

June 8, 2020

VIA FEDERAL EXPRESS

North Dakota Public Service Commission
Attention: Steven M. Kahl, Executive Secretary
600 East Boulevard Avenue, Dept. 408
Bismarck, ND 58505-0480

Re: Northern States Power Company
Advanced Prudence – 98.9MW Mower County Wind Facility
Case No. PU-19-310
OAH File No. 20190344

Dear Mr. Kahl:

Enclosed for filing in the above-referenced matter is “Applicant’s Proposed Findings of Fact, Conclusions of Law and Order.”

Please feel free to contact me with any questions or concerns.

Respectfully,

DORSEY & WHITNEY LLP



ZEVIEL SIMPSER

ZS:tjb

Enclosures

cc: Hope L. Hogan, Administrative
Law Judge (w/encl.) (via electronic and U.S. mail)
Brian L. Johnson (w/encl.) (via electronic and U.S. mail)
John M. Schuh (w/encl.) (via electronic and U.S. mail)

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Proposed Findings of Fact, Conclusions of Law and Order
Northern States Power Company
Zeviel Simpson - Dorsey & Whitney LLP

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northern States Power Company
Advance Prudence
98.9 MW Mower County Wind Facility Application**

Case No. PU-19-310

**APPLICANT'S PROPOSED
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

JUNE 8, 2020

Appearances

Commissioners Brian Kroshus, Julie Fedorchak, and Randy Christmann.

Zeviel T. Simpser, Dorsey & Whitney LLP, 50 South 6th Street, Suite 1500, Minneapolis, Minnesota 55402, and Matthew B. Harris, Principal Attorney, Xcel Energy Services Inc., 401 Nicollet Mall, 8th Floor, Minneapolis, Minnesota 55401, on behalf of Northern States Power Company, a Minnesota corporation.

Brian Johnson, Special Assistant Attorney General, Public Service Commission, 600 East Boulevard Avenue, Department 408, Bismarck, North Dakota 58505, on behalf of Public Service Commission Advocacy Staff.

John Schuh, General Counsel, Public Service Commission, 600 East Boulevard Avenue, Department 408, Bismarck, North Dakota 58505, on behalf of Public Service Commission Advisory Staff.

Hope L. Hogan, Administrative Law Judge, c/o Office of Administrative Hearings, 2911 North 14th Street, Suite 303, Bismarck, North Dakota 58503, as Procedural Hearing Officer.

Preliminary Statement

On August 30, 2019, Northern States Power Company (NSP), d/b/a Xcel Energy, filed an application with the North Dakota Public Service Commission (Commission) seeking an advance determination of prudence (ADP) under North Dakota Century Code (N.D.C.C.) section 49-05-16 for NSP to acquire, own, and operate the repowered Mower County Wind facility.

On March 4, 2020, the Commission issued a Notice of Hearing scheduling a Public Hearing on the application in this case for May 22, 2020 at 9:00 a.m. central

prevailing time in the Commission Hearing Room. The Notice of Hearing identified the issues to be determined as:

1. Whether NSP's proposed resource addition is prudent.
2. Whether the Commission should grant NSP an ADP.

On April 8, 2020, NSP and Commission Advocacy Staff jointly filed a Settlement Agreement in this Case.

On May 7, 2020, the Commission issued an Amended Notice of Hearing, providing for the Public Hearing to be held remotely.

On May 22, 2020, the public hearing was held as noticed.

Having allowed all interested persons an opportunity to be heard and having heard and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. NSP is an investor-owned electric utility headquartered in Minneapolis, Minnesota, authorized to provide public utility service in North Dakota under the regulatory jurisdiction of the Commission.
2. Pursuant to the Settlement Agreement in Case No. PU-07-776, NSP is required to file an application for an ADP for any proposed resource addition larger than 50 MW. Further, in Case No. PU-12-59, NSP committed to file all ADP applications within fourteen (14) days of seeking similar approvals in Minnesota.
3. NSP filed its petition seeking approval for acquisition of the repowered Mower County Wind Facility in Minnesota on August 30, 2019 (MPUC Docket No. E002/PA-19-553), the same day it filed an application with the Commission seeking an ADP in this docket.
4. The Mower County Wind facility is a 98.9 megawatt ("MW") wind generation facility located in Grand Meadow, Mower County, Minnesota.
5. NSP testified that the Facility is already serving its system pursuant to a Power Purchase Agreement (PPA) originally entered into on November 18, 2005, through which NSP purchases all of the current output of the Facility, and that the existing PPA will expire on December 2, 2026.
6. NSP testified that the current owner of the Facility is intending to repower the facility by upgrading certain components. The repowering of the facility will leave the nameplate capacity unchanged but increase the overall capacity factor of the Facility. NSP further testified that the repowered Facility will qualify for the Production

Tax Credit under current law and that the repowered facility will be placed in service prior to the end of 2020 and will therefore qualify for 100 percent of the existing federal renewable electricity Production Tax Credit.

7. NSP testified that the owner of the Facility approached NSP with an offer to sell the Facility to NSP once the repowering activities were complete.

8. NSP testified that it analyzed the offer to purchase the repowered Facility and determined that purchasing the Facility after it was repowered would provide customer benefits during the current PPA term and thereafter, and would, therefore, be a prudent resource addition.

9. NSP performed two separate economic analyses – one using a simple financial model and one using the Strategist resource planning tool – both of which indicated that the purchase of the repowered facility will produce between \$44 and \$49 million in total system cost savings on a present value of revenue requirement (PVRR) basis over the expected 25-year life of the repowered Facility when compared with continuation and replacement of the existing PPA with a generic wind PPA.

10. Advocacy Staff testified that it disagreed with comparing the costs of the NSP's ownership of the repowered Facility after the existing PPA expired with a forecasted generic wind PPA. Rather, Advocacy Staff believed that the appropriate comparison would be forecasted market energy prices. Using Advocacy Staff's proposed market energy replacement costs, Advocacy Staff testified that it believed the proposed total system-wide savings of NSP's ownership of the repowered Facility would be between \$78.8 million and \$1.8 million on a PVRR basis. This range of expected system-wide savings is due to Advocacy Staff performing its PVRR analyses with high, average, and low market energy price scenarios. Advocacy Staff further testified that it expected overall customer savings to be somewhere in this range.

11. Recognizing the mutual agreement of NSP and Advocacy Staff on the prudence of NSP's acquisition of the repowered Facility, NSP and Advocacy Staff entered into a Settlement Agreement agreeing that NSP's acquisition, ownership, and operation of the repowered Facility is reasonable and prudent up to the capital expenditure amount identified as the Project Expenditure Cap in the Joint Stipulation of Capital Expenditures, also entered into by NSP and Advocacy Staff on April 8, 2020.

12. NSP and Advocacy Staff both testified that the Settlement Agreement will provide customer protections related to NSP's costs of acquiring the repowered Mower County Facility and the impact of NSP's failure to obtain 100 percent of the available Production Tax Credits for the repowered facility.

Conclusions of Law

1. The Commission has jurisdiction in this matter.

2. NSP has complied with the provisions of N.D.C.C. section 49-05-16 as well as the Settlement Agreement in Case No. PU-07-776 and NSP's commitments in Case No. PU-12-59.

3. NSP has demonstrated the prudence of acquiring, owning, and operating the repowered Mower County Wind facility.

4. The Settlement Agreement provides for reasonable customer protections.

From the foregoing Findings of Fact and Conclusions of Law, the Commission issues the following:

Order

1. The Settlement Agreement entered into by NSP and Advocacy Staff on April 8, 2020, and attached to this Order is APPROVED in full.

2. NSP's application for an ADP for its purchase of the Mower County Wind Facility is GRANTED, subject to the conditions specified in the April 8, 2020 Settlement Agreement.

PUBLIC SERVICE COMMISSION

**Julie Fedorchak
Commissioner**

**Brian Kroshus
Chairman**

**Randy Christmann
Commissioner**

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY
ADVANCE PRUDENCE – 98.9MW MOWER COUNTY
WIND FACILITY

CASE NO. PU-19-310
OAH FILE NO. 20190344

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
)ss
COUNTY OF HENNEPIN)

Susan Heger states under oath as follows:

1. I swear and affirm upon penalty of perjury that the statements made in this affidavit are true and correct.

2. I am of legal age and on the 8th day of June 2020, I served the attached:

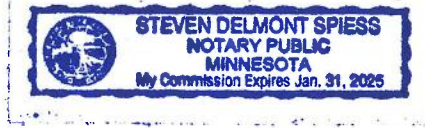
Applicant’s Proposed Finding of Fact, Conclusions of Law and Order

upon the following, by sending by United States certified mail return receipt requested true and correct copies to:

Hope L. Hogan Administrative Law Judge Office of Administrative Hearings 2911 N 14th Street, Suite 303 Bismarck, ND 58503	Brian Johnson Special Assistant Attorney General North Dakota Public Service Commission 600 E Boulevard Ave. Dept 408 Bismarck, ND 58505-0060
Jack Schuh North Dakota Public Service Commission Special Assistant Attorney General Department 408 600 East Boulevard Avenue Bismarck, ND 58505-0480	

Susan M. Heger
Susan Heger

Subscribed and sworn before me this 8th day of June, 2020.



St. D. Spiess
Notary Public
Hennepin County, Minnesota