

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northern States Power Company
Fuel Cost Adjustment Variance
Approval**

Case No. PU-19-172

ORDER

September 4, 2019

Preliminary Statement

On May 6, 2019, Northern States Power Company (NSP) requested a variance to the Fuel Cost Rider (FCR) in order to pass to customers through the FCR a financial settlement from General Electric related to a turbine failure at NSP's Sherco 3 generator. The variance is requested under North Dakota Administrative Code section 69-02-01-11 and 69-09-02-39.

On May 29, 2019, the Commission issued a Notice of Opportunity for Hearing, which provided until July 8, 2019 for receiving written comments and hearing requests. No response was received.

On July 25, 2019, the Commission discussed the matter with NSP and Commission Advocacy Staff during an Informal Hearing.

Discussion

The Commission's Notice of Opportunity for Hearing identified that the issues to be considered in this matter are:

1. Whether the proposed pass-through amount is just and reasonable.
2. Whether the requested FCR variance should be granted.

In November, 2011 NSP's Sherco generating unit #3 experienced turbine failure due to stress corrosion cracking that resulted from a design flaw. The resulting lawsuit was settled with General Electric for a confidential amount of money on September 20, 2018. NSP has requested trade secret protection for the confidential settlement amount and the Commission will avoid disclosure in this document. NSP proposes to pass through the entire settlement amount to its electric service customers. The Commission finds the proposed pass-through amount is just and reasonable.

NSP requests the Commission waive the relevant provisions of N.D. Admin. Code Section 69-09-02-39 to allow the settlement amount to be credited to customers through the Fuel Cost Rider. Replacement energy purchased during the turbine failure was billed

to customers through the fuel cost rider. Therefore the Commission finds the fuel cost rider is an appropriate mechanism for crediting the settlement payment to customers and NSP's requested FCR variance should be granted.

Order

The Commission Orders:

1. NSP's requested variance from the provisions of North Dakota Administrative Code section 69-09-02-39 is granted.
2. NSP shall credit the settlement amount to electric service customers through the Fuel Cost Rider as proposed.

PUBLIC SERVICE COMMISSION

		
Julie Fedorchak Commissioner	Brian Kroshus Chairman	Randy Christmann Commissioner