

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

<b>IN THE MATTER OF THE FILING BY )</b>	<b>ORDER APPROVING</b>
<b>NORTHERN STATES POWER COMPANY )</b>	<b>CREDIT MECHANISM;</b>
<b>DBA XCEL ENERGY FOR APPROVAL OF A )</b>	<b>ORDER APPROVING</b>
<b>CREDIT MECHANISM FOR A DEPARTMENT )</b>	<b>DEFERRED ACCOUNTING</b>
<b>OF ENERGY SETTLEMENT PAYMENT WITH )</b>	<b>TREATMENT OF FUTURE</b>
<b>DEFERRED ACCOUNTING AND APPROVAL )</b>	<b>SETTLEMENT PROCEEDS</b>
<b>TO DEPART FROM ITS FUEL CLAUSE )</b>	
<b>TARIFF, AS NECESSARY )</b>	

**EL11-023**

On August 16, 2011, the Public Utilities Commission (Commission) received a Petition from Northern States Power Company dba Xcel Energy (Xcel) for approval of a credit mechanism for funds received from a settlement (Settlement) with the United States Department of Energy (DOE) pursuant to DOE's partial breach of its contract to begin accepting spent nuclear fuel on or before January 31, 1998. The gross amount currently available for credit is \$99,996,841 on a total NSP system basis, or approximately \$4.3 million on a South Dakota jurisdictional basis, for damages incurred through December 31, 2008. This amount is currently reflected in Xcel's revenues. Xcel also requested that the amount of the credit be net of South Dakota's share of outside legal costs of just over \$0.25 million incurred in pursuit of the Settlement and that the interest received from a separate interest bearing account be included in calculating the amount of the credit. As the Settlement also provides a mechanism for Xcel to recover its nuclear spent fuel storage damages incurred from January 1, 2009, through December 31, 2013, Xcel additionally requested that the Commission authorize deferred accounting for any anticipated future payments from DOE if the amounts cannot be credited to ratepayers in the year received. Xcel further requested that the order regarding the appropriate credit mechanism be issued by the end of 2011 or that the Commission grant approval for deferred accounting treatment of the Settlement monies on or before December 31, 2011, in order to avoid the tax consequences of having potential income in 2011 that will ultimately be returned to customers in 2012.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-12.

On August 18, 2011, the Commission electronically transmitted notice of the filing and the intervention deadline of September 2, 2011, to interested individuals and entities. No parties sought intervention. At its regularly scheduled December 6, 2011, meeting, the Commission voted unanimously to approve the deferred accounting treatment of the 2011 Settlement proceeds. On December 28, 2011, Staff filed its Memorandum setting forth its recommendations on the remaining issues.

At its regularly scheduled January 17, 2012, meeting, the Commission considered Xcel's requests. The Commission voted unanimously to approve the recommendations of Staff, which included approval of the following:

1. Refund of the \$4,285,234 of the nuclear spent fuel storage Settlement proceeds received through 2008, net of litigation expenses of \$264,420, to South Dakota customers.
2. Refund to customers of all interest accumulated on the Settlement amount from the time of the Settlement proceeds receipt to the time of disbursement to customers.
3. Distribution of the refund using the one-time bill credit described in Attachment B of the application, modified to reflect actual sales from January 2011 through December 2011 within 90 days after the issuance of the order and providing to the Commission a compliance filing within 30 days of completing the credit process showing the amount of the DOE Settlement and interest actually earned and refunded.
4. Use of the same one-time bill credit method for returning future Settlement proceeds to customers and any interest thereon within 90 days of receipt from DOE. Within 30 days of receipt of the Settlement proceeds from the DOE, Xcel shall provide the same documentation for future payments as it provided for the initial payment. Xcel shall refund the Settlement proceeds within 90 days of receipt from DOE. A compliance filing showing the amount of the DOE Settlement and interest actually earned will be made within 30 days of completing the credit process.
5. Use of deferred accounting treatment for any future Settlement payments from the DOE if the amounts cannot be credited to ratepayers in the year received.

It is therefore

ORDERED, that Xcel shall refund the \$4,285,234 in nuclear spent fuel storage Settlement proceeds received through 2008, net of litigation expenses of \$264,420, to South Dakota customers; it is further

ORDERED, that all interest accumulated on the Settlement amount from the time of the Settlement proceeds receipt to the time of disbursement to customers shall be returned to customers; it is further

ORDERED, that within 90 days after the issuance of this order that the refund using the one-time bill credit described in Attachment B of the application, modified to reflect actual sales from January 2011 through December 2011 shall be made and a compliance filing shall be provided to the Commission within 30 days of completing the credit process showing the amount of the DOE Settlement and interest actually earned and; it is further

ORDERED, that Xcel shall use the same one-time bill credit method for returning future Settlement proceeds to customers within 90 days of receipt from DOE. Within 30 days of receipt of the Settlement proceeds from the DOE, Xcel shall provide the same documentation for future payments as it provided for the initial payment. Xcel shall refund the Settlement proceeds within 90 days of receipt from DOE. A compliance filing showing the amount of the DOE Settlement and interest actually earned will be made within 30 days of completing the credit process; and, it is further

ORDERED, that Xcel's request for deferred accounting treatment for any future Settlement payments from the DOE if the amounts cannot be credited to ratepayers in the year received is hereby granted.

Dated at Pierre, South Dakota, this 30<sup>th</sup> day of January, 2012.

<p style="text-align: center;"><b>CERTIFICATE OF SERVICE</b></p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.</p> <p>By: <u>Joy Bailey</u></p> <p>Date: <u>1-30-12</u></p> <p style="text-align: center;">(OFFICIAL SEAL)</p>
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BY ORDER OF THE COMMISSION:

Chris Nelson  
CHRIS NELSON, Chairman

Kristie Fiegen  
KRISTIE FIEGEN, Commissioner

Gary Hanson  
GARY HANSON, Commissioner