

MN NDT Legislation

Nuclear Decommissioning Trust Funds (NDTs)

Xcel Energy collects projected decommissioning costs from its customers while its three nuclear plants are operating. The money collected from its customers resides in nuclear decommissioning trusts (NDTs) where it is invested. The investment earnings are currently taxed by the state of Minnesota; therefore, Xcel Energy must collect additional money from its customers to pay the MN tax. In addition to the tax currently owed, Xcel is also collecting the projected tax that will be paid during the assumed 60-year period over which the nuclear plants will be decommissioned.

Customer savings from this legislation will vary over time based on economic conditions, inflation, market performance and other factors. Today, customers of Xcel Energy will save about \$20 million annually if SF 1119 was current law. Because recovery of tax revenue and future decommissioning costs can only be recovered from customers when the plants are operating, the annual savings to our customers is greater than the annual revenue loss to the state.

The passage of SF 1119 will allow the NDTs to grow tax-deferred, which directly benefits ratepayers of Xcel Energy.

Additional Information about Xcel Energy's Nuclear Reactors and the NDT Funds

- The three NDTs averaged, in aggregate, ~\$4.7 million of income tax per year in the state of Minnesota for years 2009 through 2021.¹ This is the estimated annual revenue to the state
- Each NDT corresponds to one of the three nuclear power generating units
- The three nuclear power generating units are scheduled to be in service through the following years²:
 - Monticello – 2030; Prairie Island #1 – 2033; Prairie Island #2 – 2034
- Current law would require MN income tax to be paid on the NDTs earnings each year after the nuclear plants are no longer in service and are being decommissioned (currently assuming a 60-year scenario).
- MN income tax is a cost of decommissioning which can only be recovered from customers while the plants are in service

Minnesota vs. other states

- Minnesota does not address the taxation of nuclear decommissioning trusts specifically in their statutes, nor do many other states (This is our understanding from discussions with external consultants, but we have not surveyed the other states' statutes.)
- Most states, such as Pennsylvania, where Xcel's NDTs are located, do not tax NDTs
- Most NDTs do not pay state income taxes on their earnings

¹ This amount does not consider the settlement of years 2009-2017 which reduced the tax down to an average of \$2.6 million for those years.

² Xcel Energy is currently seeking a license extension for the nuclear facilities.