

PUBLIC UTILITIES COMMISSION  
STATE OF SOUTH DAKOTA

Gary Hanson  
Chris Nelson  
Kristie Fiegen

Chairperson  
Vice Chair  
Commissioner

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY  
FOR APPROVAL OF A WAIVER TO RETURN  
TO CUSTOMERS DEPARTMENT OF ENERGY  
SETTLEMENT PAYMENTS

DOCKET NO.: EL11-023  
EL16-001  
EL19-002

**PETITION**

**INTRODUCTION**

Pursuant to S.D. Codified Laws § 49-34A-6, Northern States Power Company, doing business as Xcel Energy, operating in South Dakota, submits this Petition to the South Dakota Public Utilities Commission (Commission) for a waiver to the Order in Docket No. EL19-002 to return future Settlement proceeds to customers within 90 days of receipt of payment from the Department of Energy (DOE). The Company is requesting approval of an additional 90 days to complete the return of the 10<sup>th</sup> DOE payment to South Dakota Customers.

On December 23, 2019, the Company received the second payment under the Second Extended Settlement (the 10<sup>th</sup> payment in total) from the DOE of \$31,096,483 million on a total Company basis, or \$1,709,442 on a South Dakota jurisdictional basis, for damages incurred during the period of January 1, 2018 to December 31, 2018. The Commission's February 22, 2019 Order in EL19-002 requires the Company to continue the requirements set out in the January 30, 2012 Order in EL11-023 and February 17, 2016 Order in EL16-001 requiring the Company to return the South Dakota jurisdictional portion to customers via a one-time credit within 90 days of payment receipt. We file this Petition to request a waiver to the 90-day requirement and request an additional 90 days for the tenth payment only.

The Company has placed these funds into a separate external interest bearing account and will include the interest received, minus bank fees, in calculating the amount of the credit.

## **I. GENERAL FILING INFORMATION**

### **A. Utility Employee Responsible for Filing**

Steve Kolbeck  
Principal Manager  
Xcel Energy  
500 West Russell Street  
Sioux Falls, South Dakota 57104  
(605) 339-8350  
[Steven.T.kolbeck@xcelenergy.com](mailto:Steven.T.kolbeck@xcelenergy.com)

### **B. Date of Filing and Date Modified Rates Take Effect**

Xcel Energy submits this Petition for approval on January 22, 2020. The effective date to credit the Settlement payment is to be determined by the Commission.

## **II. DESCRIPTION AND PURPOSE OF FILING**

The Company requests Commission approval of a waiver to the 90-day requirement and request an additional 90 days for the tenth DOE payment only.

In support of this filing, Xcel Energy provides:

- Background on past credit implementation;
- A description and support of the Company's proposed waiver;

## **III. BACKGROUND AND NEED FOR WAIVER**

Consistent with the above-mentioned Commission Orders the first eight DOE payments were completed and returned to South Dakota customers within 90 days of payment receipt. On February 22, 2019, the Commission approved the Company to issue customer refunds for the ninth DOE payment in August 2019. Currently, due to previously scheduled refunds in our NSP states, along with our billing system's ability to handle only one refund at a time, we are requesting a waiver for an additional 90-days to return the tenth DOE payment.

Attachment A provides a summary of the South Dakota jurisdictional portion of the DOE payments which were returned to customers in the form of bill credits.

#### **IV. Proposed Waiver**

The second payment under the Second Extended Settlement was received on December 23, 2019 in the amount of \$31,096,483 million on a total Company basis (see Attachment B), or approximately \$1,709,442 on a South Dakota jurisdictional basis (see Attachment C) and represents damages for costs incurred in 2018. In addition, we will include \$10,243 which represents a small underpayment that occurred during the ninth DOE credit in August, 2019. In total, we will return \$1,719,685 to our South Dakota customers before interest or bank fees are applied. The underpayment along with the tenth DOE payment were placed in a segregated bank account established specifically and solely for the settlement proceeds, similar to the Company's treatment of the previous payments under the 2011 Settlement Agreement and Extended Settlement payments

The Commission's Orders in Docket Nos. EL11-023, EL16-001 and EL19-002 required that we begin implementation of customer credits within 90 days of the Commission's order or receipt of the subsequent payments. For the tenth payment, we request additional time for implementation and propose posting the credits to customers' accounts no later than June 22, 2020. The Company's refund program can handle only one refund at a time. Due to already scheduled refunds in our NSP states, we request this additional time only for the tenth DOE payment.

#### **V. CREDIT MECHANISM**

##### **A. One-time Bill Credit**

Consistent with the procedures used for the first nine DOE payments, the tenth payment will be allocated to customer classes using the applicable allocator from the Company's most recent Class Cost of Service Study. The allocator used for nuclear plant investment costs was developed using a stratification process that resulted in an allocation factor that was approximately 80.9% "energy-related" and 19.1% "capacity-related."<sup>1</sup>

As outlined in Attachment C to this Petition, once the credit amounts have been allocated to each customer class, a credit factor will be calculated for each customer class based on the most recent and available 12 months of actual kWh usage for active customers. The appropriate credit factor will then be applied to each active customer's actual kWh usage for that time period to determine the actual credit amount for each customer. Customers that have an active account on the date the credit is calculated will receive a bill credit based on their usage for their current

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<sup>1</sup> See Attachment C.

address. Using 12-months of usage avoids the problems inherent with selecting a particular point in time to calculate the credit (e.g. the fluctuating usage of seasonal customers).

## **B. Interest**

The Company placed the funds in a separate interest-bearing account to protect both customers and the Company and to ensure the funds are accurately accounted for pending the actual bill credit. The interest bearing sweep account currently earns 1.35% annually and the interest is posted daily. The credit amount will include the actual amount of interest earned by the Company, minus any bank fees or charges on these funds. Placing the funds in a separate interest-bearing account is consistent with treatment of the funds from the previous payments.

## **C. Credit Timing and Compliance Filings**

For the future eleventh and twelfth payments and consistent with Docket Nos. EL11-023 and EL16-001, we propose providing the same compliance filing within 30 days after receipt of each payment, and will include documentation like that provided in Attachments B and C in this filing for Commission Staff review.

For all payments, the Company will file a compliance report within 30 days after completion of each credit providing a summary of the settlement payment, interest credited, class allocations and the actual average customer credit per customer class as was done with the first nine DOE payments.

## **VII. EFFECT OF THE CHANGE UPON XCEL ENERGY REVENUE**

There is no effect on the Company's revenues since the Settlement payments will be returned to customers with interest.

## **VIII. JURISDICTIONAL ALLOCATIONS**

The funds are payable to Northern States Power Company – Minnesota (NSPM), and will first be allocated between NSPM and NSP-Wisconsin (NSPW) Companies. The NSPM portion will be further allocated by jurisdiction (North Dakota, South Dakota, Minnesota) and then to customer classes. Finally, they will be credited to individual customers. Consistent with the method used in Docket Nos. EL11-023, EL16-001 and EL19-002, we propose using allocators from the year the damages were incurred. Thus for the tenth payment, we would use the appropriate vintage allocator for 2018 between North Dakota retail, South Dakota retail, and Minnesota retail.

## IX. MISCELLANEOUS INFORMATION

We request that all communications regarding this proceeding, including data requests, pleadings, documents and other filings also be directed to:

Ryan J. Long  
Lead Assistant General Counsel  
Xcel Energy  
414 Nicollet Mall, 401 8<sup>th</sup> Floor  
Minneapolis, MN 55401  
[Ryan.J.Long@xcelenergy.com](mailto:Ryan.J.Long@xcelenergy.com)

Lynnette Sweet  
Regulatory Administrator  
Xcel Energy  
414 Nicollet Mall, 401 7<sup>th</sup> Floor  
Minneapolis, MN 55401  
[Regulatory.Records@xcelenergy.com](mailto:Regulatory.Records@xcelenergy.com)

### CONCLUSION

The Company respectfully requests the Commission approve a waiver to the standing Order in Docket Nos. EL11-023, EL16-001 and EL19-002 to return future Settlement proceeds to customers within 90 days of receipt of payment from the Department of Energy (DOE). The Company is requesting approval of an additional 90 days to complete the return of the 10<sup>th</sup> DOE payment to South Dakota Customers. The mechanism will credit customers the tenth payment under the extended Settlement in the form of a one-time bill credit based upon the customers' most recent twelve months of usage. The payment has been deposited in a separate interest-bearing bank account and the refund will include the actual interest earned minus bank fees will be included with the credit provided to customers.

Dated: January 22, 2020

Northern States Power Company