederquist
Sr. Consultant, Regulatory and Finance
2302 Great Northern Drive, P O Box 2747
Fargo, North Dakota 58102
dave.sederquist@xcelenergy.com
(701) 241-8632

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 DOE on these lawsuits on July 7, 2011 that provided a mechanism for the Company to recover its spent nuclear fuel storage damages through December 31, 2013. Five payments were subsequently received by Xcel Energy covering damages from Jan. 31, 1998 through 2013.

B. First Extension of DOE Settlement

On January 24, 2014, the Company and the DOE reached an agreement to extend the 2011 Settlement to include the recovery of spent fuel storage damages (via the 6th, 7th, and 8th payments) during the three-year period from 2014 through 2016.

C. Second Extension of DOE Settlement

On February 23, 2017, the Company and the DOE agreed to extend the Settlement another three years to allow for recovery of damages (via the 9th, 10th, and 11th payments) during the three year period of 2017 through 2019.

D. Third Extension of Settlement Agreement

On August 24, 2020, the Company and the DOE agreed to extend the settlement an additional three years to allow for the recovery of damages (via the 12th, 13th, and 14th payments) through December 31, 2022. The first payment under this third extension (and 12th payment overall) was received a little earlier than expected on October 27, 2021. Attachment A is a redacted copy of the wire transfer confirming the amount received. Attachment B shows the derivation of the North Dakota jurisdictional portion

of approximately \$847,600, along with the estimated credit by customer class.¹ This payment was placed into a segregated bank account established specifically and solely for the settlement proceeds similar to the Company’s treatment of previous DOE payments.

E. History of DOE Customer Credits

The Company has previously issued to North Dakota customers approximately \$15.8 million in DOE payment credits from the eleven DOE payments already received since 2011. As indicated in Table 1 below, the credits have been disbursed to customers in various ways to optimize timing and efficiency:

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 issued as a one-time bill credit in Mar 2020 along with the 10 th payment (Case No. PU-19-93)	Jan 1, 2017 – Dec. 31, 2017
10 th Payment Rec'd: Dec 23, 2019	\$1,516,593 issued as a one-time bill credit in Mar 2020 along with the 9 th payment (Case No. PU-19-93)	Jan 1, 2018 – Dec. 31, 2018
11 th Payment Rec'd: Dec 22, 2020	\$689,356 issued in conjunction with an electric interim rate refund in 2021 (Case Nos. PU-21-89 & PU-20-441)	Jan 1, 2019 – Dec. 31, 2019
12 th Payment Rec'd: October 27, 2021	\$847,600 proposed as a credit to fuel expense via the FCR in Q1/Q2 2022 or by 7/24/22 as a one-time bill credit.	Jan 1, 2020 – Dec. 31, 2020

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

¹ The estimated credit by class assumes the DOE credit will be issued as a single line item billing credit, which the Company offers as one of two alternative options in this Petition.

II. PROPOSED CREDIT MECHANISM ALTERNATIVES

As shown above, Xcel Energy has issued DOE settlement proceeds to its North Dakota customers in various ways and, in some cases, bundled together. These methods have helped to minimize delays in issuing the credits due to limitations in the Company's billing system to process multiple refunds or credits at the same time.

As mentioned previously, the Company once again has a full list of refund and bill credit obligations throughout its NSP service area that are scheduled to occur during the remainder of 2021 and well into 2022. These include interim rate refunds, true-ups, service quality credits, DOE payments, and other unique billing credits. The backlog has made meeting the Commission's 120 day deadline to issue the credits essentially unfeasible. Given the situation, Xcel Energy requests the Commission approve one of two alternatives for issuing the proceeds of the 12th DOE payment to customers:

A. Extend the Timeline to Issue the 12th DOE Payment

Because of the backlog of customer refunds that the Company has previously committed to across its NSP service area, the Company is not able to process the 12th DOE payment customer credit in North Dakota within the 120 day period the Commission cited in its Order in Case No. PU -21-89. Consequently, if the Commission prefers the DOE credit is processed as a line-item refund on customer bills, the Company respectfully requests the Commission approve a one-time 150 day extension of this timeline. Such an extension would enable the credit to be processed by July 24th, 2022 in a manner consistent with the approach used for the majority of the previous DOE payments received by Xcel Energy.

B. Waive Fuel Adjustment Clause Rules to Allow a Fuel Credit

In the alternative, the Company proposes that the Commission grant a waiver of or variance from the Commission's Fuel Adjustment Clause rules (69-09-02-39) and approve the FCR as a potential alternative mechanism for issuing the proceeds of this 12th payment to North Dakota customers because the line-item credit cannot be completed within 120 days of receipt of payment. The FCR is an efficient mechanism that does not require special steps to prepare, test, and implement using the billing system. Rather, the 12th DOE payment proceeds would be used as a FCR credit to reduce fuel expense, and thus be subject to the FCR's automatic true-up calculations. If the Commission prefers this method, the Company would be able to credit fuel expense within 45 days following the Commission's Order.

It should be noted that, while issuing the DOE credit through the FCR mechanism allows for a timely and efficient issuing of billing credits to customers, the DOE credit

will be reflected as a reduction to the applicable month's fuel costs and subsequently reflected in customer bills once the credited month is included in the historical 4 month period used to calculate the FCR's unit cost of fuel.² This alternative method will likely result in a relatively minor difference in the customer credit compared to using 12 months of historical kWh usage, as has been the approach when implementing a single line DOE bill credit (as proposed in II.A above).

III. JURISDICTIONAL AND CLASS ALLOCATIONS

Consistent with the treatment of previous DOE payments, the 12th payment is first allocated between the NSP-Minnesota (NSPM) and NSP-Wisconsin operating Companies using the Interchange Agreement's 36 month Coincident Peak (36CP) demand allocator. Then, the NSPM company portion is further allocated to state jurisdictions (North Dakota, South Dakota, Minnesota) using actual 2020 12CP jurisdictional demand data.

To ensure the most appropriate apportionment of credits among customer classes, DOE settlement payments are 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-20-441). 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 80.97 percent of nuclear investment was energy-related and 19.03 percent capacity-related (as shown on Attachment B).

IV. IMPLEMENTATION OF CUSTOMER CREDIT

Should the Commission prefer and approve the DOE credit as a line-item refund on customer bills, the Company will file a compliance report within 30 days after completion of the customer credit, in a manner consistent with previous DOE settlement customer credit issuances.

As mentioned, the Company has placed the funds from the 12th 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

² For example, a credit to January fuel expense will reduce FCR rates in the months of March, April, May, and June 2022.

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:

Shubha Harris
Principal Attorney
Xcel Energy
401 Nicollet Mall, 401-8
Minneapolis, MN 55401
Shubha.M.Harris@xcelenergy.com

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

CONCLUSION

Given the backlog of refunds and credits the Company is currently experiencing across its NSP service area and the limitations of its billing system to process multiple refunds concurrently, Xcel Energy respectfully requests the Commission grant a 150 day extension of its previously ordered 120 day period from the date of receipt of DOE payments to the issuance of the corresponding credits to its North Dakota customers. The extension will allow the Company to issue the \$847,600 credit as a distinct line item credit on bills to its North Dakota electric customers by July 24th, 2022.

In the alternative, the Company respectfully requests the Commission grant a variance to its Fuel Adjustment Clause rules allowing Xcel Energy to issue the 12th DOE payment of \$847,600 as a credit to fuel expense in its North Dakota Fuel Cost Rider, effective within 45 days after approval.

Dated: November 26, 2021

Northern States Power Company

Previous Day Composite Report

Standard Previous Day Composite Report
As of 10/26/2021

Company: XCEL ENERGY INC.

User:

10/27/2021 08:08 AM ET

Commercial Electronic Office®

Treasury Information Reporting

Currency: USD
Bank:
Account:

10/26/2021	169 / MISCELLANEOUS ACH CREDIT	Credit Amount:	16,550,164.31
	Cust Ref:	Bank Ref:	
	Unique ID:		

Northern States Power Company
DOE Settlement - 12th Payment
Customer Credits for North Dakota Jurisdiction

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

<u>Item</u>	<u>Total</u>	<u>NSPM</u>	<u>Retail</u>			<u>Minn Whlsle</u>
			<u>Minn</u>	<u>N. Dakota</u>	<u>S. Dakota</u>	
Actual 2019 12 CP Allocator		100.0000%	87.3247%	6.1075%	6.5678%	0.0000%
Overall Actual Allocator *	100.0000%	83.8543%	73.2255%	5.1214%	5.5074%	0.0000%

12th Credit	\$16,550,164	\$13,878,024	\$12,118,943	\$847,600	\$911,481	\$0
--------------------	--------------	--------------	--------------	-----------	-----------	-----

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

<u>Item</u>	<u>NSPW</u>	<u>Retail</u>		<u>Wisc Whlsle</u>
		<u>Wisc</u>	<u>Mich</u>	
Actual 2020 12 CP Allocator	100.0000%	98.0056%	1.9944%	0.0000%
Overall Actual Allocator *	16.1457%	15.8237%	0.3220%	0.0000%
Total Credit	\$2,672,140	\$2,618,847	\$53,293	\$0

North Dakota (PU-20-441)						
Stratification Components	Weight **	Res	Sm Non Dm	C&I Demand	Lighting	Total
Capacity Component (D10C) ***	19.03%	33.64%	4.46%	61.58%	0.31%	100.00%
Energy Component (E8760) ***	80.97%	36.91%	4.93%	57.50%	0.66%	100.00%
Wtd Combination	100.00%	36.29%	4.84%	58.28%	0.59%	100.00%
[1] 12th Credit by Customer Class		\$307,587	\$41,055	\$493,941	\$5,018	\$847,600
[2] Est MWh Sales Oct 2020 - Sep 2021 ****		773,637	98,685	1,243,866	17,100	2,133,288
[3] Est. Credit / kWh, [3] = [1] / [2] / 1000		\$0.000398	\$0.000416	\$0.000397	\$0.000293	\$0.000397
[4] Est Customer Count Oct 2020 - Sep 2021		82,083	8,744	4,250	2,022	97,099
[5] Est. kWh / Cust, [5] = [2] x 1000 / [4]		9,425	11,285	292,657	8,457	21,970
[6] Est. Credit / Customer, [6] = [3] x [5]		\$3.75	\$4.69	\$116.21	\$2.48	\$8.73

** Nuclear Plant Stratification from Case No. PU-20-441.

*** Class Allocation Factors from Case No. PU-20-441.

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