

E-002/M-89-120ACCEPTING AND ADOPTING SETTLEMENT AGREEMENT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Petition of Northern States Power Company for Approval of a Specific Accounting Procedure for Nuclear Decommissioning Costs of the Pathfinder Atomic Power Plant

ISSUE DATE: September 21, 1989

DOCKET NO. E-002/M-89-120

ORDER ACCEPTING AND ADOPTING SETTLEMENT AGREEMENT

PROCEDURAL HISTORY

On March 2, 1989 Northern States Power Company (NSP or the Company) filed a request for Commission approval of specified accounting treatment of nuclear decommissioning costs for its Pathfinder Atomic Power Plant. The Company proposed to accumulate decommissioning costs in Account 186, Miscellaneous Deferred Debits; to amortize the deferred costs over five years, with no carrying charge; to begin amortization at the completion of decommissioning or with the next rate case, whichever occurred first; and to defer consideration of ratemaking treatment of the costs for a subsequent proceeding.

The Department of Public Service (the Department) filed comments proposing that amortization, based on total estimated costs, begin at the same time as deferred accounting. The Residential Utilities Division of the Office of the Attorney General (RUD-OAG) filed comments proposing that amortization begin as soon as possible. Both parties urged that consideration of ratemaking treatment be deferred until a subsequent proceeding. No other party commented on the matter.

On August 7, 1989 the Company, the Department, and the RUD-OAG filed a Settlement Agreement, which they urged the Commission to accept and adopt, resolving all issues raised by the Company's filing. The Settlement Agreement provided that decommissioning costs for the Pathfinder plant would be treated as follows:

1. Decommissioning costs would be accumulated in Account 186 - Miscellaneous Deferred Debits;

2. Decommissioning costs would be amortized over a 5-year period, beginning January 1, 1990 or on the first day of the test year of the next general rate case, whichever occurred first;
3. There would be no carrying charge on the unamortized balance of decommissioning costs;
4. The accounting treatment set forth in the Settlement Agreement would have no effect on any issue relating to the ratemaking treatment of decommissioning costs, and all such ratemaking issues would be addressed in a subsequent proceeding.

The matter came before the Commission on September 5, 1989.

FINDINGS AND CONCLUSIONS

The Commission finds that the Settlement Agreement submitted by the parties represents a reasonable and workable approach to recording the costs of decommissioning the Pathfinder Atomic Power Plant. The proposed accounting procedures provide a rational and orderly method of accounting for decommissioning costs. They also properly preserve all ratemaking issues for later determination. The Commission will accept and adopt the Settlement Agreement.

The Commission would find it helpful to receive periodic reports on decommissioning costs while the project is underway. The Commission will therefore require the Company to file reports at the commencement and completion of decommissioning, as well as quarterly reports while decommissioning is in progress.

ORDER

1. The Commission accepts and adopts the Settlement Agreement jointly submitted in this matter by Northern States Power Company, the Department of Public Service, and the Residential Utilities Division of the Office of the Attorney General. The agreement is attached hereto and incorporated by reference.

2. The Company shall file reports at the commencement of decommissioning, the completion of decommissioning, and quarterly throughout the decommissioning process, which contain at least the following information: costs incurred to date, costs projected through completion, a detailed explanation of any recalculation of projected costs, and a detailed explanation of any variation between projected costs and costs actually incurred.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)