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Rebuttal Testimony
Bria E. Shea

State of North Dakota
before the
North Dakota Public Service Commission

In the Matter of the Application of Northern States Power Company
for an Advance Determination of Prudence
for the 98.9 MW Mower County Wind Facility

Case No. PU-19-310
Exhibit___(BES-2)

Policy

April 24, 2020

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I. INTRODUCTION

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- Q. PLEASE STATE YOUR NAME AND TITLE.
- A. My name is Bria E. Shea. I am the Director, Regulatory and Strategic Analysis, for Northern States Power Company – Minnesota (NSP or Xcel Energy or the Company).
- Q. ARE YOU THE SAME BRIA E. SHEA WHO SUBMITTED PRE-FILED DIRECT TESTIMONY IN THIS PROCEEDING?
- A. Yes.
- Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS PROCEEDING?
- A. The purpose of my Rebuttal Testimony is to respond to the Direct Testimony of Commission Analyst Mr. Victor Schock filed in this Case and provide support for the Settlement Agreement between Commission Advocacy Staff and the Company regarding the Company’s request for an Advance Determination of Prudence (ADP) for the Company to acquire, own and operate the repowered Mower County Wind Facility (Mower County or Project).
- Q. PLEASE SUMMARIZE THE RECOMMENDATIONS YOU MAKE IN YOUR REBUTTAL TESTIMONY.
- A. In my testimony, I recommend that the Commission approve the Settlement.

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1 Q. HOW IS YOUR TESTIMONY STRUCTURED?

2 A. My testimony covers the following topics:

- 3 • Section II provides an overview of Mr. Schock's testimony and the
4 Company's responses to Mr. Schock's recommended conditions;
5 • Section III discusses the Settlement Agreement entered into by the
6 Company and Commission Advocacy Staff;
7 • Section IV concludes my Rebuttal Testimony

8

9 **II. RESPONSE TO MR. SCHOCK'S RECOMMENDATION**

10

11 Q. HAVE YOU REVIEWED MR. SCHOCK'S DIRECT TESTIMONY?

12 A. Yes.

13

14 Q. PLEASE BRIEFLY SUMMARIZE MR. SCHOCK'S RECOMMENDATIONS.

15 A. Mr. Schock recommended that the Commission grant the ADP for the
16 Company's purchase of the repowered Mower County Wind Facility (the
17 Project), subject to certain conditions.

18

19 Q. WHAT CONDITIONS DID MR. SCHOCK RECOMMEND?

20 A. Mr. Schock recommended that the ADP be subject to the following
21 conditions: (1) the purchase price be capped at the purchase price the
22 Company provided in its Application; (2) North Dakota ratepayers be held
23 harmless in the event the Company does not obtain one hundred percent of
24 the federal production tax credit (PTC) for the Project; and (3) the Company
25 provide quarterly construction progress reports to the Commission until the
26 Project is in-service, indicating the development status of the Project.

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1 Q. DOES THE COMPANY AGREE WITH MR. SCHOCK'S RECOMMENDATION AND
2 PROPOSED CONDITIONS?

3 A. Xcel Energy agrees that the Mower Project is prudent and that an ADP should
4 be granted. The conditions Mr. Schock has proposed for the ADP in this
5 Case are similar to the conditions the Company agreed to in the Settlement
6 Agreement for our 1,550 MW wind portfolio in Case No. PU-17-120.
7 Consequently, the Company is comfortable accepting these conditions in
8 principle. However, the Company believes clarifications are necessary relating
9 to Mr. Schock's recommended cost cap and PTC condition.

10

11 Q. PLEASE DESCRIBE THE COMPANY'S CLARIFICATION TO MR. SCHOCK'S
12 RECOMMENDED COST CAP.

13 A. Mr. Schock recommended that the purchase price for the Project be capped
14 at the amount the Company represented in its Application. The Company
15 agrees with this proposal; however, the Company has and will prudently incur
16 other costs to manage the Project over and above the purchase price that it
17 should be able to reflect in rates. These costs were included in the
18 cost/benefit analysis in the Application, which showed savings for customers.
19 Consequently, the Company and Staff have agreed to include these costs in
20 the recommended cap.

21

22 Q. PLEASE DESCRIBE AND QUANTIFY THESE ADDITIONAL MANAGEMENT COSTS.

23 A. These costs include: attorneys' fees for negotiating and executing the
24 transaction; fees for engineering and technical services; project management
25 costs; project engineering costs; costs of internal support services such as
26 environmental, land rights, and regulatory costs; and amounts for

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1 the event that the Company is unable to capture 100 percent of the PTCs for
2 the Project due to delays that could be caused by the pandemic.

3
4 Q. HAS THE COMPANY DISCUSSED THESE CLARIFICATIONS WITH ADVOCACY
5 STAFF?

6 A. Yes. We raised these issues informally with Advocacy Staff. Based on those
7 discussions, the Company and Advocacy Staff entered into the Settlement for
8 this Case which was filed with the Commission on April 8, 2020.

9
10 **III. SETTLEMENT**

11
12 Q. PLEASE DESCRIBE THE SETTLEMENT.

13 A. The Settlement in this Case adopts Mr. Schock's Direct Testimony
14 recommendations and the Company's proposed clarifications that I described
15 earlier in my Rebuttal Testimony. As I previously mentioned, the Settlement
16 is structured similarly to the Settlement Agreement for our 1,550 MW Wind
17 Portfolio in Case No. PU-17-120.

18
19 Q. THE COMPANY AND ADVOCACY STAFF ALSO FILED A JOINT STIPULATION.
20 PLEASE EXPLAIN THIS DOCUMENT.

21 A. The Joint Stipulation identifies the amount of the capitalized cost cap
22 consistent with Mr. Schock's recommendation. This amount is equal to the
23 Company's purchase price for the Project identified in its Application and the
24 Company's estimated management costs that I discussed above. This amount
25 was provided in the Joint Stipulation so that it may be kept Trade Secret until
26 such time as the transaction closes. I note that only the Company's actual

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1 capital expenditures will be eligible for inclusion in rates. Filing a Joint
2 Stipulation in this manner is consistent with the practice adopted in Case No.
3 PU-17-120 and approved by the Commission.

4

5

IV. CONCLUSION

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7 Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

8 A. I recommend the Commission adopt the Settlement in this Case.

9

10 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

11 A. Yes, it does.