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February 2, 2023

- 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 13TH DEPARTMENT OF ENERGY (DOE)
SETTLEMENT PAYMENT
CASE NO. PU-23-____

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 \$1,331,018 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,

/s/

ALEX NISBET
Regulatory Policy Specialist

Enclosures

STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

Randy Christmann
Julie Fedorchak
Sheri Haugen-Hoffart

Chair
Commissioner
Commissioner

IN THE MATTER OF NORTHERN STATES
POWER COMPANY'S CUSTOMER CREDIT
PLAN RELATED TO THE 13TH
DEPARTMENT OF ENERGY (DOE)
SETTLEMENT PAYMENT

Case No. PU-23-____

INTRODUCTION

Pursuant to ND Century Code § 49-02-03 and by Order of the North Dakota Public Service Commission in Case No. PU-21-438, Northern States Power Company, doing business as Xcel Energy with operations in North Dakota, hereby provides notice that the Company has received the 13th payment pursuant to the third extension of the 2011 Settlement Agreement with the United States Department of Energy (DOE) for 2021 damages due to the partial breach of its contract to take spent nuclear fuel.

On January 3, 2023, the 13th payment was received in the amount of \$25,303,536.91. This payment was for damages during the period January 1, 2021 to December 31, 2021. The North Dakota allocation of this payment is \$1,331,018. 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, PU-21-089, and PU-21-438. A reasonable estimate of the average one-time DOE credit per residential customer for this 13th payment is \$5.62

In its Order in Case No. PU-21-89 (approving the disbursement of the 11th DOE 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 Commission has subsequently approved the Company's Electric Bill Credit Rider (BCR), which provides a framework for crediting dollars back to customers that is separate from the Company's standard one-time refund process. The Company continues to experience a 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, 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 13th payment as a distinct billing credit within the required 120 day period (i.e., by May 3, 2023), 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 90 day extension of the May 3 deadline to allow the Company to properly schedule and prepare to issue the \$1.3 million credit as a distinct line item credit on bills to its North Dakota electric customers by August 1st or
2. Allow the refund to be credited through the BCR with a negative rate per kWh for each customer class. The rate credit would be calculated based on allocation of the \$1.3 million to class divided by the forecast kWh sales per class during the refund period.

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 13th payment.

Also provided with this credit plan are the following attachments:

- Attachment A: ACH Transfer of the 13th 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 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 second payment under this third extension (and 13th payment overall) was received on January 3, 2023. 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 \$1.3 million, along with the estimated credit by customer class. 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 \$17.1 million in DOE payment credits from the twelve 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 10th 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	\$848,008 issued as a one-time bill credit in in June 2022 (Case No. PU-21-438)	Jan 1, 2020 – Dec. 31, 2020
13 th Payment Rec'd: January 3, 2023	\$1,331,018 proposed as a one-time bill credit or twelve- month credit through the BCR	Jan 1, 2021 – Dec. 31, 2021

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

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 2023. These include interim rate refunds, true-ups, 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 13th DOE payment to customers:

A. One-Time Bill Credit

As described in more detail below, the Company first determines the North Dakota jurisdictional share of the 13th DOE payment using an approved jurisdictional allocator. The North Dakota portion of the 13th DOE payment, and the related total interest forecasted to accrue over the issue period, would then be allocated to each customer class using applicable class allocation factors. Under the one-time bill credit method, the customer class Bill Credit (with interest) would then be divided by a recent 12 month period of actual sales within each customer class to arrive at a Bill Credit factor per kWh for each customer class. In the execution of the one-time bill credit, the Bill Credit factor per kWh is applied to each customer's actual usage over that 12 month period to determine the one time bill credit.

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 13th 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 90 day extension of this timeline. Such an extension would enable the credit to be processed by August 1, 2023 in a manner consistent with the approach used for the majority of the previous DOE payments received by Xcel Energy.

B. Credit through the BCR¹

Given the annual cadence of the DOE payments, it may be beneficial to use the electric BCR tariff to provide this refund as an ongoing credit to customers. The determination of credits by class would be consistent with the one-time bill credit methodology, meaning the amount of dollars credited to a class would be the same regardless of whether it is refunded through a one-time credit or the BCR credit methodology. If the BCR method is chosen, the Company proposes to refund the 13th DOE payment over 12 months starting April 1, 2023, to mirror the annual sales levels used in the one-time bill credit methodology.

As described in the next section below, the Company first determines the North Dakota jurisdictional share of the 13th DOE payment using an approved jurisdictional allocator. The North Dakota portion of the 13th DOE payment, and the related total interest forecasted to accrue over the issue period, would then be allocated to each customer class using applicable class allocation factors. Under the BCR method, the customer class Bill Credit (with interest) would then be divided by the forecasted kWh sales within each customer class during the selected future refund period to arrive at a Bill Credit factor per kWh for each customer class. These class Bill Credit factors are applied to actual customer usage each month for a 12 month period.

For example, forecasted sales by class for April 1, 2023 through March 31, 2024 would be used to calculate the BCR class factors for this 13th DOE payment. The class factors would be applied to actual usage on customer bills, showing a credit each month. At the end of that twelve month period, there will likely be an over- or under-refund of the total 13th DOE payment dollars, which would need to be trued-up. The Company would report on the status of the BCR at the time it provides notice of receipt of the next (14th) DOE payment, and the true-up of this 13th DOE payment could be incorporated into the refund of the 14th DOE payment.

If the Commission prefers that the DOE credit is processed using the BCR over the course of 12 months as a line-item refund on customer bills, the Company respectfully requests the Commission approve a one-time 333 day extension of this timeline. Such an extension would enable the credit to be processed April 1, 2023 through March 31, 2024.

¹ Approved in PU-22-186 Order on August 17, 2022

III. JURISDICTIONAL AND CLASS ALLOCATIONS

Consistent with the treatment of previous DOE payments, the 13th 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 2021 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 81.26 percent of nuclear investment was energy-related and 18.74 percent capacity-related (as shown on Attachment B).

IV. INTEREST

As mentioned, the Company has placed the funds from the 13th 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 2.45% annually and the interest is posted daily. As with previous DOE credits, the Company proposes that the one-time bill credit amount include the actual amount of interest earned by the Company, minus any bank fees or charges on these funds.

If the 13th payment is credited through the BCR, the Company will calculate interest for the 12 month refund period, assuming a reduction to the account on the 15th of each month to represent the credits to customers occurring in that month. Interest will be calculated daily based on the actual interest rate in the account. The interest rate used for the proposed factors is the current account interest rate of 2.45%. Interest accruing in the account between the time the payment is placed in the account until the 12 month BCR crediting begins is also included in the customer credits.

V. COMPLIANCE REPORTING

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.

If the BCR method is used for the credit, then the Company would report on the status of the BCR at the time it provides notice of receipt of the next (14th) DOE payment, likely in late 2023 or early 2024. The true-up of this 13th DOE payment could be incorporated into the refund of the 14th DOE payment.

VI. 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
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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 90 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 \$1,331,018 credit as a distinct line item credit on bills to its North Dakota electric customers by August 1, 2023.

In the alternative, the Company respectfully requests the Commission allow the refund through the Electric Bill Credit Rider (BCR) with any over- or under-credits trued-up in the next refund.

Dated: February 2., 2023

Northern States Power Company

1/3/2023	169 / MISCELLANEOUS ACH CREDIT		Credit Amount:	25,303,536.91
	Cust Ref:	Bank Ref:		
	Unique ID:			

Northern States Power Company
DOE Settlement - 13th Payment
Customer Credits for North Dakota Jurisdiction

Case No. PU-23-____
Compliance Filing
Attachment B - Page 1 of 1

<u>Item</u>	<u>Total</u>	<u>NSPM</u>	<u>Retail</u>			<u>Minn Whlse</u>
			<u>Minn</u>	<u>N. Dakota</u>	<u>S. Dakota</u>	
Actual 2021 12 CP Allocator		100.0000%	86.9632%	6.2862%	6.7506%	0.0000%
Overall Actual Allocator *	100.0000%	83.6786%	<u>72.7696%</u>	<u>5.2602%</u>	<u>5.6488%</u>	<u>0.0000%</u>

13th Credit	\$25,303,537	\$21,173,645	\$18,413,280	\$1,331,018	\$1,429,348	\$0
* The NSPM/NSPW Co split uses a 36 CP allocator						
Estimated Interest (assumes BCR Credit methodology)				\$ 24,951		
Less Bank Fees				\$ (6)		
Total DOE Credit with Interest				\$ 1,355,962		

<u>Item</u>	<u>NSPW</u>	<u>Retail</u>		<u>Wisc Whlse</u>
		<u>Wisc</u>	<u>Mich</u>	
Actual 2020 12 CP Allocator	100.0000%	97.9587%	2.0413%	0.0000%
Overall Actual Allocator *	16.3214%	<u>15.9882%</u>	<u>0.3332%</u>	<u>0.0000%</u>
Total Credit	\$4,129,891	\$4,045,590	\$84,302	\$0

North Dakota (PU-20-441)						
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] 13th Credit by Customer Class		\$454,888	\$77,264	\$791,330	\$7,536	\$1,331,018
[2] Forecast kWh Sales Apr 2023 - Mar 2024		766,689,163	102,877,155	1,252,310,183	18,088,085	2,139,964,586
[3] Est. Credit / kWh, [3] = [1] / [2]		\$0.00059331	\$0.00075103	\$0.00063190	\$0.00041663	\$0.00062198
[4] 13th DOE Credit with Interest		\$463,413	\$78,712	\$806,160	\$7,677	\$1,355,962
[5] Est. Credit / kWh with Interest, [5] = [4] / [2]		\$0.00060443	\$0.00076511	\$0.00064374	\$0.00042443	\$0.00063364
[6] Est. Avg Apr 2023 -Mar 2024 Customer Count		82,435	8,738	4,145	2,065	97,383
[7] Est. kWh / Cust, [7] = [2] / [6]		<u>9,300</u>	<u>11,774</u>	<u>302,138</u>	<u>8,759</u>	<u>21,974,800</u>
[8] Est. Credit / Customer, [8] = [4] / [6]		\$5.62	\$9.01	\$194.50	\$3.72	\$13.92

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

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