

Staff Briefing Papers

Meeting Date June 12, 2025

Agenda Item 2*

Company Northern States Power Co. d/b/a Xcel Energy

Docket No. E-002/M-25-135

In the Matter of Xcel Energy's Petition for Approval of its Electric State Energy Policy Compliance and True-up proposal

Issues Should the Commission approve Xcel Energy's Petition?

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✓ **Relevant Documents**

Xcel Energy – Initial Filing
Department of Commerce – Comments

Date

February 28, 2025
March 24, 2025

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

BACKGROUND

I. Procedural Background

On April 6, 2004, the Commission approved recovery of allowed costs related to Reliability Administrator (RA), State Building Guidelines (SBG) expenses and Xcel Energy-Prairie Island settlement expenses through Xcel Energy's (Xcel or the Company) SEP Rider.¹

From 2005 to 2013, Xcel Energy made annual compliance filings to adjust the electric SEP Rider rate factor until it was zeroed out effective January 1, 2014.²

In Xcel Energy's 2013 rate case,³ RA/SBG and Prairie Island Settlement costs were included in base rates.

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 Xcel Energy's 2015 rate case.⁴

On January 23, 2024, Xcel Energy's 2024 SEP Rider \$0.000258 adjustment factor for all customers was approved and required the Company to submit annual SEP Rider filings starting March 1, 2025, detailing the Prairie Island Settlement payments and proposing rate adjustments.⁵

On February 28, 2025, Xcel Energy filed its SEP Rider compliance and true-up proposal (Petition). The Company proposed to roll the SEP Rider rate into base rates with interim rates in the Company's pending rate case⁶ and include the final SEP tracker balance in the interim rate refund adjustment at the conclusion of the rate case. Thus, in conjunction with interim rates implementation, Xcel Energy requested approval to reduce, effective January 1, 2025, the electric SEP Rider rate to \$0.000000 per kWh.

On March 24, 2025, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed recommending approval of Xcel Energy's Petition, finding the proposal reasonable and in compliance with the Commission's January 23, 2024 Order in Docket No. E-002/M-23-465.

¹ Docket No. E,G-002/M-03-1544.

² Commission December 11, 2013 Order, Docket No. E-002/M-13-959.

³ Docket No. E-002/GR-13-868.

⁴ Docket No. E-002/GR-15-826.

⁵ Docket No. E-002/M-23-465.

⁶ Docket No. E-002/GR-24-320.

DISCUSSION

II. Xcel Energy – Petition

A. SEP Revenue Requirement Calculation

1. Electric SEP Rider Tracker Balance

Xcel Energy's 2024 SEP Rider tracker balance showed a \$1,348,580 under-recovery.⁷ The Company explained that the rate was initially calculated to be implemented over 12 months, starting January 1, 2024, however, the rate was not implemented until March 1, 2024, so only 10 months of revenue was collected rather than the full calendar year.

Xcel Energy reduced the SEP rate factor to \$0.000000 effective January 1, 2025, when interim rates became effective. Costs previously recovered through the electric SEP Rider are recovered through base rates beginning on January 1, 2025 and are not being recovered through any other mechanism.

2. Reporting Requirement

As shown in Table 1 and in compliance with the Commission's January 2024 Order,⁸ Xcel Energy provided the 2024 Prairie Island Settlement payment expenses that included several spent fuel dry casks located at the Prairie Island Nuclear Generating Plant.

Table 1 - 2024 Prairie Island Settlement Tracker⁹

Cost Per Cask	\$ 50,000.00
PI Casks	50
Subtotal	\$ 2,500,000.00
Add'l Payment	\$ 7,500,000.00
Total	\$10,000,000.00
MN Jurisdiction Demand	86.7753%
IA Demand	83.8948%
MN Electric Jurisdiction Amount	\$ 7,279,996.00
Total Collections	\$ 5,916,975.00
(Over)/Under Collections	\$ 1,363,021.00

⁷ Xcel Energy Petition, Attachment 1

⁸ *In the Matter of the Petition of Northern States Power Company dba Xcel Energy for Approval of a 2024 Electric State Energy Policy Rider Rate*, E-002/M-23-465, at Ordering Paragraph 4 (January 23, 2024).

⁹ Xcel Energy Petition, Attachment 2

Xcel Energy noted that 2025 and 2026 cask-related costs are not included in the SEP Rider, but in interim rates. The Company proposed not to file any update on Prairie Island Settlement payments as all costs were included in interim rates, and the SEP Rider rate is currently \$0.

B. True-up Proposal

Xcel Energy anticipated small changes to the under-collected SEP true-up amount of \$1,348,580 due to routine cancel/rebill activity.

Xcel Energy proposed to discontinue filing annual SEP Rider compliance filings until there are new SEP Rider eligible costs in the future, specifically detailing Prairie Island Settlement payments because they are a predictable and stable cost.

III. Department of Commerce – Comments

The Department reviewed Xcel Energy's 2024 SEP Rider Compliance and True-up information and concluded that they were reasonable and complied with the relevant Commission Orders.

Based on its review and analysis, the Department recommended:¹⁰

- Approval of Xcel Energy's 2025 electric SEP Rider rate to \$0, effective January 1, 2025.
- Approve Xcel Energy 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. E-002/GR-24-320.
- Allow the discontinuance of the annual SEP Rider compliance filings specific to Prairie Island Settlement payments until there are SEP Rider qualifying costs in the future.

IV. Staff Analysis

Staff agrees with the Department's conclusion on Xcel Energy's 2024 SEP Rider Compliance and True-up proposals complied with the Commission's January 23, 2024 Order in Docket No. E-002/M-23-465 and the current proposals are reasonable.

Since the SEP Rider rate is now zero and the associated costs are being recovered via interim rates in the pending rate case, the SEP Rider will temporarily no longer function as the recovery mechanism for these costs. Therefore, discontinuing annual SEP Rider compliance filings until there are future qualifying costs is reasonable.

¹⁰ Department Comments, pg. 3

DECISION OPTIONS

1. Accept Xcel Energy's Petition as compliant with Ordering Paragraph 4 of the Commission's January 23, 2024 Order in Docket No. E-002/M-23-465.
2. Approve Xcel Energy's proposal to set 2025 electric SEP Rider rate to \$0, effective January 1, 2025. (Xcel Energy, Department)
3. Approve Xcel Energy's proposal 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. E-002/GR-24-320. (Xcel Energy, Department)
4. Allow Xcel Energy to discontinue filing annual SEP Rider compliance filings specific to Prairie Island Settlement payments until there are SEP Rider qualifying costs in the future. (Xcel Energy, Department)