

# MEMORANDUM

To: Commissioners Fedorchak, Christmann and Kalk  
Fr: Sara Cardwell  
Da: December 16, 2015  
Re: Agenda Briefing Memo, Case PU-15-683,  
Northern States Power Company (NSP)  
Renewable Resource Cost Recovery (2016)  
Rates

NSP filed its 2016 Renewable Energy Rider (RER) on October 1, 2015 and filed an update to its RER revenue requirement on December 1, 2015. The RER was approved by the Commission's February 26, 2014 *Order Adopting Settlement* in Case No. PU-12-813. At that time, there were no projects that the Company sought recovery of so the rate was set to zero. This filing would authorize the first adjustment under this rider. The revised revenue requirement proposed in the Company's December 1<sup>st</sup> update is \$2.16 million which includes both 2015 and 2016 forecasted costs.

The Commission conducted an informal hearing on this application on December 2, 2015. At the informal hearing, Commissioners requested further information on the North Dakota Investment Tax Credit (NDITC) and what the reduction in fuel costs would be for customers.

In regards to the NDITC, the total potential credit available is \$36 million for the Border Winds Project. However, the Company can only use the credit to the extent it has a tax liability. Therefore the Company currently estimates that it will be able to use \$8.4 million of the available tax credit. If the credit were excluded from the 2016 rate, the typical residential customer using 750 kWh would pay approximately \$0.02 more per month.

The Company estimates that for the year 2016, the fuel cost savings from the additional wind generation will be approximately \$0.6 Million. For the typical residential customer using 750 kWh, this will be a savings of \$0.18 per month.

The resulting customer billing surcharge for 2016 is 0.0936 cents per kWh for all retail sales which is an increase from the current adjustment rate of zero.

The billing effect for a typical residential customer without electric space heating using 750 kWh per month would be an increase of \$0.70 per month. When offset by the fuel cost savings, the net impact will be \$0.52 per month.