

**STATE OF SOUTH DAKOTA  
BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF  
NORTHERN STATES POWER COMPANY  
FOR APPROVAL OF THE 2024  
INFRASTRUCTURE RIDER ADJUSTMENT  
FACTOR

DOCKET NO. EL23-025

**SUPPLEMENT**

**INTRODUCTION**

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission this Supplement to our 2024 Infrastructure Rider Petition for approval of a revised Infrastructure Rider Adjustment Factor and Tracker Account report originally submitted on September 1, 2023.

Specifically, the Company proposes to update the 2024 revenue requirements to include the South Dakota jurisdictional share of new payments to be made to the Prairie Island Indian Community related to the operation of the Prairie Island Nuclear Generating Plant (PINGP) starting in 2024. In particular, the 2023 amended settlement between the Company and the Prairie Island Indian Community includes a \$7.5 million payment per year as well as \$50,000 for each cask of fuel stored at the PINGP. This new payment is separate from and in addition to the \$2.5 million currently paid to the Prairie Island Indian Community annually. The \$2.5 million annual payment is not being, and has not been, recovered from South Dakota customers.

We propose to revise our initial Petition to add these costs, which increases the 2024 total revenue requirement by approximately \$593,000 and increases the proposed monthly rate from negative \$0.000026 per kWh (which would be a credit) to a positive \$0.000240 per kWh charge on customers' bills.

**A. Background**

In 1991, the Company filed an Application for Certificate of Need with the Minnesota Public Utilities Commission (MPUC) seeking permission to build a spent fuel waste facility at PINGP. Hearings were held before an administrative law judge (ALJ) in November and December 1991. In April 1992, the ALJ recommended that the MPUC deny the application. However, despite the ALJ's recommendations, the MPUC approved the facility but reduced the number of storage casks allowed from

48 to 17. During the contested case, the Prairie Island Indian Community, among others, opposed the storage facility and appealed to the Minnesota Supreme Court, which gave the decision-making authority to the 1994 Minnesota state legislature, which eventually gave the Company permission to add more casks.

After the U.S. Department of Energy (DOE) failed to meet a January 1, 1998 deadline to accept nuclear waste, the Company filed breach of contract lawsuits against the DOE. By 2003, the storage space issue was once again before the Minnesota legislature where bills were introduced to allow additional storage at PINGP. Following a special legislative session, the new law became effective on May 30, 2003, that authorized additional casks and essentially voided the 1994 laws. The 2003 laws also included several provisions, including a 2003 Settlement Agreement (2003 Agreement) with the Prairie Island Indian Community and annual payments up to \$2.5 million. Under the 2003 Agreement, payments were structured to pay the Prairie Island Indian Community \$2.25 million beginning in 2003 and were subsequently reduced to \$1.45 million annually beginning in 2012 as we approached the end of the original licensed plant lives in 2013 and 2014.

On August 20, 2015, the Company and the Prairie Island Indian Community amended the original 2003 Agreement given changed circumstances since the 2003 Agreement was executed (2015 Agreement). Specifically, in 2009 the DOE ended its efforts to obtain a license to construct a nuclear disposal facility at Yucca Mountain, causing growing uncertainty as to how long spent fuel will be stored at PINGP. Further, the recommendations advanced by the Blue Ribbon Commission on America's Nuclear Future in 2012, and the resulting strategy to implement the Blue Ribbon Commission's recommendations published by the DOE in 2013, had not been acted upon by Congress.

That uncertainty was further increased when the Nuclear Regulatory Commission (NRC) found, as part of its Waste Confidence rulemaking, that nuclear plants could safely store used nuclear fuel on-site following plant shutdown for 60 years or longer. Finally, in 2012 the MPUC found that a 60-year period for spent fuel management following plant shutdown for decommissioning accrual purposes should be used instead of the 36-year period recommended by the Company.

In addition to the changing circumstances described above, the PINGP's licenses were renewed to allow plant operations until 2033 and 2034. This increased the amount of used nuclear fuel that could potentially be stored from the levels anticipated at the time of the 2003 Agreement and resulted in increased payments. In particular, the 2015 Agreement increased the settlement amount paid to the Prairie

Island Indian Community by \$1.05 million, resulting in an annual payment of \$2.5 million as authorized by Minnesota statute, beginning January 1, 2016.

The costs of the 2003 and 2015 Agreements were direct-assigned to Minnesota customers since they were directly related to decisions of the Minnesota Supreme Court and the Minnesota State Legislature to settle ongoing disputes. The costs were initially recovered from Minnesota customers through the Minnesota State Energy Policy (SEP) Rider and are currently included in base rates in Minnesota only.

## **B. Infrastructure Rider Eligible Expenses**

Because we are seeking a 20-year extension to the life of the PINGP, an Amended and Restated Settlement Agreement between the Company and the Prairie Island Indian Community was executed on August 3, 2023 detailing a revised payment amount (2023 Agreement) to account for the impacts of that extension on the Prairie Island Indian Community. Per the 2023 Agreement, the new payments begin January 1, 2024, and these payments include two new components: (1) an annual payment of \$7,500,000 for each year the Prairie Island nuclear generating facility 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. 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 negotiated terms of the 2023 Agreement are different than the payments under the 2003 and 2015 Agreements. Rather than resolving specific disputes between the parties, these terms identify necessary payments associated with operation and maintenance of the PINGP that appropriately recognize and fairly compensate its closest residents for their proximity to a generating facility. These payments to the Prairie Island Indian Community are no different than the property taxes that other local municipalities receive due to their proximity to generating facilities. Cities and counties receive personal property tax from power plants in recognition of the extra burdens that plants may place on those communities. While payments to the Prairie Island Indian Community had not increased in 20 years, local governments have seen property tax revenue more than double. Surrounding communities, like Red Wing, MN, have received hundreds of millions of dollars from the placement of the nuclear plant at Prairie Island.

The 2023 Agreement is critical to support the PINGP life extension and the PINGP is an integral part of our continued ability to meet our customers' needs reliably and affordably. On February 1, 2024, the Company will file for a 20-year life extension of

the plant with the MPUC. Additional details will be provided in our upcoming Integrated Resource Plan filing made to the MPUC. Additional years of safe generation will benefit our customers in the region and the nation by providing affordable, carbon free base load power.

Projects eligible for recovery through the Infrastructure Rider include those projects specified in the Settlement in Docket No. EL22-017 and “plant additions” identified in the Phase-In Statute (SDCL § 49-34A-73) that are not yet included in base rates or otherwise recovered through other available mechanisms. In particular, “plant additions” are defined to include “investments in . . . operations and maintenance expenses directly related to fixed assets,” as provided in SDCL § 49-34A-73.1. While we acknowledge that payments made to the Prairie Island Indian Community are not capital costs, we believe that they qualify for recovery through the Infrastructure Rider as necessary “plant additions.”

**C. Proposed 2024 Rider Rate Factor**

The addition of the Prairie Island Indian Community payments results in a revised proposed 2024 Infrastructure Rider revenue requirement of \$534,000 and a rate of \$0.000240 per kWh. The average bill impact is estimated to be \$0.18 per month for a typical residential electric customer using 750 kWh per month, an increase of \$1.56 compared to the current rate. The current rate is a credit to customers, whereas the revised rate is a charge.

Table 1 below shows the derivation of the South Dakota jurisdictional share of the Prairie Island Indian Community payments for 2024. Please see page 12 of our initial Petition for more information about allocation of costs across NSP jurisdictions.

**Table 1: PINGP Payment Allocation to SD Jurisdiction**

2024		
<b>Cost per cask</b>	\$50,000	[A]
<b>PI Casks</b>	50	[B]
<b>Subtotal</b>	\$2,500,000	[C] = [A] x [B]
<b>Additional Payment</b>	\$7,500,000	[D]
<b>Total</b>	\$10,000,000	[E] = [C] + [D]
<b>SD Demand</b>	7.0669%	[F]
<b>MN Demand</b>	83.8663%	[G]
<b>Jurisdictional Allocator</b>	5.9267%	[H] = [F] x [G]

<b>Total</b>	<b>\$592,675</b>	$[I] = [E] \times [H]$
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We provide updated attachments to incorporate the Prairie Island Community payments into the 2024 Infrastructure Rider revenue requirements as follows:

Revised Attachment 1: Rate Factor Calculation & Bill Impact

Revised Attachment 2: Annual Rider Tracker Summary

Revised Attachment 3: Rider Tracker Monthly Detail

Revised Attachment 13: Proposed Tariff Sheet

Revised Attachment 15: Customer Bill Notice

### **CONCLUSION**

We respectfully request approval of our revised 2024 Infrastructure Rider revenue requirements and resulting rate calculations incorporating new payments made to the Prairie Island Indian Community as a result of the 2023 Settlement Agreement. This proposal is reasonable and consistent with the public interest for the continued long-term investment in our nuclear power fleet.

Dated: November 29, 2023

Northern States Power Company