

Memorandum

To: Commissioners Christmann, Fedorchak and Kroshus

From: Victor Schock Public Utility Analyst 

Date: November 18, 2019

Re: Northern States Power Company, Transmission Facility Cost Recovery (2020), Rates, Case No. PU-19-328

On September 27, 2019 Northern States Power Company (NSP) filed its annual Transmission Facility Cost Recovery rate update. This annual filing seeks rider recovery of North Dakota's share of MISO charges along with investments NSP has made in its transmission system that are not already being recovered in base rates.

Staff believes it is appropriate to seek recovery from NSP's North Dakota ratepayers for all but one of the proposed investments. NSP has requested recovery of investments in transmission upgrades necessary to serve a Minnesota retail customer (Google).

NSP expects to invest over \$4M by the end of 2020 and up to \$14.4M in its transmission system by the end of 2022 in order to serve Google. Page 6 of NSP's filing states that the cost of these upgrades under Minnesota's general time-of-day service tariff would normally require Google to pay for the necessary upgrades, however NSP was granted a waiver to this tariff by the Minnesota Commission.

Staff believes it is inappropriate to recover these costs from North Dakota ratepayers based on tariff language. Similar to Minnesota's tariff mentioned above, NSP North Dakota General Rules and Regulations Section 6, sheet number 27 states that a Transmission Voltage customer is responsible for reimbursing the Company for all costs associated with required new or relocated transmission lines or extensions, changes to the distribution system and substation modifications.

In this filing, NSP has requested recovery of the estimated North Dakota share of the revenue requirement for the Google Interconnection in the amount of \$11,312 for 2020. While this is a relatively small amount, the precedent that it establishes is not conducive to just and reasonable rates.

In summary, the transmission system upgrade costs to serve Google are not consistent with the terms of NSP's tariffs as mentioned earlier, nor are the costs reasonable and prudent to North Dakota ratepayers. Both of which are issues the commission must consider in this proceeding. Staff recommends the Commission disallow recovery of the transmission system upgrade costs necessary to serve Google.

c. Dave Sederquist

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