

Memorandum

To: Commissioners Christmann, Fedorchak, Kroshus

From: Patrick Fahn 

Date: September 14, 2017

Re: Northern States Power Company's Compliance Filing
2016 Power Purchase Agreement Costs
Case No. PU-17-245

The Commission's February 26, 2014 Order in Case Nos. PU-12-813, *et al.* adopted a Comprehensive Settlement Agreement specified a mechanism to ensure that the Commission has been fully notified of PPA costs that are being recovered through Northern States Power's (NSP) fuel cost rider. NSP must make an annual report of any new PPAs less than 50 MW in size that are being recovered through its fuel cost rider (FCR). If the Commission does not commence a review the PPAs to determine prudence within six months of the filing, the PPAs identified in the filing are deemed prudent for ratemaking purposes for the life of the PPAs.

On June 21, 2017, NSP made its filing regarding two new PPAs less than 50 MW in size that have been included in its 2016 FCR.

On June 27, 2017, the Commission issued a Notice of Opportunity for Hearing providing until August 11, 2017, for comments and requests for hearing. No comments or requests were received.

Advocacy staff's September 1, 2017 memorandum states that the PPAs that have been included in NSP's 2016 FCR do not materially change the fuel costs and that the price of generation from each of these projects is within range of NSP's average system cost. Advocacy staff recommends that NSP be allowed recovery the costs of the PPAs in the FCR.

I recommend that the Commission not open a review/administrative proceeding regarding the new-for-2016 PPAs.