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XCEL ENERGY TESTIMONY ON SENATE FILE 2847
March 28, 2023

Our testimony today addresses an important, and very recent, public policy development. Xcel Energy and the PIIC have worked together extensively over many months to re-negotiate our agreement as part of our efforts to extend the operating life of our carbon free Prairie Island Nuclear Generating Station.

This agreement dates to 1994 when the PIIC was designated in statute as “an intended third-party beneficiary” of the contract between the State of Minnesota and Xcel Energy’s predecessor (Northern States Power Company) during the original nuclear fuel storage discussion. The agreement was updated in 2003. The update is codified in statute at section 216B.1645, Subd. 4. That updated agreement required payment to the PIIC of \$2.5 million per year. The amount of payment has been unchanged since then.

Under the new agreement between Xcel Energy and the PIIC, the payments to PIIC would increase from \$2.5 million per year to \$10 million per year. In addition, the PIIC will receive a payment of \$50,000 per cask for fuel stored on the site – a number that will increase as the plant continues to operate.

Host communities and host counties receive personal property tax from power plants in recognition of the extra burdens that plants may place on those communities. The PIIC carries those same burdens but has not received comparable recognition. The PIIC payments have not increased in 20 years. Meanwhile, local governments have seen their property tax revenue more than double. The 1994 contract and statute recognized the PIIC’s stake in the continued operation of the plant. This new agreement provides appropriate financial benefits in recognition of that stake.

In addition to updating the payments, we are asking that the money paid to the PIIC be deducted from money paid by our customers into the Renewable Development Account (RDA). The use of the RDA would allow carbon-emission reductions while keeping customers’ energy costs low. The RDA was created in 1994 when renewable energy was only beginning to be commercialized. Today, renewable energy is the most frequently added generation to our system. In fact, our recent Resource Plan approved by the Commission will add substantial solar, continue with our nation-leading use of wind energy, and authorize the construction of the state’s largest solar plant at our coal plant site in Becker. While innovation and investment in otherwise non-cost-effective resources can benefit from additional RDA funds, the RDA is at approximately \$40 million per year and growing, which will provide sell over \$25 million per year for other innovative projects.

As SF 2847 moves forward, we urge the legislature to include this important provision.