



2302 Great Northern Drive  
P.O. Box 2747  
Fargo, North Dakota 58102  
(701) 241-8632  
[dave.sederquist@xcelenergy.com](mailto:dave.sederquist@xcelenergy.com)

March 25, 2022

—VIA EMAIL & U.S. MAIL—

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

RE: CUSTOMER CREDIT FOR DEPT. OF ENERGY NUCLEAR FUEL PAYMENT #12  
(CASE NO. PU-21-438)

Dear Mr. Kahl:

Northern States Power Co., doing business as Xcel Energy, (the Company) submits this update in the above referenced case.

### **Background**

On November 26, 2021, the Company filed a Petition with the North Dakota Commission indicating that on October 27, 2021 Xcel Energy received the twelfth payment from the United States Department of Energy (DOE) from a settlement related to the DOE's partial breach of its contract to take spent nuclear fuel from the Company. In the Petition, the Company informed the Commission that, as has been the case with most of the previous eleven DOE settlement payments, the Company would not be able to issue the proceeds as a bill credit for several months because its billing system is only able to process credits or refunds in a sequential manner across its five-state NSP System, and the current "credit/refund queue" already contained a number of credits and refunds scheduled in various jurisdictions. As a result, we did not think the twelfth DOE payment would be able to be issued in North Dakota until mid-summer 2022.

Consequently, our Petition included two options for the Commission's consideration. The first option was for a request that the Commission approve a 150-day extension of its requirement (as ordered in Case No. PU-21-89) to issue DOE credits within 120 days of receipt of payment as a one-time credit through the "queue" discussed above. If the Commission approved the extension, the Company committed to issue the refund on or before July 24, 2022. The second option was for a request that the Commission grant a waiver of its Fuel Adjustment Clause rules (69-09-02-39) so that the Company could issue the twelfth DOE refund more promptly as a credit to fuel expense through its Fuel Cost Rider.

After we filed our Petition, the Company began pursuing a new approach for issuing DOE credits in North Dakota that would eliminate the recurrent delays inherent in the bill credit “queue” process and provide improved credit tracking and true-up capabilities than is afforded by the alternative Fuel Cost Rider approach. The new process under consideration involves the establishment of a “Bill Credit Rider” (BCR), which would essentially apply a negative billing factor to produce a credit on customer bills. Such a rider would allow the Company to issue timely refunds or credits for a variety of events such as earnings share refunds, gains on asset sales, tax law changes, or performance-related credits, while avoiding the current bill credit queue. It would allow for the processing of more than one refund or credit at the same time and would offer flexibility in terms of the length of the credit issuance term.

We contacted the Commission staff about this new approach and described the various benefits we felt would result from its use. We also indicated that we would need additional time to develop the tariff and BCR Petition, and fully vet the internal process changes needed in our accounting, cash management, billing, and pricing areas. The Company requested that Staff hold off on moving the twelfth payment DOE Petition, with its two options, through the regulatory process until we could file the BCR Rider Petition. At the time, we believed we would be able to submit the BCR Petition in February and potentially obtain approval to pass the twelfth DOE refund payment to customers in the spring. Staff agreed to facilitate getting the new BCR Rider Petition in front of the Commission before a decision was made on the other alternatives.

### **Current Status**

As of this update, the Company has drafted a “Billing Credit Rider” tariff and is nearing completion of the BCR Petition; we anticipate submitting it for approval in April. However, during our internal discussion to finalize the process changes necessary for the BCR, we realized that there are some process details that cannot be determined with certainty until after the BCR tariff is approved and/or after subsequent and specific credit or refund types are proposed and approved by the Commission.

The Company regrets that its timeline for filing the BCR Petition has departed considerably from the original plan. At this time, there is some concern that a BCR will not be ready to use to issue the proceeds from the twelfth DOE refund payment significantly sooner than would be possible using the standing billing credit queue process. Staff has been patient with the Company through this docket while also stressing the need for the Company to move more quickly on its proposal.

As mentioned above, the Company believes that it will be ready to submit its BCR tariff application in early April. We acknowledge that the Commission will need time to notice, review, conduct hearings and perhaps hold one or more work sessions, and issue its Order. That will mean that the BCR would likely not be ready for use before June 2022. Given this timing, we have informed staff that, while we fully intend on moving ahead with the BCR, we have also secured the earliest available opening in the “credit queue” which would provide for a traditional bill credit in July.

To accommodate a method for issuing the twelfth DOE refund payment, the Company's request in its November 26, 2021 application for a 150-day extension is still needed because the 120-day deadline occurred on February 24<sup>th</sup>. It is unfortunate that once the Company began to develop the new BCR approach, we did not file an addendum to its pending Petition to obtain Commission approval for *only* the 150-day extension. Doing so would have enabled the Company to pursue the BCR tariff while maintaining the traditional one-time credit process as a backup option.

### **Request**

Given the present circumstances in this case, the Company respectfully requests the Commission issue an Order to approve the first option in the pending Petition to extend the issuance period by 150 days and allow the proceeds from the twelfth DOE refund payment to be issued to North Dakota customers, with interest, via a one-time bill credit (consistent with the method used for 5 of the 11 previous payments) during the month of July 2022. In the meantime, the Company will complete and file its application for the BCR on or before April 29, 2022 so that future DOE payments and other refunds/credits can be issued as soon as possible following Commission and/or staff review and approval.

Please contact me if you have any questions regarding this letter. Thank you.

SINCERELY,



DAVID H. SEDERQUIST  
SR. CONSULTANT, REGULATION & FINANCE

cc: Mr. Adam Renfandt