

Application for Partial Reallocation of 14th DOE Settlement Payment

Informal Hearing (Case No. PU-23-364)

February 22, 2024



Department of Energy Settlement

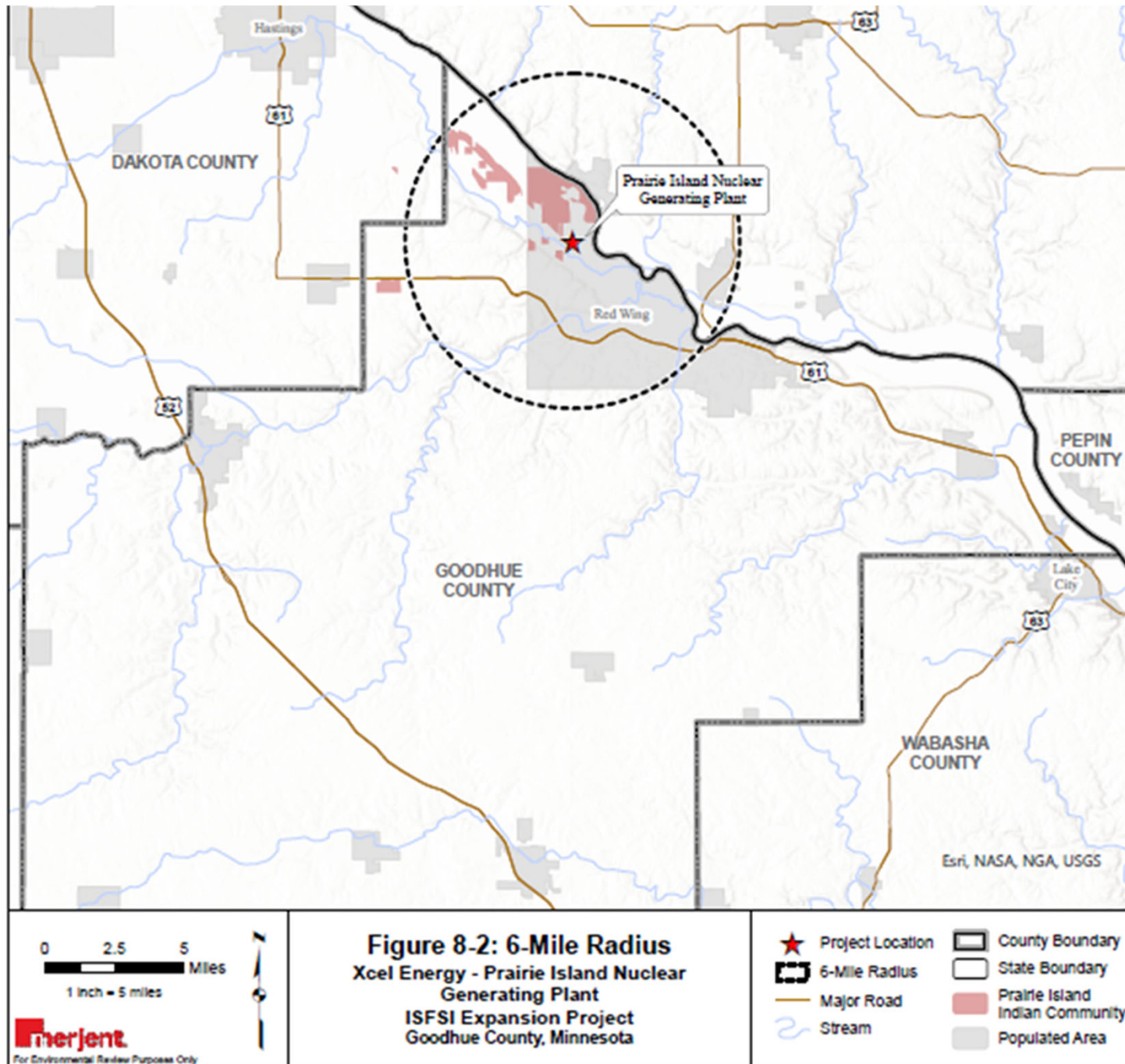
- Under the Nuclear Waste Policy Act, utilities such as Xcel Energy were required to enter into contracts for the disposal of spent nuclear fuel
 - utilities contributed 1 mill (1/10-cent) for every kilowatt-hour of electricity generated by their nuclear power plants
- In exchange, the Department of Energy (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 plants.
- The Company has previously issued to North Dakota customers approximately \$18 million in DOE payment credits from the 13 DOE payments already received since 2011

14th DOE Refund

- On November 20, 2023, the 14th DOE Settlement Payment was received in the amount of \$16,781,605.
 - Damages for January 1, 2022 to December 31, 2022.
 - The North Dakota allocation of this payment is **\$835,711**
- In the past, the Commission and the Company have worked together to find creative refund mechanisms and uses for the DOE settlement funds
 - Issued with interim rate refunds
 - Used to reduce base rate increases
 - One-time bill credit or 12-month credit through the Bill Credit Rider (BCR)
- The Application proposes to use the 14th DOE Settlement Payment to offset the jurisdictional share of new payments (**\$517,435**) to be made to the Prairie Island Indian Community (PIIC) related to the operation of the Prairie Island Nuclear Generating Plant (PINGP).
 - In the alternative, we could refund full settlement through the BCR – the Company would then file an application for deferred accounting

Prairie Island Nuclear Generating Plant

- The PINGP and the Monticello nuclear plant are a cornerstone of the Company's plan to serve our customers with affordable and reliable energy.
- The PINGP provides approximately 1,100 MW of capacity and produces energy 24 hours a day, seven days a week for extended periods of time.
 - The Plant has operated at an average capacity factor of 95 percent between 2020 and 2022.
- Since it began operating in 1973 (Unit 1) and 1974 (Unit 2), the PINGP has generated over 400 million megawatt hours of electricity.
- The life extension of both our nuclear plants is the least-cost baseload scenario, with the extensions resulting in approximately \$464 million in modeled present value of revenue requirements (PVRR) savings for our customers when compared to the reference case (modeled between 2024 and 2040).



PI Payments

- On February 1, 2024 the Company filed for a 20-year life extension of the PINGP with the Minnesota Public Utilities Commission
- As the Company is seeking a 20-year extension to the life of the PINGP, an Amended and Restated Settlement Agreement between the Company and the PIIC was executed on August 3, 2023 (2023 Agreement) detailing a revised settlement amount to address the impacts of the extension on the PIIC
- Per the 2023 Agreement, the new payments begin January 1, 2024, and include two new components:
 - (1) an annual payment of \$7,500,000 for each year the PINGP is in licensed operation, and
 - (2) an annual payment of \$50,000 for each dry cask or container containing spent fuel that is located at the PINGP, whether or not the plant is in licensed operation



PI Payments

- The total incremental payment amount in 2024 is \$10 million, but this amount will increase in the future as additional casks are stored. Each NSP System jurisdiction will be allocated its share of this total.
 - Revenue requirement for the ND jurisdictional share of the 2024 PI Payment is **\$517,435**.
 - Minnesota has already approved the PI Payments
 - Wisconsin is governed by a FERC Interchange Agreement
 - South Dakota is reviewing a similar request and we expect a decision in the near future
- The PI Payments are in addition to the \$2.5 million currently paid to the PIIC annually per prior settlement agreements.
 - The \$2.5 million annual payment is not being, and has not been, recovered from North Dakota customers.

PI Payments

- Cities and counties receive personal property tax from power plants in recognition of the extra burdens that plants may place on those communities.
- These payments to the PIIC are similar to the property taxes that other local municipalities receive due to their proximity to generating facilities
 - The City of Red Wing received approximately **\$10.2 million** in property taxes for 2023
 - PINGP is within Red Wing City limits and the downtown area is a few miles from the plant
- The negotiated terms of the 2023 Agreement appropriately recognize and fairly compensate the PIIC – the closest residents to PINGP.
 - The closest community to a nuclear facility in the United States

