

File Number: S.F. 3504
Version: Second engrossment

Date: May 19, 2018

Authors: O'Neill

Subject: Nuclear energy costs

Analyst: Bob Eleff

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

Senate File 3504 establishes a process under which the Minnesota Public Utilities Commission can issue a presumption of prudence with respect to certain future costs of operating nuclear-powered electric generating plants, in advance of any expenditures made for that purpose.

Section

1 [216B.1697] Carbon reduction facilities; nuclear energy.

Subd. 1. Qualifying facilities. Provides that an existing nuclear power plant can be designated a carbon reduction facility.

Subd. 2. Proposed submission. Authorizes a public utility to file with the Public Utilities Commission, no later than February 1, 2019, as part of its integrated resource plan, a proposal to designate a facility as a carbon reduction facility. The proposal must include:

- an estimate and detailed description of the total expected costs – capital, operation, maintenance, and others – required to operate the facility over a period not to exceed 15 years;
- an evaluation of the cost estimates by an independent analyst; and
- a calculation of the impact of the costs on customer rates.

The public utility has the burden of proof to demonstrate that the expected costs are reasonable, prudent, and in the public interest.

Section

Subd. 3. Proposal approval. Authorizes the commission to decide whether to consider a proposal submitted under subdivision 2, which it may accept, reject, or modify. Interested parties, including the Department of Commerce, attorney general, and ratepayer advocates, may intervene in a proceeding to consider the proposal. The public utility must pay the cost of any nuclear expert retained by the Department of Commerce. Commission approval of total expected costs constitutes a presumption of prudence for those costs.

When the public utility seeks to recover the approved costs of operating a carbon reduction facility in a future proceeding, the commission must presume that the utility's actual costs were prudent, provided they do not exceed the total expected costs previously approved. There is no presumption of prudence for expenditures made to extend the term of the operating license or increase the capacity of a carbon reduction facility, or to terminate its operation before its license expires. In a cost recovery proceeding, an intervenor may rebut the presumption of prudence by presenting evidence that the previously approved costs are not reasonable, prudent, or in the public interest. The commission will review all costs in a subsequent rate case.

The commission may approve the recovery of costs that exceed previously approved total expected costs, provided that the public utility has demonstrated that the excess costs are reasonable, prudent, and in the public interest.

The public utility must report biennially to the commission describing its efforts to adhere to any costs approved under this section.