



2302 Great Northern Drive  
 P.O. Box 2747  
 Fargo, North Dakota 58102  
 (701) 241-8632  
[dave.sederquist@xcelenergy.com](mailto:dave.sederquist@xcelenergy.com)

December 21, 2018

—VIA EMAIL & U.S. MAIL—

Mr. Darrell Nitschke  
 Director of Administration and Executive Secretary  
 North Dakota Public Service Commission  
 State Capitol Building, Dept. 408  
 600 East Boulevard  
 Bismarck, ND 58505-0480

RE: XCEL ENERGY PROPOSED NORTH DAKOTA RESOURCE PLAN PROCESS  
 CASE NO. PU-18-\_\_\_\_\_

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, provides this Proposal for a North Dakota Resource Planning (NDRP) process. The proposal stems from the Commission Informal Hearing held on June 27, 2018, to discuss the Notice of Intent to Close Proceedings in the pending Resource Treatment Framework docket.

At this Informal Hearing, the Commission expressed a desire for additional information on how the Company envisioned a North Dakota Resource Planning process could work in North Dakota. The Commission noted its interest in a thorough planning process, and stated that it would be helpful to know more about what a NDRP process would or should involve, what information should be included in a Resource Plan, and how the Plan could be reviewed and approved in the public interest.

Please contact me if you have any questions regarding this filing. Thank you.

SINCERELY,

DAVID H. SEDERQUIST  
 SR. CONSULTANT, REGULATION & FINANCE

Enclosures

cc: Patrick Fahn  
 Victor Schock

- |   |   |
|---|---|
| <p>230 PU-13-743 Filed 12/21/2018 Pages: 10<br/>         Proposal for a North Dakota Resource Planning Process</p> <p>218 PU-13-742 Filed 12/21/2018 Pages: 10<br/>         Proposal for a North Dakota Resource Planning Process</p> | <p>214 PU-13-708 Filed 12/21/2018 Pages: 10<br/>         Proposal for a North Dakota Resource Planning Process</p> <p>215 PU-13-707 Filed 12/21/2018 Pages: 10<br/>         Proposal for a North Dakota Resource Planning Process</p> <p>215 PU-13-706 Filed 12/21/2018 Pages: 10<br/>         Proposal for a North Dakota Resource Planning Process</p> <p>236 PU-13-195 Filed 12/21/2018 Pages: 10<br/>         Proposal for a North Dakota Resource Planning Process</p> <p>219 PU-13-194 Filed 12/21/2018 Pages: 10<br/>         Proposal for a North Dakota Resource Planning Process</p> <p>377 PU-12-813 Filed 12/21/2018 Pages: 10<br/>         Proposal for a North Dakota Resource Planning Process</p> |
|---|---|

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NORTH DAKOTA**

IN THE MATTER OF NORTHERN STATES  
POWER COMPANY'S RESOURCE  
TREATMENT FRAMEWORK INITIATIVE  
AND PROPOSAL FOR A FORMAL NORTH  
DAKOTA RESOURCE PLANNING PROCESS

CASE NO. PU-18-\_\_\_\_

---

---

**PROPOSAL FOR A NORTH DAKOTA  
RESOURCE PLANNING PROCESS**

---

---

**I. INTRODUCTION**

Northern States Power Company, doing business as Xcel Energy (NSP or Xcel Energy or the Company), submits to the North Dakota Public Service Commission (Commission) this proposal for a North Dakota Resource Planning process. The proposal stems from discussions held by the Commission, its staff, and Company representatives in the pending Resource Treatment Framework docket (Case Nos. PU-12-813, *et. al.*). Through these discussions, the Company and Staff are working towards establishing a more formal process for reviewing the Company's electric generation and resource plans. This would be beneficial to customers, the Commission, and the Company and alleviate some of the challenges that differing state energy policies and preferences pose in the selection of resources. Xcel Energy submits the following proposal as a first step in the development of a North Dakota Resource Plan process.

**II. GENERAL FILING MATTERS**

**A. DESCRIPTION OF APPLICANT**

Xcel Energy is a Minnesota corporation duly authorized to conduct business in the State of North Dakota as a foreign corporation. The Company conducts business in the State of North Dakota as a public utility subject to the jurisdiction and regulation

of the Commission pursuant to Title 49 of the North Dakota Century Code. The name and address of Xcel Energy is:

Northern States Power Company, a Minnesota corporation  
414 Nicollet Mall  
Minneapolis, Minnesota 55401

Xcel Energy also operates in North Dakota from the following address:

Northern States Power Company  
2302 Great Northern Drive  
Fargo, North Dakota 58102

The Company's Certificate of Incorporation with amendments and Certificate of Authority were filed with the Commission on September 30, 2009, and October 12, 2009, respectively, in Case No. PU-09-664. Current Certificates of Good Standing issued by the North Dakota and Minnesota Secretaries of State were filed in the same case on January 12, 2018, and are incorporated herein by reference.

Xcel Energy has service territory in five upper Midwest states including North Dakota. The Company presently serves approximately 94,000 retail electric customers in and around Fargo, Grand Forks, and Minot, North Dakota, and owns just over 250 miles of transmission lines and 14 substations in North Dakota.

**B. COMMUNICATION AND SERVICE**

Xcel Energy respectfully requests that the following persons be placed on the Commission's official service list for all official communications in this case:

David H. Sederquist  
Senior Consultant, Regulation and Finance  
Xcel Energy  
2302 Great Northern Drive  
Fargo, ND 58102  
[dave.sederquist@xcelenergy.com](mailto:dave.sederquist@xcelenergy.com)

Regulatory Records  
Lynnette Sweet  
Xcel Energy  
414 Nicollet Mall  
Minneapolis, MN 55401  
[regulatory.records@xcelenergy.com](mailto:regulatory.records@xcelenergy.com)

### III. DESCRIPTION AND PURPOSE

#### A. BACKGROUND

On May 9, 2016, the Commission issued an Order Approving Settlement in Case No. PU-12-813 which, among other things, obligated NSP to file a Resource Treatment Framework (RTF) proposal by January 1, 2017. The objective of the RTF filing was to propose a resolution to the issue of “divergent state energy policies” that could potentially be implemented by January 1, 2018. On January 3, 2017 NSP filed its RTF proposal in compliance with the Commission’s Order.

In support of its RTF application, the Company filed Direct Testimony on July 15, 2017. In response, Staff filed the Direct Testimony of staff consultant Mr. James Heidell on October 2, 2017. Mr. Heidell recommended, among other things, implementation of an active resource review process in North Dakota for the Company’s future Resource Plans to provide advance guidance and reasonable certainty with respect to the regulatory treatment of future resources. Mr. Heidell stated that the Commission could “develop an informational proceeding to collect public comments and testimony. Based upon that information the [Commission] can provide guidance to NSP regarding what resources expansion plans appear to be in the public interest.” Mr. Heidell also acknowledged that while an informal Resource Plan review process may not resolve certain conflicts regarding the selection of resources appropriate for North Dakota, as with the Advance Determination of Prudence (ADP) process, a more formalized Resource Plan review “will provide NSP with a clearer path of what will be awarded full cost recovery in North Dakota.”

NSP filed Rebuttal Testimony on December 8, 2017. In the testimony of Company witness Mr. Aakash Chandarana, the Company agreed that “a more formalized resource planning process in North Dakota would promote understanding and greater certainty in resource selection.”

On February 8, 2018, the Commission held an Informal Hearing to discuss the Company’s RTF proposals. Based on this hearing, on March 29, 2018 the Commission issued a *Notice of Intent to Close Proceedings*. The *Notice of Intent to Close Proceedings* invited comments from interested parties. Both NSP and Staff submitted comments which, in part, addressed the value of pursuing a forward-looking resource planning process tailored more to the procedures, policies, and preferences of the North Dakota commission.

After consideration of Staff’s and NSP’s comments, the Commission held another Informal Hearing on June 27, 2018, to discuss the *Notice of Intent to Close Proceedings*. At

this Informal Hearing, the Commission discussed, among other things, the need for additional information on how the Company envisioned a North Dakota Resource Planning process could work in North Dakota. The Commission noted its interest in a thorough planning process, and stated that it would be helpful to know more about what a NDRP process would or should involve, what information should be included in a Resource Plan, and how the Plan could be reviewed and approved in the public interest.

## **B. VISION**

In designing a North Dakota Resource Plan (NDRP) process, NSP envisions an ongoing, periodic process that would primarily accomplish two things. First, it would inform the Commission of the Company's upcoming short- and long-term resource needs and preferred resource selections well in advance of making any investment. Second, a NDRP would facilitate Commission engagement in the planning process such that the Company would obtain valuable opinions, if not formal decisions, from the Commission and staff regarding the prudence of the proposed resource.

Since the Company plans its 5-state NSP System on an integrated basis and normally provides power to its North Dakota customers from its NSP System-wide resources and purchase agreements, the Company's preferred resource plans submitted in North Dakota would generally be the same or very similar to those filed in its other state jurisdictions, with the possible exception that it would also include a more focused look at the North Dakota jurisdiction. If multiple state commissions find the preferred Plan (or resources contained within it) acceptable, the benefits of scale that an integrated approach typically provides would be maintained. To the extent that the policies and preferences of all states served by the NSP System do not align, however, there may be certain proposed resource additions that would not ultimately serve – nor have its costs shared by – customers in all NSP System states.

A NDRP process would provide this Commission with the opportunity to convey to the Company whether it believes particular types of resources proposed for the NSP System are acceptable and therefore, likely to obtain cost recovery. If the Commission were to deem a particular resource addition unacceptable, the Company would assume that recovery of the given resource would be unlikely in North Dakota when finalizing its resource selections for the NSP System. As a result, concomitant changes to ratemaking in each state would be necessary to properly allocate the capacity, energy, and related costs and benefits of the resource among the jurisdictions. Similarly, other capacity and energy resources may need to be procured for our North Dakota customers and directly assigned to them.

## C. KEY OBJECTIVES

A key component of an effective NDRP would be the development of Commission-established objectives that would help to inform the Company's integrated planning efforts and mitigate potential polarization and regulatory delays as the Plan is reviewed and finalized. Some examples of common resource planning objectives include:

- ***Minimize Costs*** – Ensure customers are not paying for capacity for which there is little demonstrable need, or for power which is more expensive than other viable alternatives;
- ***Optimize Supply Reliability*** – Ensure customers are protected from disruptions in energy supply;
- ***Minimize Environmental Impacts*** – Reduce emissions, encourage energy conservation, and minimize impacts on wildlife and natural habitats;
- ***Maintain a Diverse Energy Supply*** – Mitigate supply risks with a portfolio that includes various generation types, a mix of owned and purchased energy, and is geographically diverse;
- ***Ensure a Secure Energy Supply*** – Where feasible, locate generation within the state of North Dakota, utilize plentiful and available fuels, and employ local construction firms, materials, and workers.

A Commission-established set of objectives and/or other guiding principles for a NDRP process would help the Company ascertain which of the potential resource additions being contemplated for the NSP System would be consistent with North Dakota's policies and preferences and therefore potentially able to serve the entire NSP System, should they ultimately be procured. System resources that are not consistent with North Dakota objectives would likely be rejected and thus serve only other approving states in the NSP System. NDRP objectives issued by the Commission would also enable the Company to provide acceptable alternative resources in such cases.

## D. PLAN SUBMISSION

With respect to the timing for filing an inaugural NDRP, the Company would propose to file in Summer 2019, so that the filing coincides with the current Minnesota process<sup>1</sup>. Alternatively, should the Commission not approve this process in time to align our Minnesota and NDRP filings, the Company would propose to file its initial NDRP within 120 days after Commission approval of an NDRP process.

---

<sup>1</sup> The Company was intending to file its Upper Midwest Resource Plan with the Minnesota Public Utilities Commission on Feb. 2, 2019, but recently received an extension. Its plan is now due to the Minnesota Commission on July 1, 2019.

Thereafter, the Company proposes that an NDRP be filed every two years to provide periodic updates of changing conditions in the utility sector, including fuel prices, capital costs, load forecasts, and other factors. Deviation of the two-year schedule would be possible upon agreement by the Company and Staff and approval by the Commission, given that biennial NDRP filings are influenced by other planning efforts and recognition that resource planning is often very time- and resource-intensive.

## **E. PLAN COMPONENTS**

To ensure that any proposed NDRP is as effective as possible, the Company recommends that a NDRP filing contain the following information:

- ***Short- and Long-Term Planning Horizons*** - Because resource plans are long-term in nature, we propose that a NDRP would encompass a 15-year planning horizon, with a more detailed action plan covering the first five years.
- ***Load Forecasts*** - The NDRP would include the Company's most recent forecast of energy demand for the planning horizon within both the Company's NSP System and its North Dakota jurisdiction. The load forecast is a critical input in determining the extent of future resource additions.
- ***Assessment of Resource Options*** - If the Company's existing resource portfolio is inadequate to meet the projected resource needs, the NDRP would identify the resource options considered for the NSP System to fill the gap. This assessment could potentially include:
  - possible resource additions and their profiles, including fuel type, size, capacity/energy attributes, capital and operating costs, and environmental impacts;
  - upgrades and life extensions of existing generation facilities;
  - new transmission facilities and upgrades of existing lines;
  - opportunities to utilize load-control equipment;
  - utility-sponsored demand-side management programs; and
  - other viable resource options, like energy storage.

This information would be the primary catalyst for engagement by the Commission and other interested parties that would provide the Company formal feedback regarding the resource options included on the list. As mentioned previously, the NDRP should also describe alternative resource additions that could be employed in the event the proposed resources do not sufficiently comport with North Dakota policies and preferences.

- ***Preferred Resources*** - The NDRP would include a specific breakdown of the existing resources and preferred new generating facilities, upgrades, plant life

extensions, and other resources to meet the forecasted demand over the planning horizon. This plan would also specify how the implementation and use of those resources would vary with potential changes in supply and demand circumstances. The NDRP would only identify the resources generically, unless a commitment to a specific resource or location exists at the time the NDRP is filed. The Plan would also include any intent to reduce existing resources through sales, leases, or retirements.

- ***Planning Process and Techniques*** - The NDRP would also include descriptions of the overall plan development process, the technical tools and modeling approach, and analytical techniques used by the Company to create its proposed resource plan from the available options described above.
- ***Action Plan Implementation*** - The NDRP would include a short-term Action Plan that provides a thorough discussion of the activities the utility intends to undertake to develop or obtain the resources identified in the first five years of the plan. This action plan would include a schedule of key procurement and construction activities and regulatory filings.
- ***Non-Technical Summary*** - The NDRP would also include additional context in a summary describing, in non-technical terms, the Company's resources needs, the resource plan created to meet those needs, the process and analytical techniques used to create the plan, activities required over the next five years to implement the plan, and the likely effect of plan implementation on North Dakota electric rates and bills.
- ***Supporting Information*** - Various appendices would be included in the NDRP to further understanding of the Plan and its drivers, such as: an acronym and term glossary, maps and information of supporting infrastructure, descriptions of our load forecasting methodology, rate impacts and comparisons, recent studies pertaining to items such as wind integration, demand response, etc., previous regulatory settlements affecting the Plan, and other information.

## **F. COMMISSION REVIEW**

The review process for a NDRP should provide opportunities and time for meaningful engagement from the public, Staff, and Commission. The Company envisions that after the submission of a NDRP, the Commission would initially issue a

Notice of Opportunity for Hearing. The NDRP would then begin a period of discovery by Staff and its consultants.

Costs for the hiring of Staff consultants and other assistance for purposes of analyzing the NDRP and submitting testimony into the record could be expended by the Company, with the costs amortized over two years, and recovered through the Fuel Cost Rider as a related energy procurement cost. This is not unlike the treatment of the costs of conducting a rate case, which are generally amortized and recovered in base rates.

After the submission of responses to the plan, the Commission would then review the plan and associated comments. This could be in the form of a formal or informal hearing or some other process.

Subsequently, based upon the record created in the proceeding, the Commission would issue a non-binding, advisory order addressing the reasonableness of the Company's NDRP.

The Company would envision that, in general, a Commission decision could be rendered within six months of the date the NDRP is filed<sup>2</sup>. Table 1 provides a possible procedural schedule for a formal 2019 NDRP docket.

**Table 1 – Proposed 2019 NDRP Procedural Outline**

Regulatory Event	Date
NDRP is filed	July 1, 2019
Notice of Opportunity for Hearing issued	July
Discovery period	July-Aug
Staff Direct Testimony filed	Sept
Company files Rebuttal Testimony	Oct
Formal Hearing held	Late Oct
Commission Work Session	Mid Nov
Informal Hearing held	Late Nov
Commission Work Session	Mid Dec
Advisory Order issued	Late Dec

---

<sup>2</sup> In a general rate case application, the hiring of Staff consultants can take several weeks. This can make it difficult for a docket to be acted on within six months. In a NDRP docket, because the timing of the Plan submission is known in advance, consultants can be procured and begin their work at the time - or soon after - the Plan is filed.

The schedule in Table 1 represents a basic six month timeframe for the Company's next Resource Plan to be filed in 2019. Generally, plans would be filed at the beginning of the biennial period and continue over a corresponding six-month period. It is inevitable that the time needed to review and act on a filed Resource Plan will vary significantly from plan to plan, particularly in states like Minnesota. This will likely impact the timing of the process in North Dakota because of the need to sync the filed plans and obtain approvals in all states of any modifications that may be approved in any one state. So, flexibility will be needed from participants in the process to insure there is appropriate coordination and accommodation of varying state energy policies and preferences.

#### **IV. CONCLUSION**

Xcel Energy respectfully requests the Commission consider the establishment of a more formal North Dakota Resource Plan process applicable to the Company. Through a process similar to what has been proposed in this petition, and for the reasons provided herein, the Company believes a North Dakota Resource Plan process would enhance understanding and awareness of the Company's overall resource planning efforts and decisions, provide a venue for greater North Dakota Commission, Staff, and public engagement, and mitigate many of the challenges of planning and operating an integrated system in states with varying energy policies and preferences.

Date: December 21, 2018

Northern States Power Company