



2302 Great Northern Drive
Fargo, ND 58802

December 3, 2024

—Via Electronic Mail and U.S. Mail—

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

RE: DEFERRED ACCOUNTING APPLICATION
PRAIRIE ISLAND INDIAN COMMUNITY SETTLEMENT
CASE NO. PU-24-____

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed original and seven copies of this application for deferred accounting treatment for the Prairie Island Indian Community (PIIC) settlement to the North Dakota Public Service Commission.

An electronic copy of this filing is also being sent to you for your convenience. Please contact me at alex.j.nisbet@xcelenergy.com or Jennifer Roesler at jennifer.roesler@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

ALEX NISBET
REGULATORY POLICY SPECIALIST

Enclosures
cc: Victor Schock
Adam Renfandt

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF
NORTHERN STATES POWER COMPANY
FOR AUTHORITY FOR DEFERRED
ACCOUNTING FOR THE PRAIRIE ISLAND
INDIAN COMMUNITY SETTLEMENT

CASE NO. PU-24-____

APPLICATION

I. INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission this Application for authority for deferred accounting to allow the Company to defer recognition of payments to be made to the Prairie Island Indian Community (PIIC) related to operation of the Prairie Island Nuclear Generating Plant (PINGP) (the “PI Payments”).

In Case No. PU-23-364 the Company submitted an Application to the Commission requesting approval to utilize a portion of the fourteenth Department of Energy (DOE) Settlement Payment to offset the North Dakota jurisdictional share of the 2024 payment to be made to the PIIC. An alternative proposal contained within the Application was for the Company to return the full DOE Settlement Payment to customers via the Bill Credit Rider (BCR) and the Company would then proceed to file an Application with the Commission for deferred accounting on the PI Payments.

On February 22, 2024 the Commission held an Informal Hearing to discuss the matter with the Company and obtain further information about how the settlement with the PIIC was reached. On April 20, 2024, a work session was held during which the Commission expressed a preference for the full DOE Settlement Payment to be refunded via the BCR and to address recovery of the PI Payments in a separate filing. This Application serves as that separate filing.

As further detailed in Section III below, the Company has reached agreement with the PIIC to help ensure that the PIIC receives equitable treatment consistent with our impacted communities with respect to PINGP. The monetary terms for the agreement provide for an annual \$7.5 million as well as \$50,000 for each of the 50 casks of fuel stored at the PINGP in 2023. The revenue requirement for the North

Dakota jurisdictional share of the 2024 PI Payments is \$517,435.¹

The PI Payments are part of the Company's plans to extend the life of the PINGP. Working with impacted communities to contribute to their equitable treatment for hosting this important infrastructure, including spent fuel, is part of the development of any large infrastructure project. With impacted community buy-in, we can now move forward with the permitting requirements, the most important being relicensing from the Nuclear Regulatory Commission (NRC). We expect the relicensing and other permitting with the NRC to take approximately 18 to 24 months from date of the initial filing with the NRC. Establishing deferred accounting at this time will allow the Commission to consider these payments as part of its consideration of the Company's overall plan to extend the life of PINGP, likely in the Company's next rate case.

The remainder of this Application includes the following:

- Filing information;
- Regulatory and PI Payments background information; and
- Request for deferred accounting authority.

II. FILING INFORMATION

Pursuant to Section 69-02-02-04 of the North Dakota Administrative Code, the following information is provided:

A. Contact information for utility making the filing

Alex Nisbet
Regulatory Policy Specialist
Xcel Energy
2302 Great Northern Drive
P.O. Box 2747
Fargo, ND 58108-2747
(701) 241-8632
alex.j.nisbet@xcelenergy.com

¹ This amount represents the jurisdictional allocation from the last North Dakota electric rate case in Case No. PU-20-441. The final actual 2024 jurisdictional allocation will be used for the final deferral amount.

Zeviel Simpser
Dorsey & Whitney, LLP
50 S. 6th Street
Minneapolis, MN 55402
(612) 801-0360
simpser.zev@dorsey.com

We request that all communications regarding this proceeding, including data requests, also be directed to:

Christine Schwartz
Regulatory Administrator
Xcel Energy
414 Nicollet Mall – 401, 7th Floor
Minneapolis, MN 55401
regulatory.records@xcelenergy.com

B. Date of filing and proposed effective date

The date of this filing is December 3, 2024. We propose that the deferral sought herein be effective immediately upon Commission approval.

C. Statutory Authority

Pursuant to its authority to ensure rates are just and reasonable pursuant to Section 49-02-03 of the North Dakota Century Code (N.D.C.C.), the Commission may authorize deferred accounting and amortization of unusual and non-recurring expenses that were not contemplated when setting the current rates.² By doing so, the Commission allows a utility to designate unusual and infrequent expenses as “regulatory assets” that will be amortized over future accounting periods.³

Additionally, the Commission considers if the amounts are sufficiently large that they could accelerate the timing of a rate case, and when the utility does not have excess earnings that should first be used to offset the higher costs.⁴

² N.D. Admin. Code § 69-09-05.1-03 (adopting the accounting practices set forth in the Uniform System of Accounts (USOA) prescribed by the Federal Energy Regulatory Commission (FERC), as set forth in 18 U.S.C. § 101).

³ USOA, Definitions No. 31, Balance Sheet Accounts No. 182.3.

⁴ See 18 C.F.R. § 101; *Re Montana- Dakota Utilities Company, a Division of MDU Resource Group, Inc.* Case No. PU-399-92-564, Findings of Fact, Conclusions of Law and Order (March 24, 1993) 141 P.U.R. 4 th 286, 1993 WL 174126 (N.D.P.S.C.); and Order on Reconsideration (January 18, 1994), 1994 WL 61075 (N.D.P.S.C.).

The costs of the PIIC Settlement meet these standards. Accordingly, the Company requests authorization to defer the PIIC Settlement expenses so that they can be addressed in the Company's next rate filing.

D. Articles of Incorporation

Pursuant to Section 69-02-02-04 of the North Dakota Administrative Code, a certified copy of Xcel Energy's Articles of Incorporation is on file with the Commission, as is an original Certificate of Good Standing.

III. BACKGROUND

On February 7, 2024, the Company submitted an application for a Certificate of Need to the Minnesota Public Utilities Commission (MPUC) for additional spent nuclear fuel storage at the Company's Prairie Island Nuclear Generating Plant, to allow the continued operation of the plant's Units 1 and 2 from 2033/2034 until 2053/2054, respectively. Additionally, we plan to apply for a subsequent license renewal (SLR) with the Nuclear Regulatory Commission (NRC) in late 2026 to extend plant operation to 2053/2054.

Prior to making these filings, the Company engaged in myriad pre-filing activities as are required for any infrastructure project as large as the life extension of PINGP. A significant part of these activities relates to working with stakeholders and impacted communities to obtain support for moving forward with the project. As the host of PINGP and the community most impacted by the plant, the community in which the spent fuel from the plant will be stored, and as a sovereign nation, the PIIC are a key stakeholder whose "buy-in" is necessary to help ensure the long-term success of our operations at PINGP.

The Company reached an agreement in principle with the PIIC in late 2022. Consistent with the prior agreement with the PIIC regarding PINGP and to provide the necessary assurances on enforceability and recourse that the PIIC required, this agreement in principle was ultimately reduced to terms by the Minnesota Legislature. The legislation merely codified our agreement in principle and did not place any additional mandates on the Company. With the State of Minnesota as a party and the governor as a signatory, the PIIC, as a sovereign nation, obtained the comfort they needed to not oppose the project.

The terms were ultimately added to the existing agreement with PIIC for the initial construction of the plant. To that end, 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 account for the impacts of the extension on the PIIC. Per the 2023 Agreement, the new payments began 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.

These additional payments bring the PIIC in-line with surrounding communities also impacted by the PINGP, but who are not hosting the spent fuel. While payments to the PIIC have remained largely flat for 20 years, local governments have seen property tax revenue more than double. Surrounding communities, like Red Wing, Minnesota, have received hundreds of millions of dollars from the placement of the nuclear plant at Prairie Island.

The PINGP is an integral part of our continued ability to meet our customers' needs reliably and affordably. PINGP and its sister plant in Monticello, Minnesota, produce almost 30 percent of the electricity the Company serves to its customers in the Upper Midwest. The 2023 Agreement and the PI Payments are critical to support the PINGP life extension.

IV. REQUEST FOR DEFERRED ACCOUNTING

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. The revenue requirement for the North Dakota jurisdictional share of the 2024 PI Payment is \$517,435. The Company proposes to accumulate the North Dakota allocation of costs we incur associated with the PI Payments in FERC account number 182.3 (Other Regulatory Assets).

The costs associated with the PI Payments are above and beyond both what the Company had budgeted for normal utility operations and are not reflected in current rates. Additionally, although they are annual, their continuation is contingent on NRC relicensing of the NGIP. In that way, they are non-recurring and were not reflected in the costs of service that was used to set current rates. It would be inappropriate to expense these costs as they occur due to the nature and materiality of the expenses.

The size and magnitude of the PI Payments are sufficiently large that they could have potentially expedited the Company filing a rate case. Since the Company will under-earn its authorized ROE in 2024, there are no additional utility earnings to cover this new cost. The Commission has previously allowed deferred accounting when the amounts are sufficiently large that they could accelerate the timing of a rate case, and

when the utility does not have excess earnings that should first be used to offset the higher costs.

Establishing deferred accounting at this time to capture the costs of the payments will enable the Company and the Commission to consider various options for cost recovery in the future, when various regulatory filings have run to completion and the necessary approvals have been obtained. This would allow for a thorough review by the Commission and Staff in a future rate case.

V. CONCLUSION

The Company respectfully requests the Commission authorize the Company to use deferred accounting for the PI Payments as proposed herein. Future recovery of these costs would remain subject to Commission review in a future electric rate case or other recovery request proceeding.

Dated: December 3, 2024

Northern States Power Company