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March 24, 2017

—VIA ELECTRONIC FILING AND U.S. MAIL—

Mr. Darrell Nitschke, Executive Secretary  
ND Public Service Commission, Dept. 408  
600 E. Boulevard  
Bismarck, ND 58504-0480

RE: NEW SPECIAL FACILITIES RIDER  
Case No. PU-17-\_\_\_

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota corporation doing business as Xcel Energy, hereby submits to the North Dakota Public Service Commission this petition for approval of a new electric rate rider intended to allow the Company to recover the costs of special facility installations requested by, ordered by, or required under unique ordinances of any city within the Company's North Dakota service territory.

The costs recoverable through the Special Facilities Rider (SFR) include project expenditures over and above those that would otherwise be incurred to provide similar service under the Company's standard equipment and design parameters. The Rider would only be in effect for customers within the city in which the special facilities are requested or required.

This SFR is being requested at this time to accommodate a downtown retail development project in the city of Fargo beginning in 2017 that requires the removal and/or relocation of some of the Company's electric infrastructure. However, the SFR could also be used to recover the costs of future city requested or required projects in the Company's North Dakota service area.

If you have any questions about this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads 'David H. Sederquist'.

David H. Sederquist  
Sr. Consultant, Regulation & Finance

cc: Patrick Fahn

STATE OF NORTH DAKOTA  
BEFORE THE  
PUBLIC SERVICE COMMISSION

Randy Christmann	Chair
Julie Fedorchak	Commissioner
Brian Kroshus	Commissioner

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY,  
DOING BUSINESS AS XCEL ENERGY FOR  
APPROVAL OF A SPECIAL FACILITIES RIDER

CASE NO. PU-17-\_\_\_\_

**PETITION**

**INTRODUCTION**

Pursuant to ND Century Code 49-05-05, Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission this Petition for approval of a *Special Facilities Rider* (SFR) along with the associated miscellaneous tariff changes to the General Rules and Regulations section of its North Dakota Electric Rate Book.

If approved, this petition would create an efficient and flexible rate mechanism beneficial to both North Dakota cities and the Company. It would provide cities an alternative to making an up-front contribution toward the additional cost of any electric equipment, infrastructure, or installations they may request of us that go beyond the Company's standard design and construction parameters. At the same time, it provides the Company an efficient means to timely recover the costs of these non-standard facilities or configurations. For purposes of this proposed tariff, such facilities are referred to as "Special Facilities" and perhaps the most common example is the replacement of overhead distribution lines with underground lines when doing so is not required by the Company's design and construction parameters. The SFR would be an effective mechanism to recover these costs while directing the charges only to Xcel Energy customers within the city requesting the project.

## **I. GENERAL FILING INFORMATION**

Pursuant to § 69-02-02-04 of the Commission's Rules of Practice and Procedure, the following information is provided.

### **Utility Employee Responsible for Filing**

David H. Sederquist  
Sr. Regulatory and Financial Consultant  
2302 Great Northern Drive  
PO Box 2747  
Fargo, ND 58108-2747  
(701) 241-8632

This petition is being filed March 24, 2017. Xcel Energy requests the miscellaneous tariff changes be effective June 30, 2017. This date will allow for timely planning and cost recovery for anticipated summer 2017 construction projects affected by this proposed tariff.

## **II. DESCRIPTION OF THE FILING**

### **A. Background**

The Company's General Rules and Regulations – and more specifically the rules in Section 5.3 *Special Facilities* - on file with the Commission explain Xcel Energy's standard electric facility installations and the conditions under which it is necessary for customers and governing bodies to contribute to the cost of installing non-standard Special Facilities.<sup>1</sup> These rules primarily address Special Facility requests where contributions toward such a project are arranged to be made by a single, requesting party (such as a customer, developer, or city government).

With this filing, the Company proposes revisions to the General Rules and Regulations to establish a recovery mechanism for those situations where a city has requested or required such expenditures and it is appropriate to have the contribution come from the residents of the city making the request.

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<sup>1</sup> In general, Special Facilities are facilities, equipment, or system designs which exceed the Company's standard equipment and design parameters considered prudent to provide designated, permanent electric service.

Xcel Energy has established construction standards in order to maintain electric system consistency, reliability, and safety while at the same time minimizing the installed cost of facilities. The proposed tariffs expand the the procedures required of cities and the Company when Special Facilities are requested by a city. Special Facilities in these circumstances may involve new non-standard installations, modifications to, or replacement of, existing facilities, or even the installation of standard facilities at a location or on a route not recommended by the Company for the efficient operation of its electric system. Specific examples include three-phase service where single-phase service is adequate, the provision of excess capacity, special switching equipment, conversion of power lines from overhead to underground, and relocation or replacement of existing Company facilities.

In the event a type of construction is required that is different from what the Company would normally install, or is based on a city's desire to facilitate development or accomplish an aesthetic improvement, the proposed SFR surcharge may be used as a recovery mechanism, assuring that Xcel Energy's North Dakota customers outside of that city will not be assessed charges for the given Special Facilities or aesthetic improvements being requested.

In its Minnesota jurisdiction, Xcel Energy has had experience with a number of suburban communities desiring - primarily for aesthetic purposes - to have certain portions of the Company's existing overhead distribution facilities placed underground. To facilitate these requests, the Company filed and was granted MPUC<sup>2</sup> approval of a "City-Requested Facilities Surcharge" tariff in 2002. To date, 33 separate CRFS surcharges have been implemented since that time to recover undergrounding projects in 18 different Minnesota cities.

A downtown retail development project in the city of Fargo, North Dakota, is anticipated to begin in 2017. The project will require the removal and/or relocation of some of the Company's electric infrastructure in an alleyway that will be converted into a retail- entertainment venue ("Robert's Alley"). Similar Special Facilities projects are being planned for downtown Fargo in the near future. Under this proposed tariff, the additional costs of relocating or removing the Company's electric infrastructure in a manner that would facilitate such change in use of these downtown spaces could be paid by the utility customers in the City. This type of tariff helps to revitalize communities by providing an alternative to extension costs being paid solely by businesses or tenants in or adjacent to the areas being developed.

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<sup>2</sup> Minnesota Public Utilities Commission, Docket No. E002/M-99-799.

Downtown revitalization or community beautification projects are also anticipated to occur in the Company's other North Dakota service areas around Grand Forks, Minot, and West Fargo.

## **B. General Description of the Proposed Program**

Currently, if a city requests Xcel Energy to undertake a project entailing Special Facilities, the city is obligated to make a contribution toward the project to cover the additional cost of the Special Facilities relative to the standard configuration for providing the service. The proposed SFR would provide the city an alternative to making an upfront contribution in the form of a relatively small and temporary fixed monthly surcharge that could be applied to customers within the given city. The SFR allows the Company to recover the additional costs associated with the project from those customers located in the city and benefitting most from the project.

Implementation of a given SFR surcharge would be the culmination of collaborative discussions between the Company and the requesting City, notification to the city of the proposed additional costs, and indication of the selected surcharge term and amount by customer class. The SFR tariff provides lower and upper limits to the surcharge amount and term, and generally would not require any Commission action to implement unless either the City chooses to file an objection or the Company seeks to implement an SFR surcharge outside of the tariffed limits (or both).

The SFR surcharge ensures there is no impact to the Company's electric rate base (and thus electric rates) in North Dakota because of the discretionary Special Facilities costs. Because the incremental costs would be offset by the contributed funds the Company collects via the surcharge, there is no increase to the book value of the Company's assets. As a result, there is no increase to the Company's North Dakota "rate base" nor additional revenue requirement to cover any consequent return on investment.

## **C. Implementation of an SFR Surcharge**

The general process leading to the implementation of the proposed SFR is as follows:

- A city requests (or orders) Xcel Energy to relocate, replace, or modify its facilities in a manner that, at least preliminarily, appears to go beyond the Company's standard installation or configuration.
- Xcel Energy requests the city to provide project specifics so it can conduct a thorough project design of the requested installation or configuration.

- As part of designing the project, Xcel Energy determines if the requested project will have any adverse affect on system reliability, its structural and operating integrity, public safety, and future expansion of the system.
- Xcel Energy makes an estimate of the “Excess Expenditures” associated with the Special Facilities request (i.e., additional cost compared to the standard design and installation alternative) and provides to the city a written summary of the proposed project design and excess expenditure amount.
- The Company and City may have further discussions to explore potential alternatives or adjustments that could reduce the Excess Expenditure amount.
- If the city decides to proceed with the project but prefers not to make the full contribution to the project out of its own city funds, Xcel Energy would be authorized to recover the excess expenditure through the SFR.
- Xcel Energy provides to the city, in writing, the SFR-recoverable amount, the proposed monthly surcharges by customer class, and the length of the proposed recovery period.
- The city has 30 days from receipt of the notification to file an objection to the proposed SFR surcharge to the Company and/or Commission. If filed with the commission, the surcharge will be stayed until the Commission issues its decision.
- If the city accepts the SFR surcharge, the Company will notify customers in the city of the surcharge and term at least one month before it first appears on their bills. The Company will also file with the Commission the project and surcharge information.
- The SFR surcharge will not be implemented until after the project is completed, and project costs are final.

To properly track Special Facilities cost recovery, the Company proposes to establish a regulatory asset account for each affected city called the SFR Tracker. Journal entries would be processed to credit the associated project account(s) to be recovered using the SFR, and debit the SFR Tracker with the accrued net amounts. The monthly SFR surcharge recovered from customers would be credited to the SFR Tracker account. The account balance would be monitored and could lead to a potential adjustment of the SFR surcharge prior to the end of the recovery period.

The Company will endeavor to limit SFR Tracker account over-recoveries to no more than \$1.00 per customer or \$10,000 per project at the end of the recovery term. Any over-recovery above that amount will be either credited to a subsequent project balance or refunded plus interest to customers if the SFR is not used again for 2 years. All under-recoveries at the end of the term will be expensed.

The SFR surcharge would be determined based on the initial balance plus the estimated carrying charges over the term (based on the approved overall rate of return in most recent rate case) divided by the product of the projected average monthly customer count (located in the city) and the number of months the surcharge would be in effect.

As shown in Attachment A, Sheet No. 5-93, the Company has established the following rules for determining the recovery period and amount of the monthly customer surcharge. These rules ensure customer billing impacts are reasonable and promote consistency in the application of the SFR surcharge:

- An SFR surcharge will not be applied unless it is computed to be at least \$0.25 per month per residential customer;
- While the Company will generally endeavor to use a 36 month recovery period, a shorter period may be used if a monthly residential SFR surcharge of \$1.00 or less can be accommodated;
- The monthly residential SFR surcharge may be increased to as high as \$7.00 if needed to allow the remaining costs to be collected within 36 months;
- The recovery period may be extended to as many as 72 months if a monthly residential charge of \$7.00 and a 36 month recovery period is insufficient to recover the remaining costs; and
- An SFR surcharge higher than \$7.00 and/or a recovery period longer than 72 months must be approved by the Commission.

The SFR tariff (Attachment A, page 4) also outlines how the monthly Commercial and Industrial (C&I) SFR surcharges will be determined; they will reflect the following multiples of the residential SFR surcharge:

- Non-demand billed C&I, street lighting, and municipal charges will be equal to the residential surcharge;
- Small demand-billed ( $\leq 100\text{kW}$ ) C&I and municipal charges will be three (3) times the residential surcharge; and
- Large demand-billed ( $\geq 100\text{kW}$ ) C&I will be four (4) times the residential surcharge; and

The SFR surcharge would be itemized on a separate line item on each customer's bill during the temporary SFR billing period. The Company proposes that at least one month before each customer begins to see the surcharge on their bill, residential and C&I customers would be notified of the upcoming SFR surcharge on their bill via a standard bill message, as shown below:

*Beginning next month a Special Facilities surcharge will appear on your electric bill. The surcharge is to pay for the cost of non-standard construction work performed at the direction of the City of [insert City]. The surcharge will be \$[insert monthly amount] for [insert number of months] months.*

The Company is proposing that the SFR surcharge be a fixed monthly charge rather than a variable energy charge (i.e., based on megawatt-hour sales). This is based primarily on the notion that, generally, the drivers of Special Facility projects are not energy usage. Tying a customer's SFR surcharge to their electric use would result in an unfair distribution of costs within each customer class. In addition, determining, tracking, and implementing a fixed surcharge is much more straightforward than a variable rate and will facilitate more accurate estimations of needed surcharges and recovery terms.

If necessary, the SFR surcharge may be changed annually and/or during the final six months of an established recovery period to more closely recover the remaining balance in the SFR Tracker. This process also allows qualifying expenditures from any additional completed Special Facilities projects to be added to the city's existing SFR Tracker. For example, if a city with an existing SFR surcharge required a second Special Facilities project before collections expired for the first project, Xcel Energy could add those costs to the remaining balance and re-compute the SFR surcharge and possibly the term prospectively.

To accurately track the recovery of the excess expenditure balance, the Company proposes to establish a regulatory asset tracker account (SFR Tracker) for each city that opts to use the SFR. The monthly balance in a given SFR Tracker would include the originally determined excess expenditure of the Special Facilities project(s) (with the appropriate carrying charges based on the most recent commission-approved cost of capital) offset by the cumulative surcharge revenues already collected from customers.

#### **D. Commission Reporting**

Prior to the implementation of any SFR surcharge, the Company intends to file with the Commission a summary report of the given Special Facilities project. The report would provide the following information:

1. Brief description of the project,
2. The amount of excess expenditure recoverable through the SFR,
3. The proposed surcharge by customer class and the recovery term, and
4. The approved overall rate of return used to determine the carrying charge.

On an annual basis, the Company will file a summary report providing SFR surcharges, terms, and tracker balances for all active SFR qualifying projects. The report would be submitted on or before May 1 covering the prior calendar year. SFR statistics would also be maintained by the Company and available to the Commission, affected cities, and other interested parties upon request.

The proposed process allows the Company and the cities it serves to cooperatively establish SFR tracker accounts where needed and implement SFR surcharges as construction schedules permit. As previously mentioned, by approving an SFR to be included in the Company's Electric Rate Book, the Commission is allowing surcharges to be added, modified, or terminated for individual cities without advance Commission action, similar to how the Fuel Cost Rider is updated each month to collect the costs of fuel and energy purchases.

**E. Proposed Tariff Sheets**

The following proposed tariff sheets are included in this petition. Attachment A (legislative version) and Attachment B (non-legislative version) show in detail the revised Tables of Contents, the new Special Facilities Rider, and the deletions and additions to the existing language of Section 5.3 of the General Rules and Regulations.

Contents of Attachments A (legislative) and B (non-legislative):

Description	Sheet #	Revision #
Table of Contents	1-2	7 <sup>th</sup>
Rate Schedules Table of Contents	5-TOC-2	7 <sup>th</sup>
Special Facilities Rider	5-92	Original
Special Facilities Rider	5-93	Original
General Rules and Regulations	6-28	2 <sup>nd</sup>
General Rules and Regulations	6-28.1	Original
General Rules and Regulations	6-28.2	Original
General Rules and Regulations	6-28.3	Original
General Rules and Regulations	6-28.4	Original
General Rules and Regulations	6-28.5	Original
General Rules and Regulations	6-29	2 <sup>nd</sup>

**CONCLUSION**

The Company respectfully requests the Commission approve its proposed Special Facilities Rider and changes to the General Rules and Regulations section of its Electric Rate Book NDPSC No. 2. The changes benefit all of Xcel Energy's electric

customers in North Dakota by allowing for appropriate and efficient recovery of the additional equipment and installation costs of city requested or required Special Facilities.

Dated: March 24, 2017

Northern States Power Company



By: \_\_\_\_\_

DAVID H. SEDERQUIST  
SR. REGULATORY CONSULTANT  
XCEL ENERGY (NORTH DAKOTA)

# Legislative

**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2**

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~~6th~~<sup>7th</sup> Revised Sheet No. 2

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Date Filed:	<del>05-27-14</del> <sup>05-27-17</sup>	By: <del>David M. Sparby</del> <sup>Christopher B. Clark</sup>	Effective Date:	<del>07-06-14</del>
	President, and CEO of Northern States Power Company, a Minnesota corporation			
Case No.	<del>PU-12-81317-</del>		Order Date:	N/A

**NORTH DAKOTA ELECTRIC RATE BOOK – NDPSO NO. 2**

**RATE SCHEDULES**

Section No. 5

**TABLE OF CONTENTS (Continued)**

~~6th~~<sup>7th</sup> Revised Sheet No. TOC-2

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**SPECIAL FACILITIES RIDER**

Section No. 5  
Original Sheet No. 92

**APPLICABILITY**

This Special Facilities Rider (SFR) is applicable only to bills for electric service within a North Dakota city that has requested or ordered the installation of non-standard distribution facilities (i.e., Special Facilities, as defined in Section 5.3 of the General Rules and Regulations). The SFR recovers, for these city-requested Special Facilities, all expenditures in excess of those that would otherwise be incurred to provide the same or similar service consistent with the Company's standard design parameters.

**RATE**

In each applicable city, a fixed monthly SFR surcharge is itemized on each customer's bill entitled "Special Facilities". The surcharge is unique to each applicable city, varies by customer class, and the amount and/or term length may be adjusted to reflect changes in the balance of qualifying expenditures. The surcharge is subject to applicable sales taxes, but is not affected by monthly billing adjustments or City Fees.

**DETERMINATION OF THE SFR SURCHARGE**

The SFR surcharge for each applicable City and SFR customer classification is established by determining for each customer class, in accordance with this Rider's Rules for Application, a fixed monthly charge that, when applied to the average monthly customer counts in each respective customer class within the City, will recover the total Excess Expenditure plus carrying charges in the Project Tracker Account over the designated recovery period.

Where,

Excess Expenditure is the additional cost to construct Special Facilities compared to the costs of a corresponding Standard Facilities design for each qualifying Special Facilities project in the given city. The amount of Excess Expenditure for each project is determined in accordance with the General Rules and Regulations, Section 5.3.

Average number of customers is the estimated average monthly customer count in each SFR customer classification for the applicable city during the designated recovery period.

Recovery Period is the number of months the surcharge will be applied to bills for a designated city project or projects determined in accordance with this Rider's Rules for Application.

The Project Tracker account is a regulatory asset representing the net of the following:

- (1) The total Excess Expenditure determined for each SFR-qualifying project in a given city,
- (2) Plus monthly carrying charges on the under- or over-recovered expenditures in the Project Tracker account, based on the overall rate of return approved in the Company's most recent electric rate case,
- (3) Less the recovered expenditures to date through the applicable SFR surcharge.

(Continued on Sheet No. 5-93)

Date Filed: 03-24-17

By: Christopher B. Clark

Effective Date:

President, Northern States Power Company, a Minnesota corporation

Case No. PU-17-

Order Date:

**NORTH DAKOTA ELECTRIC RATE BOOK – NDPSC NO. 2**

**SPECIAL FACILITIES RIDER (Continued)**

Section No. 5  
Original Sheet No. 93

**RULES FOR APPLICATION**

1. The minimum residential SFR surcharge required for the application of this Rider is \$0.25 per customer per month.
2. The Company will normally use a 36 month recovery period to recover the qualified expenditures. A shorter recovery period may be used if the monthly residential SFR surcharge is \$1.00 or less.
3. The monthly residential SFR surcharge may be increased to up to \$7.00 if required to allow the city Project Tracker account balance to be collected within 36 months.
4. The recovery period may be extended up to 72 months if a monthly residential SFR surcharge of \$7.00 and a 36 month recovery period is insufficient to recover the Project Tracker account balance.
5. A SFR surcharge higher than \$7.00 or a recovery period longer than 72 months must be approved by the Commission.
6. The monthly SFR surcharge for each commercial and industrial (C&I) customer will be determined as follows:
  - a. Non-demand billed C&I, street lighting, and municipal: Equal to the residential SFR surcharge.
  - b. Small demand billed ( $\leq 100$  kW) and municipal: Three times (3X) the residential SFR surcharge.
  - c. Large demand billed ( $> 100$  kW): Four times (4X) the residential SFR surcharge.
7. The SFR surcharges for each class may be adjusted annually and/or in the last 6 months of the recovery period to more accurately recover the balance remaining in the city Project Tracker account within the recovery period.
8. Subject to the limits set forth above and with notice as provided in Section 5.3 of the General Rules and Regulations, SFR surcharges and/or recovery periods may be adjusted at any time in order to recover additional excess expenditures from new distribution facilities projects requested or ordered by the city.

Date Filed: 03-24-17

By: Christopher B. Clark

Effective Date:

President, Northern States Power Company, a Minnesota corporation

Case No. PU-17-

Order Date:

**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6

~~1st~~<sup>2nd</sup> Revised Sheet No. 28

**5.2 GENERAL EXTENSION**

~~Subject to its Section 5, STANDARD INSTALLATION AND EXTENSION RULES,~~ the Company will extend, enlarge, or change its distribution or other facilities for supplying electric service when the product of three and one half (3.5) times the anticipated ongoing annual revenue from the additional service, (excluding the portion ~~of the revenue~~ representing fuel-cost recovery) ~~from the sale of additional service to result there from is such as to justify~~ is equal to or exceeds the expenditure.

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~~When~~ if the expenditure is not so justified, the extension, enlargement, or change of facilities will be made only if the customer agrees to one of the following payment methods, at the Company's option:

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- A. ~~Payment of~~ the portion of the capital expenditure not justified by the payback formula described above ~~product of three and one half (3.5) times the anticipated annual revenue, excluding the portion of revenue representing fuel-cost recovery (with or without provision for refund of all or part of such payment),~~
- B. Agrees to pay a special monthly charge,
- C. Agrees to pay annual, by a specified minimum charge, or
- D. Agrees to a combination of the above methods.

In determining whether the expenditure is so justified, the Company will take into consideration the total cost of serving the applicant and will apply the general principle that the rendering of service to the applicant will not cast an undue burden on other customers. ~~The Company's Section 5, STANDARD INSTALLATION AND EXTENSION RULES, imposes charges on customers for certain installation costs.~~

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~~Non-refundable~~ Upfront customer payments for non-justified expenditures will be non-refundable when there is a known number of customers to be served by the extension and in the Company's determination no additional customers are expected to be added in the foreseeable future. The ~~will be in the~~ payment amount is determined by subtracting from the total estimated installation cost the product of three and one half (3.5) times the anticipated annual revenue generated by the additional service, (excluding the portion ~~of the revenue~~ representing fuel-cost recovery) as set forth in Section 5.1, STANDARD INSTALLATION. ~~Additional refundable p~~

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Payments may be fully or partially refundable if ~~may be required where~~ service is initially extended to a customer or developer and ~~where in the Company's determination there is an expectation that additional customers~~ occupancy is expected to ~~will be served by the extension in the foreseeable future~~ delayed. In such cases, for each additional customer served added to directly from the originally contracted extension within five (5) years from the date of its completion, the ~~person~~ customer or developer who made the advance payment will receive proportionate refunds as each additional customer takes occupancy ~~service~~. The total of such refunds will in no event exceed the total ~~refundable~~ advance payment. Refunds will be made only for line extensions on private property to a single customer or developer served directly from the original contracted facilities.

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**5.3 SPECIAL FACILITIES**

~~When requested by the customer, the Company will provide, if practicable, service through special facilities not normally provided under Section 5.1, STANDARD INSTALLATION. Common examples of special facilities are duplicate service facilities, special switching equipment, special service voltage, three-phase service where single-phase is adequate, excess capacity, capacity for intermittent equipment, trailer park distribution systems, underground installations to wood poles and other special undergrounding and relocation or replacement of existing Company facilities. Charges will be made for such service in accordance with this rule.~~

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A. Definitions

(Continued on Sheet No. 6-~~29~~<sup>28</sup>.1)

Date Filed:	<u>12-07-07</u> <u>03-24-17</u>	By:	<u>David M. Sparby</u> <u>Christopher B. Clark</u>	Effective Date:	<u>03-01-09</u>
			President, <del>and CEO of</del> Northern States Power Company, a Minnesota corporation		
Case No.	<u>PU-07-776</u> <u>17-</u>			Order Date:	<u>12-31-08</u>

**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6

~~1st~~<sup>2nd</sup> Revised Sheet No. 28

For the purposes of Section 5.3, SPECIAL FACILITIES, the following definitions apply:

1. "Distribution Facilities" are defined as all primary and secondary voltage wires, poles, insulators, transformers, fixtures, cables, trenches, ductlines, and other associated accessories and equipment, including substation equipment rated 35kV class and below whose express function and purpose is for the distribution of electrical power from the Company's distribution substation directly to residential, commercial, and/or industrial customers. Distribution Facilities exclude all facilities used primarily for the purpose of transferring electricity from a generator to a substation or from one substation to another substation. As such, Distribution Facilities serve only customers on the primary and secondary rates of the Company.

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(Continued on Sheet No. 6-~~29~~<sup>28</sup>.1)

Date Filed: ~~12-07-07~~<sup>03-24-17</sup> By: ~~David M. Sparby~~<sup>Christopher B. Clark</sup> Effective Date: ~~03-01-09~~  
President, ~~and CEO of~~ Northern States Power Company, a Minnesota corporation  
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**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.1

**5.3 SPECIAL FACILITIES (Continued)**

**A. Definitions (Continued)**

2. "Transmission Facilities" are defined as all poles, towers, wires, insulators, transformers, fixtures, cables, and other associated structures, accessories, and equipment (including substation equipment rated 25kV class and above) whose express function is the transmission of electricity from a generator to one or more substations, or from one substation to another.
3. "Standard Facilities" are those facilities whose design, construction, and/or location constitutes the reasonable, prudent, and least-cost alternative that i) is consistent with the existing electric system configuration, ii) is able to meet the needs of customers, and iii) maintains system reliability. In determining the design, construction, or location of a "Standard Facility", the Company will employ accepted utility practices and evaluate all circumstances surrounding a proposed project, including (i) public and employee safety in the installation, operation, and maintenance of the facility, (ii) compliance with the National Electrical Safety Code and other applicable electric utility and engineering norms and standards, (iii) system reliability requirements, (iv) the age, condition, and configuration of existing facilities in the affected area, (v) the availability of existing right-of-way in the affected area, (vi) existing topology, soil, spacing, and any environmental limitations in the specific area, (vii) existing and projected development in the affected area, (viii) installation, maintenance, useful life, and replacement cost factors, and (ix) other factors relevant to the particular circumstances.
4. "Special Facilities" are non-standard facilities, or representative of a non-standard design, construction, and/or location of facilities as provided in Section 5.3(B). Common examples of Special Facilities include conversion from overhead to underground service, duplicate service facilities, special switching equipment, three phase service (where single phase service is adequate), or relocation or replacement of existing Company facilities.
5. "Excess Expenditure" is defined as the additional costs to construct Special Facilities compared to the costs of a corresponding Standard Facilities design. The costs included in the determination of the Excess Expenditure include i) all capital costs, ii) the undepreciated book value of any facilities being removed, iii) all removal costs less any salvage proceeds, iv) the fully allocated labor costs for design, surveying, engineering, construction, administration, operations, or any other project-relevant work, v) easement or other land costs, vi) costs of immediately required changes to affected electric facilities (including backup facilities) to ensure reliability, structural integrity, and operational integrity of the electric system; vii) taxes, viii) accelerated replacement costs resulting from materially shorter life expectancies, ix) any other prudent costs incurred by the Company directly related to the applicable project.
6. "City" is defined as either a statutory city or a home rule charter city.

(Continued on Sheet No. 6-28.2)

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**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.2

**5.3 SPECIAL FACILITIES (Continued)**

**B. General Rule**

1. When the Company is requested by a customer, group of customers, developer, or city to install, move, or change Company utility infrastructure and/or provide special service (Special Facilities) resulting in additional expenditures compared to the Company's standard distribution or transmission facilities under Section 5.3(A), the requesting entity will be responsible for such excess expenditure.
2. Subject to the Company's workload, the Company will install the requested Special Facilities or replace, modify, or relocate existing facilities to a Company-approved location if i) the Company determines the Special Facilities requested will not adversely affect reliability, structural and operational integrity, or the ability to efficiently expand the capacity of the Company's distribution or transmission facilities, and ii) the requesting entity arranges for payment of the excess expenditure under Section 5.3(C).
3. The Company will determine the design and configuration for the requested service consistent with the definition of Standard Facilities and appropriate to the particular situation. This design will represent the baseline for determining the excess expenditure, if any, associated with the Special Facilities request. The Company reserves the right to require the city to pay for the design study upfront, if significant, and/or include the study costs in the recoverable amount should an SFR surcharge be implemented later.
4. If a Special Facilities request is to replace overhead facilities with underground facilities:
  - a. Each impacted customer must, at their expense, engage an electrician to adapt their electrical facilities to accept service from the Company's underground facilities.
  - b. The Company will allow reasonable time for impacted customers to make the necessary alterations to their facilities before removing the existing overhead facilities. The requesting party and each impacted customer must provide the Company reasonable notice of the undergrounding request so the Company can efficiently plan and install such facilities.
  - c. Perpetual easements will be granted to the Company at no cost whenever any portion of the underground distribution system is located on private land. Such private easements will also allow the Company access for inspection, maintenance, and repair of Company facilities.
  - d. The Company must receive, by franchise or permit, full access to its facilities installed underground for the purpose of inspection, maintenance, and repair of such facilities. This right of access includes the right to open public ways.
  - e. The city will i) give sufficient notice and will allow the Company adequate time to place its facilities beneath public ways while they are opened up prior to resurfacing, and ii) provide the Company with access to the exposed public ways so that the Company will have unobstructed use of sufficiently large sections to allow installation of the underground facilities in an economic manner.

(Continued on Sheet No. 6-28.3)

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**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.3

**5.3 SPECIAL FACILITIES (Continued)**

**B. General Rule (Continued)**

- f. Secondary voltage service supplied from an underground distribution lateral installation will require that the customer install, own, and maintain necessary conduits and secondary service conductors or bus duct to a point designated by the Company within, or adjacent to, the secondary compartment of the transformer or vault. The Company will make the final connection of the customer's secondary service conductors or bus duct to the Company's facilities.
- g. Secondary voltage service supplied from an underground secondary service conductor will require that affected customers install, own, or maintain necessary conduits on private property to a point designated by the Company at or near the property line. The secondary service conductor will normally be installed by the customer in the customer's conduit. However, in some installations it may be preferable to have the Company provide a continuous installation from its facilities through the customer conduit to the customer's service equipment. In these installations, the customer will pay the total installed cost of the Company's cable installed on private property. The Company will make the final connection of customer's secondary service connectors to the Company's facilities.

**C. Payment Options for Special Facilities**

- 1. Where the customer, developer, or city is required to prepay for all or part of Special Facilities, they will execute an agreement or service form pertaining to the installation, operation, maintenance, and payment of the Special Facilities. Payments are non-refundable and may be required in advance of construction. The Company will own any facilities it installs. Payment for Special Facilities will be made by one or a combination of the following methods as prescribed by the Company: i) a single charge, or ii) a monthly charge equal to 1/12<sup>th</sup> of the amount due.
- 2. Where Special Facilities are requested by a city but prepayment for the excess expenditure is not arranged by the city, the excess expenditure will be recovered from the Company's customers located within the city through the Special Facilities Rider (SFR), subject to the following conditions:

  - a. The Company will provide written notice to the city that will include the following: i) a brief statement of facts and reference to the tariff from which the Company bases its authorization to initiate the SFR surcharge in the city, ii) the estimated excess expenditure for the given Special Facilities project, iii) an estimate of the resulting surcharges by customer class, and vi) the proposed SFR effective date and term.
  - b. Within a thirty (30) day notice period, the city will provide written notice to the Company confirming its understanding that the excess expenditure will be recovered from the Company's customers within the city via an SFR surcharge. If the city does not respond in writing within thirty (30) days, it is deemed to have confirmed its acceptance of the Company's application of an SFR surcharge to customers within the city and waived its right to later object to the use of the SFR.

(Continued on Sheet No. 6-28.4)

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**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.4

**5.3 SPECIAL FACILITIES (Continued)**

**C. Payment Options for Special Facilities (Continued)**

- c. The city may file a statement of objection to the proposed surcharge with the Company and/or Commission within the thirty (30) days' notice period. An objection proceeding will not halt or delay the project except for good cause shown. Notice and implementation of the SFR surcharge will be stayed until the Commission or a court of competent jurisdiction issues a final order or judgment.
- d. Customers in the applicable city will be notified of the implementation of a newly approved or revised SFR surcharge through a bill message during the month preceding implementation.

**D. Use of the Special Facilities Rider (SFR)**

- 1. An SFR surcharge will commence on a date determined by the Company, but not prior to the first full billing month following at least a thirty (30) day notice period to the applicable city of the planned implementation date.
- 2. The Company will establish a Project Tracker account for the applicable city in order to record excess expenditure recovery. The initial balance in the Tracker Account will be the Company-determined excess expenditure for the initial Special Facilities project. Excess expenditures pertaining to subsequent Special Facilities may be added to the Tracker Account balance when incurred by the Company. The Tracker Account balance will be the sum of the following:
  - a. The total excess expenditure for each Special Facilities project to be recovered through an SFR surcharge. The excess expenditure will be adjusted to reflect any adjustments to the actual Company costs and any payments made by the city for the designated project;
  - b. The carrying charge on the Tracker Account balance, based on the approved overall rate of return from the Company's most recent electric rate case;
  - c. Less the recovered excess expenditures, equal to the actual monthly amounts billed to customers in the applicable city through the SFR and subject to subsequent adjustments for uncollectible amounts, refunds, and corrections of erroneous billings.
- 3. The Company may delay implementation of a SFR surcharge for the amount in a Project Tracker account until the minimum surcharge amount provided in the SFR is reached.

(Continued on Sheet No. 6-28.5)

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**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.5

**5.3 SPECIAL FACILITIES (Continued)**

**D. Use of the Special Facilities Rider (SFR) (Continued)**

4. Under- or over-recoveries of the Project Tracker account balance will be determined in the last month of the recovery period. Any under-recovery will be expensed. The Company will limit over-recoveries to no more than \$1.00 per customer or \$10,000 per city at the time the Tracker Account is terminated. Any over-recovery above the limit will be maintained in a Company liability account for no more than two (2) years following the recovery period and applied as follows:
  - a. An over-recovery will be credited to the Project Tracker account balance established for a subsequent Special Facilities project, or
  - b. If the City does not use the SFR again within two (2) years, the Company will refund the over-recovered amount to current customers of the city according to their billed SFR surcharge amounts, plus interest. Interest will be calculated using the average prime rate during the period of inactivity.
5. The Company's records associated with a city's Project Tracker account will be available for inspection by the city at reasonable times. If requested, the Company will provide the city a report on the status and balance of the city Project Tracker account.
6. The SFR surcharge for a particular Special Facilities project may be of a different design than set forth in the SFR if approved in advance by the Commission in response to a miscellaneous tariff filing by the Company or to a complaint filed by the applicable city.

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**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6

~~1st~~<sup>2nd</sup> Revised Sheet No. 29

**5.3 — SPECIAL FACILITIES (Continued)**

~~The customer will execute an agreement or service form pertaining to the installation, operation and maintenance of the facilities. Payments required will be made on a nonrefundable basis and may be required in advance of construction unless other arrangements are agreed to in writing by the Company. The facilities installed by the Company shall be the property of the Company. Any payment by a customer will not entitle the customer to any ownership interest or rights therein.~~

~~Payment for special facilities may be required by either of the following methods, or a combination of these methods, as prescribed by the Company:~~

- ~~A. A single charge for the costs incurred or to be incurred by the Company due to such a special installation, or~~
- ~~B. A monthly charge of one twelfth of the Company's annual fixed cost, plus cost of maintenance to provide such a special installation. The monthly charge will be discontinued if the special requested facilities are removed or if the customer eventually qualifies for the originally requested special facilities.~~

**5.4 AUTOMATIC PROTECTIVE LIGHTING SERVICE**

When requested by a customer, the Company will provide area and directional units service to that customer, except a municipality or other governmental body if the service would be used for street lighting purposes. The Company will own, operate and maintain the lighting unit including the fixture, lamp, ballast, photoelectric control, mounting brackets and all necessary wiring. The Company will furnish all electric energy required for operation of the unit at the monthly rate per unit provided in the Company's rate schedule for Automatic Protective Lighting Service.

The Company will install a lighting unit on an existing utility-owned wood pole upon which the Company's 120 volt or 277 volt lines are attached without an additional charge. Additional wood poles, overhead lines and underground service are available upon payment of a one-time charge. Optional monthly payments are available for requests for wood poles and overhead lines. A removal charge will be made if the customer discontinues service in less than three years.

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# **Non-Legislative**

**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2**

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**SPECIAL FACILITIES RIDER**

Section No. 5  
Original Sheet No. 92

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**APPLICABILITY**

This Special Facilities Rider (SFR) is applicable only to bills for electric service within a North Dakota city that has requested or ordered the installation of non-standard distribution facilities (i.e., Special Facilities, as defined in Section 5.3 of the General Rules and Regulations). The SFR recovers, for these city-requested Special Facilities, all expenditures in excess of those that would otherwise be incurred to provide the same or similar service consistent with the Company's standard design parameters.

**RATE**

In each applicable city, a fixed monthly SFR surcharge is itemized on each customer's bill entitled "Special Facilities". The surcharge is unique to each applicable city, varies by customer class, and the amount and/or term length may be adjusted to reflect changes in the balance of qualifying expenditures. The surcharge is subject to applicable sales taxes, but is not affected by monthly billing adjustments or City Fees.

**DETERMINATION OF THE SFR SURCHARGE**

The SFR surcharge for each applicable City and SFR customer classification is established by determining for each customer class, in accordance with this Rider's Rules for Application, a fixed monthly charge that, when applied to the average monthly customer counts in each respective customer class within the City, will recover the total Excess Expenditure plus carrying charges in the Project Tracker Account over the designated recovery period.

Where,

Excess Expenditure is the additional cost to construct Special Facilities compared to the costs of a corresponding Standard Facilities design for each qualifying Special Facilities project in the given city. The amount of Excess Expenditure for each project is determined in accordance with the General Rules and Regulations, Section 5.3.

Average number of customers is the estimated average monthly customer count in each SFR customer classification for the applicable city during the designated recovery period.

Recovery Period is the number of months the surcharge will be applied to bills for a designated city project or projects determined in accordance with this Rider's Rules for Application.

The Project Tracker account is a regulatory asset representing the net of the following:

- (1) The total Excess Expenditure determined for each SFR-qualifying project in a given city,
- (2) Plus monthly carrying charges on the under- or over-recovered expenditures in the Project Tracker account, based on the overall rate of return approved in the Company's most recent electric rate case,
- (3) Less the recovered expenditures to date through the applicable SFR surcharge.

(Continued on Sheet No. 5-93)

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**NORTH DAKOTA ELECTRIC RATE BOOK – NDPSC NO. 2**

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**SPECIAL FACILITIES RIDER (Continued)**

Section No. 5  
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**RULES FOR APPLICATION**

1. The minimum residential SFR surcharge required for the application of this Rider is \$0.25 per customer per month.
2. The Company will normally use a 36 month recovery period to recover the qualified expenditures. A shorter recovery period may be used if the monthly residential SFR surcharge is \$1.00 or less.
3. The monthly residential SFR surcharge may be increased to up to \$7.00 if required to allow the city Project Tracker account balance to be collected within 36 months.
4. The recovery period may be extended up to 72 months if a monthly residential SFR surcharge of \$7.00 and a 36 month recovery period is insufficient to recover the Project Tracker account balance.
5. A SFR surcharge higher than \$7.00 or a recovery period longer than 72 months must be approved by the Commission.
6. The monthly SFR surcharge for each commercial and industrial (C&I) customer will be determined as follows:
  - a. *Non-demand billed C&I, street lighting, and municipal*: Equal to the residential SFR surcharge.
  - b. *Small demand billed ( $\leq 100$  kW) and municipal*: Three times (3X) the residential SFR surcharge.
  - c. *Large demand billed ( $> 100$  kW)*: Four times (4X) the residential SFR surcharge.
7. The SFR surcharges for each class may be adjusted annually and/or in the last 6 months of the recovery period to more accurately recover the balance remaining in the city Project Tracker account within the recovery period.
8. Subject to the limits set forth above and with notice as provided in Section 5.3 of the General Rules and Regulations, SFR surcharges and/or recovery periods may be adjusted at any time in order to recover additional excess expenditures from new distribution facilities projects requested or ordered by the city.

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**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSR NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
2nd Revised Sheet No. 28

**5.2 GENERAL EXTENSION**

The Company will extend, enlarge, or change its distribution or other facilities for supplying electric service when the product of three and one half (3.5) times the anticipated ongoing annual revenue from the additional service (excluding the portion representing fuel-cost recovery) is equal to or exceeds the expenditure.

If the expenditure is not so justified, the extension, enlargement, or change of facilities will be made if the customer agrees to one of the following payment methods, at the Company's option:

- A. Payment of the portion of the capital expenditure not justified by the payback formula described above,
- B. A special monthly charge,
- C. An annual, specified minimum charge, or
- D. A combination of the above methods.

In determining whether the expenditure is so justified, the Company will take into consideration the total cost of serving the applicant and will apply the general principle that the rendering of service to the applicant will not cast an undue burden on other customers.

Upfront customer payments for non-justified expenditures will be non-refundable when there is a known number of customers to be served by the extension and in the Company's determination no additional customers are expected to be added in the foreseeable future. The payment amount is determined by subtracting from the total estimated installation cost the product of three and one half (3.5) times the anticipated annual revenue generated by the additional service (excluding the portion representing fuel-cost recovery) as set forth in Section 5.1, STANDARD INSTALLATION.

Payments may be fully or partially refundable if service is initially extended to a customer or developer and in the Company's determination there is an expectation that additional customers will be served by the extension in the foreseeable future. In such cases, for each customer added to the originally contracted extension within five (5) years from the date of its completion, the customer or developer who made the advance payment will receive proportionate refunds as each additional customer takes service. The total of such refunds will in no event exceed the total advance payment. Refunds will be made only for line extensions on private property to a single customer or developer served directly from the original contracted facilities.

**5.3 SPECIAL FACILITIES**

- A. Definitions

For the purposes of Section 5.3, SPECIAL FACILITIES, the following definitions apply:

1. "Distribution Facilities" are defined as all primary and secondary voltage wires, poles, insulators, transformers, fixtures, cables, trenches, ductlines, and other associated accessories and equipment, including substation equipment rated 35kV class and below whose express function and purpose is for the distribution of electrical power from the Company's distribution substation directly to residential, commercial, and/or industrial customers. Distribution Facilities exclude all facilities used primarily for the purpose of transferring electricity from a generator to a substation or from one substation to another substation. As such, Distribution Facilities serve only customers on the primary and secondary rates of the Company.

(Continued on Sheet No. 6-28.1)

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**NORTH DAKOTA ELECTRIC RATE BOOK - NDPS NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.1

**5.3 SPECIAL FACILITIES (Continued)**

A. Definitions (Continued)

2. "Transmission Facilities" are defined as all poles, towers, wires, insulators, transformers, fixtures, cables, and other associated structures, accessories, and equipment (including substation equipment rated 25kV class and above) whose express function is the transmission of electricity from a generator to one or more substations, or from one substation to another.
3. "Standard Facilities" are those facilities whose design, construction, and/or location constitutes the reasonable, prudent, and least-cost alternative that i) is consistent with the existing electric system configuration, ii) is able to meet the needs of customers, and iii) maintains system reliability. In determining the design, construction, or location of a "Standard Facility", the Company will employ accepted utility practices and evaluate all circumstances surrounding a proposed project, including (i) public and employee safety in the installation, operation, and maintenance of the facility, (ii) compliance with the National Electrical Safety Code and other applicable electric utility and engineering norms and standards, (iii) system reliability requirements, (iv) the age, condition, and configuration of existing facilities in the affected area, (v) the availability of existing right-of-way in the affected area, (vi) existing topology, soil, spacing, and any environmental limitations in the specific area, (vii) existing and projected development in the affected area, (viii) installation, maintenance, useful life, and replacement cost factors, and (ix) other factors relevant to the particular circumstances.
4. "Special Facilities" are non-standard facilities, or representative of a non-standard design, construction, and/or location of facilities as provided in Section 5.3(B). Common examples of Special Facilities include conversion from overhead to underground service, duplicate service facilities, special switching equipment, three phase service (where single phase service is adequate), or relocation or replacement of existing Company facilities.
5. "Excess Expenditure" is defined as the additional costs to construct Special Facilities compared to the costs of a corresponding Standard Facilities design. The costs included in the determination of the Excess Expenditure include i) all capital costs, ii) the undepreciated book value of any facilities being removed, iii) all removal costs less any salvage proceeds, iv) the fully allocated labor costs for design, surveying, engineering, construction, administration, operations, or any other project-relevant work, v) easement or other land costs, vi) costs of immediately required changes to affected electric facilities (including backup facilities) to ensure reliability, structural integrity, and operational integrity of the electric system; vii) taxes, viii) accelerated replacement costs resulting from materially shorter life expectancies, ix) any other prudent costs incurred by the Company directly related to the applicable project.
6. "City" is defined as either a statutory city or a home rule charter city.

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**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.2

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**5.3 SPECIAL FACILITIES (Continued)**

B. General Rule

1. When the Company is requested by a customer, group of customers, developer, or city to install, move, or change Company utility infrastructure and/or provide special service (Special Facilities) resulting in additional expenditures compared to the Company's standard distribution or transmission facilities under Section 5.3(A), the requesting entity will be responsible for such excess expenditure.
2. Subject to the Company's workload, the Company will install the requested Special Facilities or replace, modify, or relocate existing facilities to a Company-approved location if i) the Company determines the Special Facilities requested will not adversely affect reliability, structural and operational integrity, or the ability to efficiently expand the capacity of the Company's distribution or transmission facilities, and ii) the requesting entity arranges for payment of the excess expenditure under Section 5.3(C).
3. The Company will determine the design and configuration for the requested service consistent with the definition of Standard Facilities and appropriate to the particular situation. This design will represent the baseline for determining the excess expenditure, if any, associated with the Special Facilities request. The Company reserves the right to require the city to pay for the design study upfront, if significant, and/or include the study costs in the recoverable amount should an SFR surcharge be implemented later.
4. If a Special Facilities request is to replace overhead facilities with underground facilities:
  - a. Each impacted customer must, at their expense, engage an electrician to adapt their electrical facilities to accept service from the Company's underground facilities.
  - b. The Company will allow reasonable time for impacted customers to make the necessary alterations to their facilities before removing the existing overhead facilities. The requesting party and each impacted customer must provide the Company reasonable notice of the undergrounding request so the Company can efficiently plan and install such facilities.
  - c. Perpetual easements will be granted to the Company at no cost whenever any portion of the underground distribution system is located on private land. Such private easements will also allow the Company access for inspection, maintenance, and repair of Company facilities.
  - d. The Company must receive, by franchise or permit, full access to its facilities installed underground for the purpose of inspection, maintenance, and repair of such facilities. This right of access includes the right to open public ways.
  - e. The city will i) give sufficient notice and will allow the Company adequate time to place its facilities beneath public ways while they are opened up prior to resurfacing, and ii) provide the Company with access to the exposed public ways so that the Company will have unobstructed use of sufficiently large sections to allow installation of the underground facilities in an economic manner.

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(Continued on Sheet No. 6-28.3)

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**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.3

**5.3 SPECIAL FACILITIES (Continued)**

**B. General Rule (Continued)**

- f. Secondary voltage service supplied from an underground distribution lateral installation will require that the customer install, own, and maintain necessary conduits and secondary service conductors or bus duct to a point designated by the Company within, or adjacent to, the secondary compartment of the transformer or vault. The Company will make the final connection of the customer's secondary service conductors or bus duct to the Company's facilities.
- g. Secondary voltage service supplied from an underground secondary service conductor will require that affected customers install, own, or maintain necessary conduits on private property to a point designated by the Company at or near the property line. The secondary service conductor will normally be installed by the customer in the customer's conduit. However, in some installations it may be preferable to have the Company provide a continuous installation from its facilities through the customer conduit to the customer's service equipment. In these installations, the customer will pay the total installed cost of the Company's cable installed on private property. The Company will make the final connection of customer's secondary service connectors to the Company's facilities.

**C. Payment Options for Special Facilities**

- 1. Where the customer, developer, or city is required to prepay for all or part of Special Facilities, they will execute an agreement or service form pertaining to the installation, operation, maintenance, and payment of the Special Facilities. Payments are non-refundable and may be required in advance of construction. The Company will own any facilities it installs. Payment for Special Facilities will be made by one or a combination of the following methods as prescribed by the Company: i) a single charge, or ii) a monthly charge equal to 1/12<sup>th</sup> of the amount due.
- 2. Where Special Facilities are requested by a city but prepayment for the excess expenditure is not arranged by the city, the excess expenditure will be recovered from the Company's customers located within the city through the Special Facilities Rider (SFR), subject to the following conditions:
  - a. The Company will provide written notice to the city that will include the following: i) a brief statement of facts and reference to the tariff from which the Company bases its authorization to initiate the SFR surcharge in the city, ii) the estimated excess expenditure for the given Special Facilities project, iii) an estimate of the resulting surcharges by customer class, and vi) the proposed SFR effective date and term.
  - b. Within a thirty (30) day notice period, the city will provide written notice to the Company confirming its understanding that the excess expenditure will be recovered from the Company's customers within the city via an SFR surcharge. If the city does not respond in writing within thirty (30) days, it is deemed to have confirmed its acceptance of the Company's application of an SFR surcharge to customers within the city and waived its right to later object to the use of the SFR.

(Continued on Sheet No. 6-28.4)

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**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.4

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**5.3 SPECIAL FACILITIES (Continued)**

C. Payment Options for Special Facilities (Continued)

- c. The city may file a statement of objection to the proposed surcharge with the Company and/or Commission within the thirty (30) days' notice period. An objection proceeding will not halt or delay the project except for good cause shown. Notice and implementation of the SFR surcharge will be stayed until the Commission or a court of competent jurisdiction issues a final order or judgment.
- d. Customers in the applicable city will be notified of the implementation of a newly approved or revised SFR surcharge through a bill message during the month preceding implementation.

D. Use of the Special Facilities Rider (SFR)

- 1. An SFR surcharge will commence on a date determined by the Company, but not prior to the first full billing month following at least a thirty (30) day notice period to the applicable city of the planned implementation date.
- 2. The Company will establish a Project Tracker account for the applicable city in order to record excess expenditure recovery. The initial balance in the Tracker Account will be the Company-determined excess expenditure for the initial Special Facilities project. Excess expenditures pertaining to subsequent Special Facilities may be added to the Tracker Account balance when incurred by the Company. The Tracker Account balance will be the sum of the following:
  - a. The total excess expenditure for each Special Facilities project to be recovered through an SFR surcharge. The excess expenditure will be adjusted to reflect any adjustments to the actual Company costs and any payments made by the city for the designated project;
  - b. The carrying charge on the Tracker Account balance, based on the approved overall rate of return from the Company's most recent electric rate case;
  - c. Less the recovered excess expenditures, equal to the actual monthly amounts billed to customers in the applicable city through the SFR and subject to subsequent adjustments for uncollectible amounts, refunds, and corrections of erroneous billings.
- 3. The Company may delay implementation of a SFR surcharge for the amount in a Project Tracker account until the minimum surcharge amount provided in the SFR is reached.

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(Continued on Sheet No. 6-28.5)

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**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
Original Sheet No. 28.5

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**5.3 SPECIAL FACILITIES (Continued)**

D. Use of the Special Facilities Rider (SFR) (Continued)

4. Under- or over-recoveries of the Project Tracker account balance will be determined in the last month of the recovery period. Any under-recovery will be expensed. The Company will limit over-recoveries to no more than \$1.00 per customer or \$10,000 per city at the time the Tracker Account is terminated. Any over-recovery above the limit will be maintained in a Company liability account for no more than two (2) years following the recovery period and applied as follows:
  - a. An over-recovery will be credited to the Project Tracker account balance established for a subsequent Special Facilities project, or
  - b. If the City does not use the SFR again within two (2) years, the Company will refund the over-recovered amount to current customers of the city according to their billed SFR surcharge amounts, plus interest. Interest will be calculated using the average prime rate during the period of inactivity.
5. The Company's records associated with a city's Project Tracker account will be available for inspection by the city at reasonable times. If requested, the Company will provide the city a report on the status and balance of the city Project Tracker account.
6. The SFR surcharge for a particular Special Facilities project may be of a different design than set forth in the SFR if approved in advance by the Commission in response to a miscellaneous tariff filing by the Company or to a complaint filed by the applicable city.

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**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
2nd Revised Sheet No. 29

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**5.4 AUTOMATIC PROTECTIVE LIGHTING SERVICE**

When requested by a customer, the Company will provide area and directional units service to that customer, except a municipality or other governmental body if the service would be used for street lighting purposes. The Company will own, operate and maintain the lighting unit including the fixture, lamp, ballast, photoelectric control, mounting brackets and all necessary wiring. The Company will furnish all electric energy required for operation of the unit at the monthly rate per unit provided in the Company's rate schedule for Automatic Protective Lighting Service.

The Company will install a lighting unit on an existing utility-owned wood pole upon which the Company's 120 volt or 277 volt lines are attached without an additional charge. Additional wood poles, overhead lines and underground service are available upon payment of a one-time charge. Optional monthly payments are available for requests for wood poles and overhead lines. A removal charge will be made if the customer discontinues service in less than three years.

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