



# Public Service Commission

## State of North Dakota

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September 14, 2020

Mr. Steven M. Kahl, Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building, Dept. 0408  
600 East Boulevard Ave  
Bismarck, ND 58505-0480

Re: Northern States Power Company, Tax Reform Effects – Electric Utility, Rates, Case No. PU-18-155. 2019 Electric Regulated Earnings-Sharing Refund

Dear Mr. Kahl:

On February 6, 2019, the Commission issued an Order on Settlement in case PU-18-155 approving the settlement agreement between Northern States Power Company (NSP) and Advocacy Staff (Staff). Item B-3 of the settlement agreement provided a mechanism whereby weather normalized earnings contributing to an ROE above 9.85% must be refunded to customers for 2019 and 2020.

On June 30, 2020, NSP filed a request for a waiver of the automatic adjustment clause to allow NSP to use the Fuel Cost Rider to pass back \$27,291. This is the amount NSP believes represents its weather normalized earnings above a 9.85% ROE for 2019.

Staff investigated the weather normalization calculation process in addition to reviewing the revenues and expenses that were used in the calculation of NSP's 2019 earnings. In this investigation it was discovered that NSP included in its expenses fifteen Community-Based Energy Development (C-BED) wind and seven solar PPAs that the North Dakota Public Service Commission has specifically disallowed or otherwise found to be imprudent for purposes of North Dakota ratemaking. Staff believes the inclusion of these expenses in the calculation of earnings is not reasonable or prudent. This makes the refund amount unjust and unreasonable, and therefore must be rejected in favor of an accurate calculation which would exclude the cost of those C-BED and solar resources. Staff estimates this would result in over-earnings and a refund to North Dakota ratepayers of approximately \$2M for 2019.

Based on the above, Staff is requesting a hearing on this matter before the Commission.

Sincerely,

Victor Schock  
Public Utilities Division  
North Dakota Public Service Commission  
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Request for hearing

c: Dave Sederquist

Public Service Commission Advocacy Staff  
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