MINNESOTA
PUBLIC UTILITIES COMMISSION

Staff Briefing Papers

Meeting Date	**June 26, 2025**		**Agenda Item 3***
Company	Northern States Power Co. d/b/a Xcel Energy		
Docket No.	E-002/AA-23-153		
	In the Matter of Xcel Energy's Petition for Approval of its 2024 Annual Fuel Forecast and Monthly Fuel Cost Charges		
Issues	Should the Commission approve Xcel Energy's 2024 Fuel Forecast True-Up Report and Refund?		
Staff	Ashley Marcus	ashley.marcus@state.mn.us	651-201-2192

✓ **Relevant Documents**	**Date**
Xcel Energy – 2024 True Up Report (Public and Trade Secret)	March 3, 2025
Xcel Energy – Alternative Decision Option	March 24, 2025
Department of Commerce – Comments (Public and Trade Secret)	April 15, 2025
Xcel Energy – Reply Comments	May 1, 2025
Department of Commerce – Response to Reply Comments	May 9, 2025
Xcel Energy – Sherco 3 Refund Compliance (Public and Trade Secret)	June 5, 2025

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BACKGROUND

The Minnesota Public Utilities Commission's (Commission) November 9, 2023 Order in this docket authorized Northern States Power Company d/b/a Xcel Energy (Xcel Energy or the Company) to implement its 2024 Fuel Clause Adjustment (FCA) forecast, based on forecasted sales of 26,842,355 MWh and costs of $1,022,748,000.

On September 30, 2024, Xcel Energy requested a fuel cost adjustment due to over-collections of approximately $102 million as of July 31, 2024. Xcel Energy proposed to reduce the monthly fuel rates by $15 million per month beginning on November 1, 2024.[1] The primary drivers of the overcollection are lower than forecasted natural gas prices, Community Solar Garden (CSG) costs, and congestion costs. To expedite refunds to customers, the proposed implementation date is earlier than the September 1, 2025 implementation date that was established in the procedural schedule. The Company stated it would report the full year of 2024 actual results in its March 1, 2025 true-up filing as set forth in Docket No. E-999/CI-03-802 (FCA Reform Docket).

On October 31, 2025, with no party having objected to Xcel Energy's proposed revised FCA rates within 30 days, the Company submitted a compliance filing with the revised rates.

On March 3, 2025, Xcel Energy, in compliance with the annual reporting requirements for actual fuel costs established in the FCA Reform Docket, filed a petition (Petition) to true up the 2024 fuel cost charges. The Petition included a proposal to adjust the monthly fuel rates on April 1, 2025.

On March 24, 2025, Xcel Energy proposed to refund $48 million for the Sherburne County Generating Station Unit 3 (Sherco Unit 3 or Sherco 3) November 2011 outage to ratepayers in one month and provided updated FCA recovery reporting.

On April 15, 2025, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments and recommended approval of Xcel Energy's 2024 FCA true-up petition subject to confirmation of Xcel Energy's class factor calculations. Additionally, the Department requested additional information regarding the Sherco Unit 3 refund and a Prairie Island Unit 1 vendor.

On May 1, 2025, Xcel Energy filed reply comments providing the additional information requested by the Department and requested Petition approval.

On May 9, 2025, the Department filed response comments and continued to recommended approval Xcel Energy's 2024 FCA true-up Petition, as supplemented by Xcel Energy's reply comments.

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[1] Docket No. E-999/CI-03-802, June 12, 2019 Order Approving Additional Details of New Fuel Clause Adjustment Process, Ordering Paragraph 3 allows FCA adjustments when the impact is plus or minus 5 percent. The over-recovery is approximately 20 percent higher than forecast. Refunds are permitted following a 30-day notice if no party objects to the revised rates.

On June 5, 2025, Xcel Energy submitted a compliance filing which confirmed the execution of the Sherco Unit 3 refund.

DISCUSSION

I. Xcel Energy – True Up Report

Xcel Energy's 2024 fuel expense was $894.7 million, or $128.1 million lower than the approved $1,022.7 million forecast. The average fuel cost of $33.42 per MWh was 12.3 percent lower than the authorized rate of $38.10 per MWh.

Fuel cost collections for 2024 were $1,019.4 million and $30.5 million was returned to customers in the November and December 2024 mid-year rate refund. Therefore, net Minnesota fuel collections were $988.9 million versus total actual fuel expenses of $894.7 million, which resulted in a $94.2 million over-collection. Additionally, Xcel Energy will refund $175.6 million for nuclear production tax credits and $48.0 million for the Sherco Unit 3 November 2011 outage replacement power costs. Xcel Energy proposed to refund a total of $317.6 million through the FCA between January 2025 and March 2026.

A. Variance Explanations

Xcel Energy noted that significant drivers for lower costs between the 2024 forecast and actuals were:

- Lower CSG cost due to lower than forecast volume and average CSG rate;
- Lower congestion cost from the MISO market than forecast;
- Lower fuel cost for gas generation due to lower gas prices; and
- Lower fuel cost for coal generation due to reduced dispatch.

The comparison between actual results and the forecast is shown in Table 1. Xcel Energy provided variance explanations for the primary components of fuel costs.

Table 1: Xcel Energy 2024 FCA Variance to Forecast ($000)[2]

	Actual	Forecast	Variance $	Variance %
Company Owned				
Wind, Solar, Hydro	$0	$0	$0	0.0%
Coal	$139,293	$174,776	($35,483)	-20.3%
Wood/RDF	$8,731	$9,149	($418)	-4.6%
Natural Gas	$204,135	$225,870	($21,735)	-9.6%
Nuclear	$104,608	$113,371	($8,763)	-7.7%
Total Fuel	$456,767	$523,166	($66,399)	-12.7%
Purchased Energy				
Natural Gas	$118,274	$142,457	($24,183)	-17.0%
Solar PPA	$55,139	$57,382	($2,243)	-3.9%
Solar CSG	$222,637	$329,263	($106,626)	-32.4%
Wind	$224,133	$216,107	$8,026	3.7%
Other	$191,029	$195,042	($4,013)	-2.1%
Market Purchases	$73,226	$10,420	$62,806	602.7%
MISO Market Charges	$169,317	$188,538	($19,221)	-10.2%
Total Purchased Power	$1,053,755	$1,139,209	($85,454)	-7.5%
Total System Costs	**$1,510,522**	**$1,662,375**	**($151,853)**	**-9.1%**
Less Sales Revenue	($309,911)	($291,989)	($17,922)	6.1%
Less Costs Direct Assigned	($213,930)	($291,711)	$77,781	-26.7%
Net System Costs	**$986,681**	**$1,078,675**	**($91,994)**	**-8.5%**
MN Jurisdictional Costs				
MN Costs	$702,990	$764,429	($61,439)	-8.0%
Solar Garden - Above Market Cost	$180,010	$249,377	($69,367)	-27.8%
Biomass Buyout Costs	$8,938	$8,942	($4)	0.0%
St Paul Congregation	$1,191	$0	$1,191	0.0%
SES Exemption	$1,663	$0	$1,663	0.0%
St. Paul Cogeneration (2023 Capacity)	($103)	$0	($103)	0.0%
MN FCA Costs	**$894,689**	**$1,022,748**	**($128,059)**	**-12.5%**
MWh Sales[3]	26,774,079	26,842,355	(68,276)	-0.3%
FCA Cost in $/MWh	$33.42	$38.10	-$4.69	-12.3%
Fuel Collections	**$1,019,438**			
Mid-Year Adjustment Collections	**($30,533)**			
Total Collections	**$988,905**			
(Over) / Under Recovery	**($94,216)**			
Nuclear PTC Credits	**($175,612)**			
Sherco 3 2011 Replacement Power Refund	**($47,957)**			
Net Balance - 2023	**$175**			
Total Refund	**($317,610)**			

[2] Xcel Energy True Up Report, Part A, Attachments 1 and 2.

1. Company Owned Hydro Generation

The Company-owned hydro generation forecast was based on a 30-year annual historical average of hydro generation results for NSP System plants. There is no fuel price input for hydro generation in the model because it does not require any fuel purchases.

Hydro facilities experienced lower than expected water flows in 2024 which resulted in less hydro generation than forecasted and increased generation from other fuel types.

2. Company Owned Wind Generation

The Company-owned wind generation forecast reflected the individual project's hourly profiles and were based on their specific historical results with an annual generation profile based on at least twelve months of operational data. For new projects that did not have an annual generation profile, the profiles were based on turbine technology, plant design, and localized weather data. There is no fuel price input for wind generation in the model because wind generation does not require any fuel purchases.

Due to lower curtailment, wind generation was greater than forecast thus reducing generation from other fuel types and lowering costs.

3. Company Owned Coal Generation

The forecast for each Company-owned coal unit included modeling parameters such as operating capacity and heat rate based on capabilities of the individual plants. Planned maintenance and forced outage rates were based on historical data and expected conditions of the units going forward. Coal prices were forecasted based on coal purchases under contract and rail contracts in effect at the time of filing. Any coal requirements that were not under contract were forecasted based on spot market prices.

Coal generation was lower than forecast because outages were greater than forecast, primarily at the King and Sherco Unit 3 coal units. Additionally, gas prices were low throughout the year, leading to lower Locational Marginal Prices (LMP) and less dispatch of coal generation. Lower coal generation is the primary driver to lower than forecasted coal costs. The average cost/MWh of coal generation was 6 percent lower than forecasted.

4. Company Owned Wood/RDF Generation

The Company-owned wood/refuse derived fuel (RDF) forecast included modeling parameters such as operating capacity and heat rate based on each individual plant's capabilities. Planned maintenance and forced outage rates were based on the units' historical data and expected conditions.

Company-owned wood/RDF cost was slightly lower than forecast due to decreased fuel costs.

[3] Sales for Renewable*Connect and Windsource programs are included.

5. Company Owned Natural Gas Generation

The Company-owned natural gas forecast included modeling parameters such as operating capacity and heat rate based on each individual plant's capabilities. Planned maintenance and forced outage rates were based on the units' historical data and expected conditions. Forecasted natural gas prices were based on New York Mercantile Exchange (NYMEX) futures prices at the Ventura hub. Natural gas transport costs were based on Xcel Energy's transport and delivery contracts in place at the time of filing.

Despite greater than forecasted generation, lower than forecasted natural gas prices resulted in decreased natural gas generation costs.

6. Company Owned Nuclear Generation

The Company-owned nuclear forecast included modeling parameters such as operating capacity and heat rate based on each individual plant's capabilities. Planned maintenance and forced outage rates were based on the units' historical data and expected conditions. The forecasted nuclear fuel price was based on Xcel Energy's existing nuclear fuel contracts at the time the forecast was filed.

Nuclear generation was less than forecasted due two outages at the Prairie Island Nuclear Generating Plant.

An unplanned outage at Prairie Island Unit 1 (Unit 1) in October 2023 impacted a planned outage a Prairie Island Unit 2 (Unit 2) leading to an outage extension. Unit 1 returned to service in late January 2024, and Unit 2 returned to service in early March 2024.[4]

The second outage impacting the 2024 nuclear variance was an extension of a planned September 2024 refueling outage at Unit 1. Unexpected work extended the outage beyond its planned 63 days. Difficulties with reactor vessel baffle former bolt and clevis bolt replacements during planned work resulted in this work taking longer than expected. Then, during startup, both reactor coolant pumps indicated high vibrations, and one pump indicated seal leakage so, per plant procedure, both pumps were shut down. After completing maintenance, plant startup activities recommenced. Pump vibrations were eliminated, but indications of leakage remained on the seal that was replaced. The seal was replaced again and following restart of the pump, no further leakage was identified. The unit ultimately returned to service on January 17, 2025.

7. Purchased Natural Gas

The purchased natural gas forecast included modeling parameters such as operating capacity and heat rate based on each individual plant's capabilities or according to terms specified in the

[4] The 2023 portion of the costs are discussed in the Xcel Energy 2023 FCA True Up, Docket No. E-002/AA-22-179. The refund amount for 2023 and 2024 was referred to the Office of Administrative Hearings for a contested case and is still pending.

individual Power Purchase Agreements (PPAs). Planned maintenance was provided by the PPA counterparty and forced outage rates were based on the units' historical data and expected conditions.

Despite greater than forecasted generation, lower than forecasted natural gas prices resulted in decreased natural gas generation costs.

8. Purchased Solar Generation – PPA

Each solar PPA forecast was modeled with hourly profiles for each project that were based on historical results from projects with operational data and prices based on the terms of each contract.

Solar PPA costs were slightly lower than forecasted.

9. Purchased Solar Generation – Community Solar Garden

Based on current applications for gardens seeking to participate in the program, the CSG program forecast included expectations of future growth. Xcel Energy estimated in-service dates and project completions (in capacity) by month and year. Additional applications were forecasted based historical averages (removing outliers) to help account for future pipeline of projects. The program is modeled as one entity rather than individually by garden. The assumed price for the program was based on historical price data, incorporating the Applicable Retail Rate (ARR) and Value of Solar (VOS) vintage rates for projects forecasted to be in-service in 2024. The market cost of energy from the solar gardens generation was determined based on an assumed LMP that is shared with all jurisdictions in the NSP system. The program's above-market cost is directly assigned to Minnesota customers.

CSG costs were lower than forecasted due primarily to a decrease in new installations resulting in lower generation.

10. Purchased Wind Generation

The wind PPA forecast reflected each individual project's hourly profiles. For existing PPAs, profiles were based on historical data. For new PPAs, the profiles were based on turbine technology, plant design, and localized weather data. Projects subject to MISO output curtailment were modeled as curtailable projects. Those for which curtailment is not allowed were modeled as non-curtailable projects. Each wind PPA's price was based on the terms of each contract.

Purchased wind generation costs were higher than forecasted because PPA wind generation was lower than forecasted due to higher curtailment for wind PPAs.

11. Purchased Generation – Other

PPAs that do not fit within one of the prior three categories (primarily small hydro PPAs, the

remaining biomass PPA, and the Manitoba Hydro PPA) were modeled based on historical generation (for small hydro PPAs) or according to contract terms (for the biomass and Manitoba Hydro PPAs). Price was determined based on contract terms or based on historical prices with assumed escalation.

Costs for other purchased generation were lower than forecast due to lower generation volumes from the mix of other PPA contracts.

12. Market Purchases and Sales

The PLEXOS simulation can purchase energy from a simulated MISO market if a supply source results in lower cost than utilization of one of the NSP system dispatchable resources.[5] Additionally, the model forecasted asset-based sales opportunities of excess generation. This is done through an hourly dispatch simulation based on projected hourly market prices that represent LMP for the NSP system. The sum of these quantities plus the MISO charges represents the equivalent MISO Day 2 and Day 3 costs for the forecast. Table 2 compares actual net MISO costs and revenues to forecast.

Table 2: Xcel Energy 2024 Net MISO Costs and Revenues ($000)[6]

	Actual	Forecast	Variance
Asset Based Sales Revenue	($309,911)	($291,989)	($17,922)
ST Market Purchase	$73,226	$10,420	$62,806
MISO Cost	$169,317	$188,538	($19,221)
Net MISO	**($67,368)**	**($93,031)**	**$25,663**

Net MISO revenue was lower than forecast due to greater purchase volumes from the MISO market and lower than forecast revenues from financial transmission rights (FTRs). Lower than forecast LMPs led greater purchases from MISO. Additionally, congestion costs were lower than forecasted. Congestion decreased because of on-going improvements to the transmission system and lower natural gas prices.

Asset-based margins were within 2.6 percent of forecast as Xcel Energy's low cost combined-cycle portfolio heavily relied on MISO throughout the year. Table 3 summarizes actual asset-based margins to forecast.

[5] PLEXOS software models the Company's system load and generating unit characteristics along with fuel commodity prices and electric market prices. Xcel Energy has been using this software to forecast fuel and purchased energy costs for all Xcel Energy operating companies since 2015.

[6] Xcel Energy True Up Report, Page 16, Figure 12 and Part A, Attachment 2.

Table 3: Xcel Energy 2024 Asset-Based Margins ($Millions)

	Actual	Forecast	Variance
Revenue	$309.9	$292.0	$17.9
Cost	$223.1	$202.8	$20.3
Margin	$86.8	$89.2	($2.4)

The 2024 sales forecast was developed in March 2023. Actual retail sales were 27,722,191 MWh, compared to forecasted sales of 28,147,613 MWh, resulting in a 425,422 MWh variance.[7]

Contributing factors to the forecast variance included higher than expected savings from demand side management (DSM) programs, lower than anticipated load additions from commercial and industrial customers (C&I), decreased sales due to mild weather, lower than forecast Combined Heat and Power (CHP) and Large C&I solar generation, greater than anticipated distributed solar generation, and other non-specified factors. In summary, weather impacts were the largest contributor to the forecast variance.

B. Other Items Impacting Total Fuel Costs

1. Nuclear Production Tax Credits

In August 2022, the Inflation Reduction Act of 2022 (IRA) was signed into law. The IRA extended and expanded production tax credit (PTC) and investment tax credit (ITC) benefits for clean energy resources, along with creating a new PTC for existing nuclear resources. Under the IRA, beginning in 2024, nuclear facilities are eligible for base credits of 0.3 cents/kWh generated by existing facilities. This base credit is eligible to increase by a factor of five, to 1.5 cents/kWh, provided certain prevailing wage requirements are met. The value of the credits will be subject to a sliding scale based on the revenue generated by the nuclear facilities, measured based on the LMP of energy, with the value of the credit diminishing as the LMP rises. The Commission's July 17, 2023 Order in Xcel Energy's last rate case approved a nuclear PTC tracker and refund in the Fuel Clause.[8]

Nuclear PTCs and the applicable prevailing wage requirements are new in 2024, and Xcel Energy is still working through the review and documentation process to ensure compliance with these requirements. Xcel Energy calculated a value for 2024 nuclear PTCs, but there may be additional costs incurred to ensure compliance with the prevailing wage requirements. In the interest of returning the credits to customers as soon as possible, the Company included the current 2024 calculation of the credits in this true-up filing. Any final adjustments to the 2024 nuclear PTC value will be addressed in the Fuel Forecast True-Up Report for 2025 due by March 1, 2026, in Docket No. E-002/AA-24-63.

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[7] Sales for Renewable*Connect and Windsource programs are excluded.

[8] Docket No. E-002/GR-21-630, Ordering Paragraph 113.

Additionally, Xcel Energy is still working to execute the sale of the 2024 nuclear PTCs and expects to execute the transactions by May 2025. To account for this delay, the nuclear PTC credits will begin in May 2025 instead April 2025, therefore, the refund is reflected for 11 months instead of the full 12 months. If the timing of executing the transactions changes the final value, the Company will reflect any changes in the March 1, 2026 True-Up Report, as noted above. The estimated Minnesota allocated value of the 2024 nuclear PTCs is $175.8 million, inclusive of transaction costs.[9]

2. Sherco Unit 3 Replacement Power Costs Refund

On November 19, 2011, a catastrophic failure of a turbine forced the shutdown of Sherco Unit 3 until October 28, 2013. In response to the prolonged outage, Xcel Energy purchased replacement power and additional fuel from other sources, which the Company's customers paid for through the FCA.

As ordered by the Commission's in its December 24, 2024 Order,[10] Xcel Energy calculated the total refund related to the Sherco 3 outage as approximately $48 million, which includes interest at the Prime Rate until the refund is proposed to begin on April 1 and recognition of the timing of the GE litigation settlement. Xcel Energy noted that since its January 23 refund plan compliance filing, the calculation was updated to include the applicable interest rate for the first three months of 2025 prior to the April 1 implementation of the refund.[11]

3. St. Paul Congregation PPA Adjustment

Xcel Energy neglected to make an update to the fuel clause calculations for the 2023 capacity impact of the PPA between the Company and St. Paul Cogeneration, LLC. This results in a credit of $102,613 to be refunded.

4. Black Dog and High Bridge Gas Adjustment

Black Dog and High Bridge are two of Xcel Energy's natural gas-powered electric generating plants, and they take natural gas transportation service from its Local Distribution Company (LDC). Each plant has an end-user allocation agreement with the LDC, in which the LDC communicates to Northern Natural Gas (NNG) the volumes used by the plants. NNG allocates Xcel Energy's purchase gas costs between the LDC and the electric utility using these volumes.

Xcel Energy discovered that the billing meters at these two plants were under-reporting gas usage and NNG allocated a smaller portion of gas costs to the electric utility than was appropriate. The Company determined that approximately $12.4 million in gas expense was misallocated to the LDC during the 2023-2024 gas year, and adjusted the LDC purchase gas

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[9] Xcel Energy True Up Report, Part A, Attachment 10.

[10] Dockets Nos. E-999/AA-18-373, E-999/AA-17-492, E-999/AA-16-523, E-999/AA-14-579, E-002/GR-13-868, E-999/AA-13-599, and E-002/GR-12-961.

[11] Xcel Energy True Up Report, Part A, Attachment 9 and Attachment 4, Pgs. 3 – 5.

commodity expense to remove these dollars in its 2024 AAA Report.[12] Xcel Energy included approximately $14 million in electric fuel costs that were re-allocated from the LDC to the electric utility fuel expense in 2024.[13] This adjustment includes additional months beyond the gas reporting year.

5. Other Impacts

Direct assigned WindSource and Renewable*Connect amounts were excluded from total fuel costs.[14] Solar Energy Standard (SES)-related costs were not included in the original forecast given the small amount and was intended to be included after the exact amounts were known. Saver's Switch discounts were $0 because, as of January 1, 2024, it is no longer a Fuel Clause component.

C. Proposed Fuel Clause Rate

Xcel Energy proposed to refund $318 million to customers from January 2025 through March 2026 as outlined in Tables 4 and 5. To expedite the refund to customers, Xcel Energy implemented the refund on April 1, 2025, prior to Commission review and approval. The Company will adjust the true-up rate factors if any are ordered in revised rates which would be implemented on September 1, 2025. Xcel Energy proposed to update its website with the true-up factors by April 1, 2025. Staff confirmed the updated fuel rates are available on Xcel Energy's website.[15]

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[12] Docket No. G-999/AA-24-138

[13] Xcel Energy True Up Report, Part F, Attachment A.

[14] Xcel Energy Initial Filing at 18, All Windsource customers have now transitioned to the new Renewable*Connect programs and have ceased being billed under the Windsource rate, effective April 1, 2024.

[15] https://www.xcelenergy.com/company/rates_and_regulations/rates/rate_riders.

Table 4 - Xcel Energy Proposed Refund ($000)[16]

Month	2024 True Up	2024 Mid-Year Adjustment[17]	Sherco 3	Nuclear PTCs	Total
Jan-25		($15,000)			($15,000)
Feb-25		($15,000)			($15,000)
Mar-25		($15,000)			($15,000)
Apr-25	($4,087)		($3,996)		($8,083)
May-25	($4,087)		($3,996)	($15,965)	($24,048)
Jun-25	($4,087)		($3,996)	($15,965)	($24,048)
Jul-25	($4,087)		($3,996)	($15,965)	($24,048)
Aug-25	($4,087)		($3,996)	($15,965)	($24,048)
Sep-25	($4,087)		($3,996)	($15,965)	($24,048)
Oct-25	($4,087)		($3,996)	($15,965)	($24,048)
Nov-25	($4,087)		($3,996)	($15,965)	($24,048)
Dec-25	($4,087)		($3,996)	($15,965)	($24,048)
Jan-26	($4,087)		($3,996)	($15,965)	($24,048)
Feb-26	($4,087)		($3,996)	($15,965)	($24,048)
Mar-26	($4,087)		($3,996)	($15,965)	($24,048)
Total	**($49,044)**	**($45,000)**	**($47,957)**	**($175,615)**	**($317,616)**

[16] Xcel Energy True Up, Part A, Attachment 4, Pgs. 3 – 5. Small differences due to rounding.

[17] Xcel Energy began refunding $15 million per month in November 2024 for over-recovered 2024 fuel costs as of July 31,2024.

Table 5: Proposed 2025 Monthly Fuel Clause Rates by Customer Class ($/kWh)[18]

	Residential	Commercial & Industrial				Outdoor Lighting
		Non-Demand	Demand			
			Non-TOD	On-Peak	Off-Peak	
January Forecast	$0.03269	$0.03267	$0.03218	$0.04087	$0.02568	$0.02459
2024 Mid-Year Adjustment	($0.00652)	($0.00652)	($0.00642)	($0.00815)	($0.00512)	($0.00491)
Total	$0.02617	$0.02615	$0.02576	$0.03272	$0.02056	$0.01968
February Forecast	$0.03573	$0.03570	$0.03517	$0.04468	$0.02806	$0.02686
2024 Mid-Year Adjustment	($0.00754)	($0.00753)	($0.00743)	($0.00943)	($0.00593)	($0.00567)
Total	$0.02819	$0.02817	$0.02774	$0.03525	$0.02213	$0.02119
March Forecast	$0.03611	$0.03608	$0.03554	$0.04516	$0.02835	$0.02713
2024 Mid-Year Adjustment	($0.00692)	($0.00692)	($0.00681)	($0.00865)	($0.00544)	($0.00520)
Total	$0.02919	$0.02916	$0.02873	$0.03651	$0.02291	$0.02193
April Forecast	$0.03871	$0.03867	$0.03809	$0.04841	$0.03039	$0.02909
2024 True-Up Refund	($0.00227)	($0.00227)	($0.00224)	($0.00284)	($0.00178)	($0.00171)
Sherco 3 Refund	($0.00222)	($0.00222)	($0.00219)	($0.00278)	($0.00174)	($0.00167)
Total	$0.03422	$0.03418	$0.03366	$0.04279	$0.02687	$0.02571
May Forecast	$0.03614	$0.03611	$0.03557	$0.04519	$0.02838	$0.02717
2024 True-Up Refund	($0.00203)	($0.00203)	($0.00200)	($0.00254)	($0.00159)	($0.00152)
Sherco 3 Refund	($0.00199)	($0.00199)	($0.00196)	($0.00249)	($0.00156)	($0.00149)
NPTC Refund	($0.00793)	($0.00792)	($0.00780)	($0.00992)	($0.00622)	($0.00596)
Total	$0.02419	$0.02417	$0.02381	$0.03024	$0.01901	$0.01820
June Forecast	$0.03707	$0.03704	$0.03648	$0.04637	$0.02909	$0.02785
2024 True-Up Refund	($0.00177)	($0.00177)	($0.00175)	($0.00222)	($0.00139)	($0.00133)
Sherco 3 Refund	($0.00173)	($0.00173)	($0.00171)	($0.00217)	($0.00136)	($0.00130)
NPTC Refund	($0.00691)	($0.00690)	($0.00680)	($0.00864)	($0.00542)	($0.00519)
Total	$0.02666	$0.02664	$0.02622	$0.03334	$0.02092	$0.02003
July Forecast	$0.03524	$0.03520	$0.03467	$0.04408	$0.02764	$0.02646
2024 True-Up Refund	($0.00150)	($0.00150)	($0.00147)	($0.00187)	($0.00118)	($0.00113)
Sherco 3 Refund	($0.00147)	($0.00147)	($0.00144)	($0.00184)	($0.00115)	($0.00110)
NPTC Refund	($0.00587)	($0.00587)	($0.00578)	($0.00734)	($0.00461)	($0.00441)
Total	$0.02640	$0.02636	$0.02598	$0.03303	$0.02070	$0.01982
August Forecast	$0.03393	$0.03390	$0.03339	$0.04245	$0.02662	$0.02548
2024 True-Up Refund	($0.00158)	($0.00158)	($0.00155)	($0.00198)	($0.00124)	($0.00119)
Sherco 3 Refund	($0.00155)	($0.00155)	($0.00152)	($0.00194)	($0.00122)	($0.00116)
NPTC Refund	($0.00618)	($0.00617)	($0.00608)	($0.00772)	($0.00485)	($0.00464)
Total	$0.02462	$0.02460	$0.02424	$0.03081	$0.01931	$0.01849
September Forecast	$0.03244	$0.03241	$0.03193	$0.04058	$0.02546	$0.02437
2024 True-Up Refund	($0.00193)	($0.00192)	($0.00190)	($0.00241)	($0.00151)	($0.00145)
Sherco 3 Refund	($0.00188)	($0.00187)	($0.00185)	($0.00235)	($0.00147)	($0.00141)
NPTC Refund	($0.00751)	($0.00750)	($0.00739)	($0.00939)	($0.00590)	($0.00564)
Total	$0.02112	$0.02112	$0.02079	$0.02643	$0.01658	$0.01587
October Forecast	$0.03080	$0.03077	$0.03031	$0.03852	$0.02418	$0.02315
2024 True-Up Refund	($0.00200)	($0.00200)	($0.00197)	($0.00250)	($0.00157)	($0.00150)
Sherco 3 Refund	($0.00196)	($0.00196)	($0.00193)	($0.00245)	($0.00154)	($0.00147)
NPTC Refund	($0.00781)	($0.00780)	($0.00768)	($0.00976)	($0.00613)	($0.00587)
Total	$0.01903	$0.01901	$0.01873	$0.02381	$0.01494	$0.01431
November Forecast	$0.02847	$0.02844	$0.02801	$0.03560	$0.02234	$0.02139
2024 True-Up Refund	($0.00206)	($0.00206)	($0.00203)	($0.00257)	($0.00162)	($0.00155)
Sherco 3 Refund	($0.00201)	($0.00201)	($0.00198)	($0.00251)	($0.00158)	($0.00151)
NPTC Refund	($0.00802)	($0.00801)	($0.00789)	($0.01003)	($0.00630)	($0.00603)
Total	$0.01638	$0.01636	$0.01611	$0.02049	$0.01284	$0.01230
December Forecast	$0.02950	$0.02947	$0.02903	$0.03689	$0.02315	$0.02216
2024 True-Up Refund	($0.00182)	($0.00182)	($0.00180)	($0.00228)	($0.00143)	($0.00137)
Sherco 3 Refund	($0.00178)	($0.00178)	($0.00176)	($0.00223)	($0.00140)	($0.00134)
NPTC Refund	($0.00713)	($0.00713)	($0.00702)	($0.00892)	($0.00560)	($0.00536)
Total	$0.01877	$0.01874	$0.01845	$0.02346	$0.01472	$0.01409

[18] Xcel Energy True Up, Part A, Attachment 3.

II. Xcel Energy – Alternative Decision Option

Xcel Energy objected to Decision Option 3 in Staff Briefing Papers filed on March 19, 2025, in this docket, regarding additional interest accrued for the Sherco 3 outage refund. The Company considered the Sherco 3 outage refund amount to be a fuel-related refund and interest is not applicable; therefore, Xcel Energy did not include additional interest after April 1, 2025, when the refund was proposed to begin. Xcel Energy stated, if the Commission believes interest should continue to accrue on the monthly remaining balance through completion of the refund, as reflected in Decision Option 3, the Company preferred to refund the entire Sherco 3 outage refund in one month. Xcel Energy proposed the following alternative decision option:

> Alternative Decision Option 3: Authorize the refund method proposed by Xcel Energy but require the entire amount of $48 million, inclusive of interest through March 31, 2025, be refunded in one month and require Xcel Energy to update FCA true-up recovery factors in Docket No. E-002/AA-23-153.[19]

Xcel Energy provided an updated Part A, Attachments 3 and 4 reflecting the $48 million Sherco 3 outage to be refunded in April 2025. The tariff sheets were also updated. Tables 6 and 7 reflect the updates.

[19] Xcel Energy Alternative Decision Option at 1.

Table 6 – Updated Xcel Energy Proposed Refund ($000)[20]

Month	2024 True Up	2024 Mid-Year Adjustment	Sherco 3	Nuclear PTCs	Total
Jan-25		($15,000)			($15,000)
Feb-25		($15,000)			($15,000)
Mar-25		($15,000)			($15,000)
Apr-25	($4,087)		($47,957)		($52,044)
May-25	($4,087)			($15,965)	($20,052)
Jun-25	($4,087)			($15,965)	($20,052)
Jul-25	($4,087)			($15,965)	($20,052)
Aug-25	($4,087)			($15,965)	($20,052)
Sep-25	($4,087)			($15,965)	($20,052)
Oct-25	($4,087)			($15,965)	($20,052)
Nov-25	($4,087)			($15,965)	($20,052)
Dec-25	($4,087)			($15,965)	($20,052)
Jan-26	($4,087)			($15,965)	($20,052)
Feb-26	($4,087)			($15,965)	($20,052)
Mar-26	($4,087)			($15,965)	($20,052)
Total	**($49,044)**	**($45,000)**	**($47,957)**	**($175,615)**	**($317,616)**

[20] Xcel Energy Alternative Decision Option, Updated Part A, Attachment 4, Pgs. 3 – 5.

Table 7: Updated Proposed 2025 Monthly Fuel Clause Rates by Customer Class ($/kWh)[21]

	Residential	Commercial & Industrial				Outdoor Lighting
		Non-Demand	Demand			
			Non-TOD	On-Peak	Off-Peak	
January Forecast	$0.03269	$0.03267	$0.03218	$0.04087	$0.02568	$0.02459
2024 Mid-Year Adjustment	($0.00652)	($0.00652)	($0.00642)	($0.00815)	($0.00512)	($0.00491)
Total	$0.02617	$0.02615	$0.02576	$0.03272	$0.02056	$0.01968
February Forecast	$0.03573	$0.03570	$0.03517	$0.04468	$0.02806	$0.02686
2024 Mid-Year Adjustment	($0.00754)	($0.00753)	($0.00743)	($0.00943)	($0.00593)	($0.00567)
Total	$0.02819	$0.02817	$0.02774	$0.03525	$0.02213	$0.02119
March Forecast	$0.03611	$0.03608	$0.03554	$0.04516	$0.02835	$0.02713
2024 Mid-Year Adjustment	($0.00692)	($0.00692)	($0.00681)	($0.00865)	($0.00544)	($0.00520)
Total	$0.02919	$0.02916	$0.02873	$0.03651	$0.02291	$0.02193
April Forecast	$0.03871	$0.03867	$0.03809	$0.04841	$0.03039	$0.02909
2024 True-Up Refund	($0.00227)	($0.00227)	($0.00224)	($0.00284)	($0.00178)	($0.00171)
Sherco 3 Refund	($0.02672)	($0.02670)	($0.02630)	($0.03342)	($0.02098)	($0.02008)
Total	$0.00972	$0.00970	$0.00955	$0.01215	$0.00763	$0.00730
May Forecast	$0.03614	$0.03611	$0.03557	$0.04519	$0.02838	$0.02717
2024 True-Up Refund	($0.00203)	($0.00203)	($0.00200)	($0.00254)	($0.00159)	($0.00152)
Sherco 3 Refund	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000
NPTC Refund	($0.00793)	($0.00792)	($0.00780)	($0.00992)	($0.00622)	($0.00596)
Total	$0.02618	$0.02616	$0.02577	$0.03273	$0.02057	$0.01969
June Forecast	$0.03707	$0.03704	$0.03648	$0.04637	$0.02909	$0.02785
2024 True-Up Refund	($0.00177)	($0.00177)	($0.00175)	($0.00222)	($0.00139)	($0.00133)
Sherco 3 Refund	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000
NPTC Refund	($0.00691)	($0.00690)	($0.00680)	($0.00864)	($0.00542)	($0.00519)
Total	$0.02839	$0.02837	$0.02793	$0.03551	$0.02228	$0.02133
July Forecast	$0.03524	$0.03520	$0.03467	$0.04408	$0.02764	$0.02646
2024 True-Up Refund	($0.00150)	($0.00150)	($0.00147)	($0.00187)	($0.00118)	($0.00113)
Sherco 3 Refund	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000
NPTC Refund	($0.00587)	($0.00587)	($0.00578)	($0.00734)	($0.00461)	($0.00441)
Total	$0.02787	$0.02783	$0.02742	$0.03487	$0.02185	$0.02092
August Forecast	$0.03393	$0.03390	$0.03339	$0.04245	$0.02662	$0.02548
2024 True-Up Refund	($0.00158)	($0.00158)	($0.00155)	($0.00198)	($0.00124)	($0.00119)
Sherco 3 Refund	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000
NPTC Refund	($0.00618)	($0.00617)	($0.00608)	($0.00772)	($0.00485)	($0.00464)
Total	$0.02617	$0.02615	$0.02576	$0.03275	$0.02053	$0.01965
September Forecast	$0.03244	$0.03241	$0.03193	$0.04058	$0.02546	$0.02437
2024 True-Up Refund	($0.00193)	($0.00192)	($0.00190)	($0.00241)	($0.00151)	($0.00145)
Sherco 3 Refund	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000
NPTC Refund	($0.00751)	($0.00750)	($0.00739)	($0.00939)	($0.00590)	($0.00564)
Total	$0.02300	$0.02299	$0.02264	$0.02878	$0.01805	$0.01728
October Forecast	$0.03080	$0.03077	$0.03031	$0.03852	$0.02418	$0.02315
2024 True-Up Refund	($0.00200)	($0.00200)	($0.00197)	($0.00250)	($0.00157)	($0.00150)
Sherco 3 Refund	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000
NPTC Refund	($0.00781)	($0.00780)	($0.00768)	($0.00976)	($0.00613)	($0.00587)
Total	$0.02099	$0.02097	$0.02066	$0.02626	$0.01648	$0.01578
November Forecast	$0.02847	$0.02844	$0.02801	$0.03560	$0.02234	$0.02139
2024 True-Up Refund	($0.00206)	($0.00206)	($0.00203)	($0.00257)	($0.00162)	($0.00155)
Sherco 3 Refund	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000
NPTC Refund	($0.00802)	($0.00801)	($0.00789)	($0.01003)	($0.00630)	($0.00603)
Total	$0.01839	$0.01837	$0.01809	$0.02300	$0.01442	$0.01381
December Forecast	$0.02950	$0.02947	$0.02903	$0.03689	$0.02315	$0.02216
2024 True-Up Refund	($0.00182)	($0.00182)	($0.00180)	($0.00228)	($0.00143)	($0.00137)
Sherco 3 Refund	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000	$0.00000
NPTC Refund	($0.00713)	($0.00713)	($0.00702)	($0.00892)	($0.00560)	($0.00536)
Total	$0.02055	$0.02052	$0.02021	$0.02569	$0.01612	$0.01543

[21] Xcel Energy Alternative Decision Option, Updated Part A, Attachment 3.

III. Department of Commerce - Comments

Subject to confirmation of Xcel Energy's class factor calculations, the Department recommended approval of the 2024 FCA True-Up.

The Department summarized the FCA True Up history as shown in Table 8.

Table 8: Xcel Energy FCA History[22]

Year	Docket	Total Cost		Unit Cost		Actual Recoveries	Over / (Under) Recovery
		Forecast	Actual	Forecast	Actual		
		$ Millions		$/MWh			
2020	19-293	796.1	746.3	27.8	27.1	741.3	(5.0)
2021	20-417	749.7	894.1	27.8	31.7	812.3	(81.8)
2022	21-295	849.4	950.2	31.5	33.6	954.0	3.8
2023	22-179	1,069.2	935.3	39.0	33.4	1,061.3	126.0
2024	23-153	1,022.7	894.7	38.1	33.4	1,019.4	124.7
2025	24-63	891.2	TBD	TBD	TBD	TBD	TBD

A. Department Analysis

The Department reviewed and analyzed individual components of Xcel Energy's 2024 FCA costs.

1. Natural Gas

The Department did not object to Xcel Energy's proposed FCA true-up regarding natural gas. However, the Department noted the apparent difficulty in forecasting short-term commodity prices. The Department also noted the extreme impact of gas prices on the electricity market, not only due to their direct effect on the cost of gas generation, but also the gas generation's strong impact on setting LMPs.

2. Community Solar Gardens

The Department concluded that Xcel Energy reasonably explained the variances between actual and forecasted CSG costs and did not object to the Company's proposed recovery.

3. Coal

The Department concluded that Xcel Energy reasonably explained the variances between actual and forecasted coal costs and did not object to the Company's proposed recovery.

[22] Department Comments at 6, Table 1.

4. Nuclear

a. Nuclear Outages

Xcel Energy identified two outages that decreased nuclear generation, impacting the forecast.

The first outage began in Fall 2023 causing an unplanned outage at Prairie Island Unit 1 which impacted Prairie Island Unit 2 by causing an extension of a planned outage. Both units returned to service in the first quarter of 2024. The Department noted that, in the 2023 FCA forecast docket, the Commission denied Xcel Energy's reconsideration petition and referred the matter to the Minnesota Office of Administrative Hearings for a contested case to determine the appropriate refund amount due to customers due to Xcel Energy's lack of prudence regarding the October 2023 outage at Prairie Island.[23] Therefore, the 2023 and 2024 costs associated with this outage will be addressed in the contested case.

The second outage was an extension of a planned refueling outage at Prairie Island Unit 1 in Fall 2024 that was caused by unexpected mechanical and performance delays. The unit returned to service in January 2025. In response to Department information requests, Xcel Energy provided additional information regarding the outage and delays. The Department noted:

> The planned work during the outage included replacement of "reactor vessel baffle former bolt and clevis bolt," which were original to the plant at approximately 50 years old, and due for replacement within 10 years of a 2014 license renewal material inspection – hence the 2024 replacement during the planned outage. Over one third of the replaced bolts (96 of 283) required additional work resulting from issues, and other delays arose related to tooling equipment and stoppages related to repairs. This bolt replacement work began on October 1, 2024 and ended on November 11, 2024, and its actual capital costs of $24 million were ultimately below the $24.4 million budgeted.
>
> Xcel also stated in its response to information requests that during startup activities on December 3, 2024 following replacement of seals on both Reactor Coolant Pumps (RCPs) that lasted from September 23 to November 18, 2024, the RCPs "indicated high vibrations, and one pump indicated seal leakage." The Company described multiple steps taken to address the issue over the following weeks, including un- and re-coupling the pumps from the engines and replacing the seal, during which "plant personnel identified a seal leak on a Residual Heat Removal (RHR) pump." Following restoration of normal operating temperature and pressure, the new RCP seal was found to not be performing adequately and was replaced with "a new type of seal design," after which the pump was restarted, and "no further leakage was identified." However, other issues arose including blockage to the reactor coolant system and replacement of a "seal injection filter," after which the plant returned to normal operations on January 14, 2025. The Company is still assessing capital costs related to the RCP seal replacements,

[23] Docket No. E-002/AA-179, November 15, 2024 Order Approving 2023 Fuel Clause True-up Report, Requiring Additional Filings, Finding Imprudence, and Notice of and Order for Hearing, Ordering Paragraph 6.

> for which the vendor may be responsible, and incurred no other capital costs for the other items discussed in this paragraph.
>
> In discussing the causes related to the issues described above, the Company attributes them to being "driven by equipment failures," and that it "did not identify or report any human performance events to [the Institute of Nuclear Power Operations (INPO) during the Unit 1 or Unit 2 outages that affected the outage duration."[24]

The Department concluded that Xcel Energy reasonably explained the delays to the planned outage resulting from equipment issues that were incurred and addressed them to ensure safe and reliable operations of Prairie Island Unit 1. The Department requested that Xcel Energy, in reply comments, provide the determination of whether the vendor of equipment related to the RCP seal replacements may be responsible for any issues described by the Company and how any vendor credits will be used to offset ratepayer costs for this issue, the next FCA filing, or the next true-up filing, whichever comes first.

b. Nuclear Production Tax Credits

The Department reviewed the calculations provided by Xcel Energy and supported refunding $175.8 million in nuclear PTCs subject to potential true-up in its March 1, 2026 True-Up Report.

5. Non-Nuclear Generation Outages

a. Unplanned Outages

The Department noted that, as ordered on November 9, 2023 in Docket No. E-002/AA-23-153, Xcel Energy met the requirement to report the prudency of its management of unplanned outages at Sherco 1, King, and Sherco 3 in its next FCA true-up petition. The Department reviewed Xcel Energy's reporting for gas and coal units and concluded that the Company reasonably explained the variance between its actual versus forecasted unplanned outages at its gas and coal units.

b. Sherco Unit 3 Replacement Power Costs Refund

Considering that the Commission approved Xcel Energy's request to refund the $48 million Sherco 3 refund in one lump sum, the Department recommended no further Commission action regarding this item.[25] The Department requested that, in its reply comments, Xcel Energy provide a narrative explanation of the Sherco Unit 3 refund and the changes between the current FCA True-Up Petition as-filed and the lump-sum refund request approved by the Commission.

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[24] Department Comments at 16 – 17.

[25] Docket No. E-002/GR-12-961, April 16, 2025 Order Authorizing Refund Method, Ordering Paragraph 2.

c. Planned Outages

The Department concluded that Xcel Energy reasonably explained the variance between its actual and forecasted planned non-nuclear outages.

d. Maintenance

The Department reviewed Xcel Energy's generation maintenance expenses as they relate to forced outage costs because the amount of generation maintenance expense is linked to a utility's unplanned outages, utilities have an incentive to minimize generation maintenance expense between rate cases, and utilities do not have a strong incentive to minimize the replacement power costs for which they receive flow through recovery. Xcel Energy spent approximately $437,215 less than authorized.

Actual maintenance expenses were very close, 0.3% less, to forecasted expenses. The Department encouraged Xcel Energy to continue to fully spend the amount of maintenance expense being recovered from ratepayers in base rates and will continue to monitor, in future FCA true-up filings, under-spending of maintenance expense provided in base rates, especially as it relates to forced plant outages.

6. Congestion

The Department concluded that Xcel Energy reasonably explained the variance between actual and forecasted 2024 congestion costs. The Department did not object to Xcel Energy's proposed 2024 congestion cost recovery.

7. Wind

The Department noted that, as ordered on November 9, 2023 in Docket No. E-002/AA-23-153, Xcel Energy met the requirement to provide, in its next FCA true-up petition, the assumed versus actual capacity factors for each Xcel-owned wind facility in the true-up year and three prior years after curtailment and if no curtailment had occurred.

The Department concluded that Xcel Energy reasonably explained the variance between actual and forecasted wind production. The Department did not object to Xcel Energy's proposed 2024 wind recoveries but intended to continue monitoring the Company's actual capacity factors in future FCA filings.

8. MISO Costs and Revenues

The Department concluded that Xcel Energy reasonably explained the variances between its forecasted and actual 2024 MISO costs and revenues. The Department did not object to Xcel Energy's proposed 2024 recovery.

9. Retail Sales

The Department concluded that Xcel Energy reasonably explained this variance and did not

object to the Company's proposed 2024 sales.

10. Proposed True Up

The Department was unable to fully verify Xcel Energy's calculations because the updated accounting for the Sherco Unit 3 refund was recently filed. Therefore, to expedite review, the Department requested that Xcel Energy provide a spreadsheet copy of Part A, Attachments 1 – 4 of the March 24, 2025 Alternative Decision Option proposal, both in Xcel Energy's reply comments and in an email to the Department directly.

11. General Requirements

The Department found that Xcel Energy's Petition complied with the fuel clause requirements of Minnesota Rules 7825.2800 - 7825.2840 and Docket No. E-999/CI-03-802.

B. Department Recommendations

Subject to Department confirmation of Xcel Energy's class factor calculations, the Department recommended the Petition be approved.

The Department requested that Xcel Energy provide copies of Part A, Attachments 1 through 4 of the March 24, 2025 Alternative Decision Option proposal, both in Xcel Energy's reply comments and in an email to the Department directly. The Department noted it would provide a final recommendation regarding Xcel Energy's proposed true-up factors by class after reviewing the requested information.

The Department requested that Xcel Energy provide, in its reply comments, a narrative explanation of the Sherco Unit 3 refund and the changes between the FCA True-Up Petition as-filed and the lump-sum refund request approved by the Commission.

Additionally, the Department requested that Xcel Energy provide, in its reply comments, next FCA filing, or next true-up filing – whichever comes first – the determination of whether the vendor of equipment related to the Reactor Coolant Pumps seal replacements at Prairie Island Unit 1 may be responsible for any issues described by the Company and how any vendor credits will be used to offset ratepayer costs for this issue.

IV. Xcel Energy – Reply Comments

As requested by the Department, Xcel Energy provided the live spreadsheet of Part A, Attachments 1 – 4 of the March 24, 2025 Alternative Decision Option proposal which updated the calculation for the Sherco Unit 3 refund of $48 million to be issued in one month rather than over twelve months. Xcel Energy confirmed the refund was implemented on April 1, 2025. Xcel Energy noted that the differences between the True-Up Petition and the lump sum request were refund timing, as stated above, and updates to the rate factors and class calculation to reflect the change in refund timing.

The Department requested additional information about whether the reactor coolant pumps seal vendor at Prairie Island Unit 1 contributed to the Fall 2024 outage and how any vendor credits will be used to offset ratepayer costs for this issue. Xcel Energy stated that there is no determination or further update but will provide more information as it becomes available.

V. Department of Commerce – Response to Reply Comments

The Department noted that Xcel Energy provided the additional information as requested. The Department continued to recommend approval of Xcel Energy's 2024 True-Up Report.

VI. Xcel Energy – Sherco Unit 3 Compliance

Xcel Energy confirmed that the Sherco Unit 3 replacement cost refund was applied to customer usage for April 2025. Xcel Energy noted that actual sales were higher than forecasted for April 2025. As a result, the Sherco Unit 3 refund was $51.1 million, or $3.1 million higher than the refund obligation of $48.0 million. This over-refunded amount will be included in the 2025 Fuel Forecast True-Up Report, due by March 1, 2026.

VII. Staff Comments

Staff agrees with the Department's recommendation to approve Xcel Energy's 2024 FCA true-up report, the 2024 fuel cost over-recovery refund of $94 million, and the nuclear PTC refund of $176 million. As the Department mentioned, the refund of $48 million for Sherco Unit 3 is already approved in Docket No. E-002/GR-12-961 and no other action is required. Staff notes that Xcel Energy already implemented these refunds, submitted tariff sheets, and agreed to adjust the true-up rate factors if any are ordered in revised rates which would be implemented on September 1, 2025.

DECISION OPTIONS

1. Accept Xcel Energy's 2024 Fuel Forecast True Up Report. (Xcel Energy, Department)

2. Approve Xcel Energy's proposed refund of $94 million for 2024 fuel cost over-recovery to Minnesota ratepayers. (Xcel Energy, Department)

3. Approve Xcel Energy's proposed refund of $176 million for nuclear production tax credits to Minnesota ratepayers. (Xcel Energy, Department)