



414 Nicollet Mall
Minneapolis, MN 55401

August 1, 2025

—Via Electronic Filing—

Steve Kahl, Executive Secretary
North Dakota Public Service Commission
State Capitol, 600 East Boulevard
Bismarck, ND 58505-0480

RE: NORTHERN STATES POWER COMPANY APPLICATION - DEFERRED
ACCOUNTING PRAIRIE ISLAND INDIAN COMMUNITY SETTLEMENT – CASE
UPDATE
CASE NO. PU-24-378

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission this Case Update in anticipation of the Commission informal hearing scheduled for August 7, 2025 in the above captioned Case. The Company is providing this Case Update to help ensure that the record in this Case is complete in light of recent events.

If you have any questions regarding the information contained in this filing, please contact Alex Nisbet at 701-241-8632 or Alex.J.Nisbet@xcelenergy.com.

Sincerely,

/ s /

ALLEN D. KRUG
AVP, STATE REGULATORY AND POLICY

Enclosures
cc: Alex Nisbet

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY
APPLICATION - DEFERRED ACCOUNTING
PRAIRIE ISLAND INDIAN COMMUNITY
SETTLEMENT

CASE No. PU-24-378

CASE UPDATE

I. INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission this Case Update in anticipation of the Commission informal hearing scheduled for August 7, 2025 in the above captioned Case. The Company is providing this Case Update to help ensure that the record in this Case is complete in light of recent events.

II. BACKGROUND

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 Prairie Island Indian Community (PIIC) (PI Payment). 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.

On December 3, 2024, the Company submitted its Application in this Case seeking to defer the 2024 PI Payment until such time as the Commission was able to determine the prudence of the PI Payments. The Commission scheduled an informal hearing on the Application for August 7, 2025.

III. THE PI PAYMENT

Under the agreement with the PIIC executed on August 3, 2023, beginning on January 1, 2024, the Company has agreed to pay the PIIC (1) an annual payment of \$7,500,000 for each year the Prairie Island plant 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 Prairie Island plant, whether or not the plant is in licensed operation. These amounts constitute the PI Payment. The total PI Payment amount in 2024 is \$10 million, which equates to \$517,435 on a North Dakota jurisdictional basis.

The PI Payment is an integral part of our efforts to work collaboratively with the PIIC to help alleviate any concerns they may have raised to the continued operation of the Prairie Island Plant beyond 2033 for Unit 1 and 2034 for Unit 2. The PI Payment now brings PIIC's plant related revenue in-line with surrounding communities also impacted by the Prairie Island Plant, but who are not hosting the spent fuel. Surrounding communities, like Red Wing, MN, have received hundreds of millions of dollars from the placement of the nuclear plant at Prairie Island.

IV. CASE UPDATE

Since filing our deferral Application, two significant events have occurred.

First, on December 2, 2024, the Company filed its current Electric Rate Case in Case No. PU-24-376. Included in the test year revenue deficiency was an increase in operations and maintenance expense at Prairie Island to account for the payments to PIIC in the test year. This means that the prudence of the PI Payment and the circumstances surrounding it are at issue in that rate case and will be decided as part of that overall proceeding.

Second, on June 23, 2025 the Administrative Law Judge issued its findings in Minnesota PUC Docket No. E002/CN-24-68 in which the Company requested a Certificate of Need to expand the Spent Fuel Storage Facilities at Prairie Island. The ALJ recommended that the Minnesota Commission issue the requested Certificate of Need. PIIC did not challenge the Company's request, consistent with its obligations pursuant to the August 3, 2023 Agreement establishing the PI Payment. The Minnesota PUC will review our CON request at its agenda meeting on August 14th, 2025, where we anticipate approval.

In light of these events, the issue before the Commission on August 7 is whether the requested deferral should be granted. Once the larger question of the PI Payment is resolved in the current electric rate case, the Company will either recover the deferred

amounts or the deferral will be written off. Consequently, the ultimate impact of the 2024 PI Payment is not at issue at the August 7, 2025 informal hearing in this case.

The Company continues to believe that it would be reasonable for the Commission to defer the 2024 PI Payment. 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.¹ 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.²

The 2024 PI Payment meets these standards. 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 Nuclear Regulatory Commission relicensing of the Prairie Island plant. In that way, they are contingent and therefore non-recurring and were therefore 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.

V. CONCLUSION

The Company respectfully requests the Commission authorize the Company to use deferred accounting for the PI Payments. Future recovery of these costs would remain subject to Commission review in the currently ongoing electric rate case.

Dated: August 1, 2025

Northern States Power Company

¹ 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).

² 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.).