

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northern States Power Company
Fuel Clause Adjustment Waiver
Approval**

Case No. PU-18-118

ORDER

February 6, 2019

Preliminary Statement

On April 11, 2018, Northern States Power Company (NSP) requested approval to issue to customers, through a one-time credit to the fuel clause adjustment, \$128,000 of an overall North Dakota jurisdictional gain of \$218,000 from an asset sale between NSP and Flint Hills Resources Pine Bend, LLC (Flint Hills). NSP proposes to retain the remaining \$90,000 to offset the foregone returns on the sold assets.

On April 25, 2018, the Commission issued a Notice of Opportunity for Hearing providing until June 8, 2018 for receiving written comments and hearing requests. No response was received. The notice identified the issues to be considered in this matter are:

1. Whether the proposed credit is just and reasonable.
2. Whether it is appropriate to grant a waiver of the Commission's rules under North Dakota Administrative Code section 69-09-02-39, Automatic Adjustment Clauses, for the stated purpose.

On June 7, 2018, NSP filed a petition for approval to issue a multi-faceted customer refund that included the \$128,000 credit proposed in Case No. PU-18-118.

On June 12, 2018, NSP filed a Supplement to its June 7, 2018 petition detailing proposed customer class allocations for its multi-faceted refund.

On June 13, 2018, the Commission discussed this matter with NSP and Commission Advocacy Staff during an Informal Hearing.

Discussion

NSP reports entering into a fuel supply agreement negotiated with Flint Hills and an associated sale of three ten-million gallon fuel storage tanks and associated equipment, land and fuel oil inventory to Flint Hills. NSP reports a total pre-tax gain from the transaction of approximately \$4.2 million, resulting in a \$218,000 allocation for the North Dakota electric jurisdiction.

Of the total \$218,000 North Dakota jurisdiction gain, NSP proposes to pass \$128,000 to customers through the fuel cost adjustment and retain \$90,000, which it calculates as the present value of foregone future return on the assets and fuel inventory through the end of its approved life.

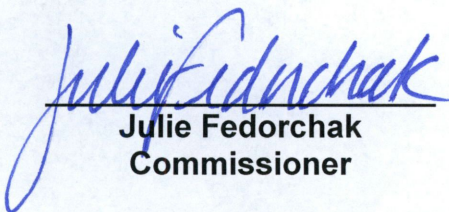
Having considered this matter the Commission finds that customers should not be responsible for depreciation and return on investments for assets that have been sold and are no longer used and useful. NSP's request to retain \$90,000 should be denied and NSP should credit the entire ND jurisdiction gain of approximately \$218,000 to ND customers through the fuel cost adjustment. Therefore, the Commission issues its:

Order

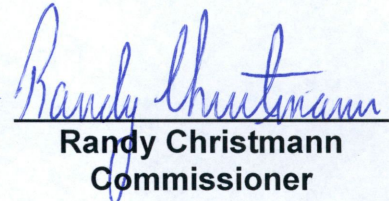
The Commission Orders:

1. NSP shall credit the entire North Dakota allocated gain of approximately \$218,000 to North Dakota customers through the fuel cost adjustment in accordance with the 2013 test year customer class allocations proposed in NSP's supplemental filing dated June 12, 2018.
2. NSP is granted a waiver from its fuel cost adjustment tariff schedule and N.D. Admin. Code section 69-09-02-39 to enable crediting of the gain to customers through the fuel cost adjustment on customer bills.

PUBLIC SERVICE COMMISSION


Julie Fedorchak
Commissioner


Brian Kroshus
Chairman


Randy Christmann
Commissioner