

Fahn, Patrick J.

From: Diller, Michael R.
Sent: Friday, September 16, 2011 9:20 AM
To: -Grp-PSC Public Utilities; -Grp-PSC Commissioners; -Grp-PSC Legal; Sederquist, Dave
Subject: Staff Support for Settlement Agreement
Attachments: Last Settlement Memo.docx

56 PU-11-55 Filed 09/16/2011 Pages: 2
Memo re rationale for entering into a settlement agreement
Public Service Commission Advocacy Staff
Mike Diller

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3 PU-11-557 Filed 09/16/2011 Pages: 2
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Mike Diller

81 PU-10-657 Filed 09/16/2011 Pages: 2
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Mike Diller

Memo from Advocacy Staff

To: Darrell Nitschke, Executive Secretary

From: Mike Diller, Director of Economic Regulation



Date: September 16, 2011

Re: Rationale for Entering into a Settlement Agreement
Case Nos. PU-10-657, PU-11-55 & PU-11-557

The advocacy staff has reviewed Northern States Power Company's application to increase its electric rates based on 2011 and 2012 test years as well as its filing to refund dollars to customers for NSP's settlement with the Department of Energy for breach of contract. We have conducted our review by examining the filings and hiring consultants to help in our investigation. The Settlement Agreement filed at the close of business yesterday is a culmination of our work.

In the past, I have supported various settlements; some of which I was ambivalent towards as to whether the commission accepted or rejected. Ambivalent because, in some cases, it is hard to tell whether staff would win or lose in a highly contested case. After considering our position in these cases, I am quite certain that the filed Settlement Agreement is better than what can be expected in a fully litigated case. Therefore, in this instance, I strongly recommend that the commission consider approving the Settlement Agreement.

I recommend that the formal hearing scheduled to begin on October 18, 2011, be used solely for purposes of hearing the matter of settlement. In the event the commission does not accept the Settlement Agreement, then I recommend scheduling another technical hearing for purposes of litigating the case. I am asking for this approach to minimize work that may not be necessary in the event the commission agrees with the parties to the case. Thank you for your consideration.