

DOE SETTLEMENT PAYMENTS – BACKGROUND AND SUMMARY OF SD COMMISSION ACTION

In 1998, Northern States Power Company, doing business as Xcel Energy, or the Company, filed the first of two suits against the United States Department of Energy (DOE) seeking to recover damages associated with 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 U.S. Government on these suits on July 7, 2011 (Payments 1-5). The 2011 Settlement Agreement provided a mechanism for the Company to recover its spent nuclear fuel storage damages through December 31, 2013. In its Order in Docket No. EL11-023, the Commission directed that the payments under the 2011 Settlement Agreement be returned to customers through a bill credit.¹

On January 24, 2014, the Company and the U.S. Government agreed to extend the Settlement Agreement to allow for the recovery of spent fuel storage damages through December 31, 2016 (Payments 6-8). The Commission subsequently directed that the funds received under the 2014 Settlement Agreement be returned to customers through a direct bill credit.² On November 13, 2017, the Company received the eighth payment totaling \$15,180,484.80 and in our recent Compliance filing³ that the eighth settlement payment will also be credited back to customers in a manner consistent with the handling of payments six and seven.

On February 23, 2017, the Company and the U.S. Government agreed to extend the Settlement Agreement to allow for the recovery of spent fuel storage damages

¹ *In re Northern States Power Company dba Xcel Energy for Approval of a Credit Mechanism for a Department of Energy Settlement Payment with Deferred Accounting and Approval to depart from its Fuel Clause Tariff, as Necessary*, Order Approving Credit Mechanism; Order Approving Deferred Accounting Treatment of Future Settlement Proceeds (Jan. 30, 2012), Docket No. EL11-023.

² *In the Matter of a Petition by Xcel Energy for Approval of a Credit Mechanism for a Department of Energy Settlement Payment*, Order Approving Credit Mechanism (Feb. 2, 2016), Docket No. EL16-001.

³ Id. Compliance Filing (Dec. 8, 2017).

through December 31, 2019 (Payments 9-11), which resolves the issues of damages for spent nuclear fuel storage through 2019. We expect the first payment (Payment 9) under this extension to be received in late 2018 for damages in 2017, with the subsequent payments following a similar schedule.

The Company does not propose that the Commission take any action at this time on how best to return these payments to our customers. Rather, the Company will submit a proposal for review in late 2018, at which time the 2017 payment may be known. This will allow the Commission time to review the amount at issue and, given the circumstances present next year, determine how best to return the funds to customers.