

March 24, 2025

Will Seuffert  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce  
Docket No. E002/M-25-135

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

*The Petition of Northern States Power Company, doing business as Xcel Energy, for Approval of its State Energy Policy (SEP) Rider Compliance and True-up proposal.*

The Petition was filed by Rebecca Eilers, Manager, Regulatory Affairs with Xcel Energy on February 28, 2025.

The Department recommends the approval of the petition and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB  
Assistant Commissioner of Regulatory Analysis

CN, JM/ad  
Attachment



## Before the Minnesota Public Utilities Commission

### Comments of the Minnesota Department of Commerce

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Docket No. E002/M-25-135

#### I. INTRODUCTION

On February 28, 2025, Xcel Energy (Xcel or the Company) filed a Petition<sup>1</sup> requesting the Minnesota Public Utilities Commission (Commission) approve its *SEP Rider compliance filing and true-up proposal* (Petition). Xcel proposes to roll the SEP Rider rate into base rates with interim rates in the Company's pending rate case<sup>2</sup> and include the final SEP tracker balance in the interim rate refund adjustment at the conclusion of this rate case. The Company requests approval to reduce the electric SEP Rider rate to \$0.000000 per kWh, effective on the same date the Company's interim rate took effect: January 1, 2025.

Because all costs and present revenues are included in the 2025 rate case test year and interim rates, the Company proposes to discontinue filing annual SEP Rider compliance filings until there are qualifying costs for the SEP Rider in the future.

#### II. PROCEDURAL BACKGROUND

Xcel first established the SEP Rider in its September 26, 2003, petition ([Docket No. E, G002/M-03-1544](#)), which was approved by the Commission on April 6, 2004. The SEP Rider was initially designed to track and recover costs related to Reliability Administrator/State Building Guidelines (RA/SBG) expenses and Prairie Island Indian Community (Prairie Island) Settlement payments. From 2005 to 2013, Xcel filed annual SEP Rider adjustments to true up costs and set rates<sup>3</sup>.

In the 2013 rate case ([Docket No. E002/GR-13-868, Order](#) dated May 8, 2015), the Commission approved the inclusion of RA/SBG and Prairie Island Settlement costs in base rates, and the SEP Rider rate factor was set to zero effective January 1, 2014 ([Docket No. E002/M-13-959](#)). The Prairie Island Settlement payments, initially set at \$1.45 million annually, increased to \$2.5 million per year starting January 1, 2016, under the 2015 Amended Settlement, which was approved in the 2015 rate case ([Docket No. E002/GR-15-826, Order](#) dated June 12, 2017).

On October 31, 2023, Xcel filed a petition ([Docket No. E002/M-23-465](#)) to update the SEP Rider rate factor to recover additional costs resulting from the 2023 Amended and Restated Prairie Island

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<sup>1</sup> In the matter of the petition of Northern States Power Company for approval of the electric state energy policy (SEP) compliance filing and true-up proposal, Xcel Energy, Docket No. E002/M-25-135 (eDocket) [20252-215865-01](#).

<sup>2</sup> Xcel's 2024 Electric Rate Case in Docket No. E002/GR-24-320 (eDocket) [202411-211511-01](#) was filed on November 01, 2024.

<sup>3</sup> Docket No. E002/M-13-959, Order (eDocket) [201312-94510-01](#) set the electric SEP Rider adjustment factor rate to zero effective January 1, 2014. The Department Comments from this docket include the references for prior SEP Rider filings.

Settlement, authorized by [Minnesota Statutes § 216B.1645, subd. 4](#), which was amended in May 2023. These costs include:

- 1) An annual payment of \$7.5 million 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 Prairie Island nuclear generating facility, whether or not the plant is in licensed operation.

The Commission approved a 2024 SEP Rider rate factor of \$0.000258 per kWh for all customers on January 23, 2024, effective January 1, 2024. The order also requires Xcel to submit annual SEP Rider filings starting March 1, 2025, detailing Prairie Island Settlement payments and proposing any necessary rate adjustments. RA/SBG costs, which were previously included in the SEP Rider, remain in base rates and are no longer reported in SEP Rider filings<sup>4</sup>.

### III. DEPARTMENT ANALYSIS

The Department reviewed Xcel's Petition to determine whether the Petition complies with the applicable Commission orders and whether the Company's instant SEP Rider proposals are reasonable.

#### A. COMPLIANCE WITH REPORTING REQUIREMENTS

Point 4 of the Commission's January 23, 2024 Order in Docket No. E002/M-23-645 requires "Xcel to submit an annual SEP Rider filing on March 1 of each year, beginning on March 1, 2025, detailing the following information:

- The Xcel-Prairie Island payment expenses including number of dry casks or containers containing spent fuel that are located at the Prairie Island nuclear generating facility.
- A proposed revised electric SEP Rider adjustment, together with a listing and description of all assumptions used to calculate the proposed revised electric adjustment."

In Attachment 2 of the Petition, Xcel reports 50 dry casks at the Prairie Island facility in 2024, which is consistent with its 2024 forecast. Total 2024 costs include the statutory \$7.5 million annual payment and \$2.5 million for casks (\$50,000 x 50). The Company also updates its forecast from 53 to 55 casks in 2025 and 65 casks in 2026. Costs related to casks in 2025 and 2026 are not included in the SEP Rider, but in interim rates<sup>5</sup>. Therefore, Xcel does not propose to update the electric SEP Rider factor, and the SEP Rider rate is currently reduced to \$0. The Department finds that the 2024 reported amounts comply with Minn. Stat. § 216B.1645, subd. 4(b); and the Company satisfies reporting requirements of the Commission's January 23, 2024 Order.

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<sup>4</sup> Docket No. E002/M-23-645 Order (eDocket) [20241-202520-01](#) on January 23, 2024

<sup>5</sup> Docket No. E002/GR-24-320, VOLUME 4, IX INTERIM ADJUSTMENT 14 (eDocket) [202411-211521-01](#), for support for the 2025 and 2026 total Prairie Island Settlement payment costs included in interim rates.

**B. SEP RIDER TRACKER BALANCE AND TRUE UP PROPOSAL**

The Commission's January 23, 2024 Order in Docket No. E002/M-23-465 approved a January 1, 2024 effective date for the SEP Rider rate. However, the rate was not implemented until March 1, 2024. As a result, the SEP Rider rate was initially calculated to be implemented over a period of 12 months, starting January 1, 2024, resulting in revenue collection for 10 months (due to March 1 start) rather than 12. This led to an under-recovery in the SEP Rider Tracker of \$1,348,580<sup>6</sup> by December 31, 2024. The calculation is based on the initial forecasted Minnesota jurisdiction amount of \$7,265,556, derived from total costs of \$10,000,000 and allocators (MN jurisdiction demand at 86.6326% and IA demand at 83.8663%), less actual rider collections of \$5,916,975. The Department finds the amount of \$1,348,580 net under-collection appears reasonable. Although the Company calculated the SEP Rider net under-collection using actual historical data through December 31, 2024, Xcel noted its routine cancel/rebill activity could result in minor changes to this net true up amount.

Xcel's proposal to incorporate the amount of \$1,348,580 under-collection with the Company's interim rate refund in Docket No. E002/GR-24-320 is a simple, efficient method to recover costs for the Company's final electric SEP Rider true up balance. The Department concludes Xcel's proposed method for recovering this under-collection is reasonable.

**C. FUTURE ELECTRIC SEP RIDER RATE FILINGS**

Xcel proposes to reduce the SEP Rider rate factor to \$0.000000, effective January 1, 2025, as all costs are now included in the interim rates in Xcel's current electric rate case. The Company indicated it does not plan to submit annual compliance filings for this rider going forward. Given that the SEP Rider will no longer operate and the costs (Prairie Island payments and cask-related expenses) are included in the current electric rate case, and are stable and predictable, the Department concludes it is reasonable for Xcel to discontinue its corresponding compliance filings.

**IV. DEPARTMENT RECOMMENDATIONS**

The Department concludes Xcel's Petition complies with the relevant Commission Orders and the Company's proposal to reduce the SEP Rider rate and tracker balance to \$0 is reasonable. The Department recommends the Commission:

- Approve Xcel's 2025 electric SEP Rider rate to \$0, effective January 1, 2025.
- Approve Xcel to reduce the SEP Rider tracker account to \$0 by netting the final under-collection of \$1,348,580, adjusted as needed for actual cancel/rebill activity, through the interim rate refund adjustment in Docket No. E002/GR-24-320.
- Permit discontinuance of the annual SEP Rider compliance filings specific to Prairie Island Settlement payments until there are SEP Rider qualifying costs in the future.

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<sup>6</sup> Petition, Attachment 1

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce**  
**Comments**

**Docket No. E002/M-25-135**

Dated this **24<sup>th</sup>** day of **March 2025**

**/s/Sharon Ferguson**

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4	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-135
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