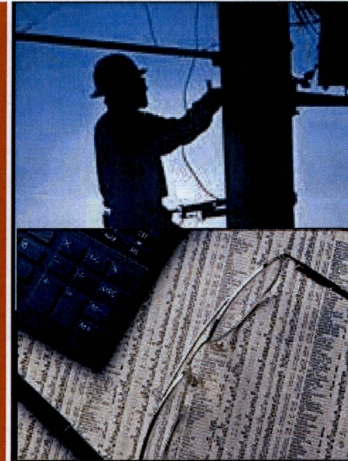


## Transmission Cost Rider (TCR) Proposed 2020 Rate

Informal Hearing (Case No. PU-19-328)

January 22, 2020



### TCR Statute

- ND Century Code 49-05-04.3
- Authorizes PSC to approve Rider recovery of new or modified electric transmission facilities
- Allows ROE at level approved in utility's most recent rate case
- Allows a current return on CWIP if recovery of AFUDC is not sought in a later proceeding
- TCR recovery of a project stops when cost recovery has been transferred to base rates

## 2020 TCR Rate Overview

- 6<sup>th</sup> year the TCR will be in effect
- Includes 5 new projects
- 2020 revenue requirement of \$6.9 million
- Reflects 9.85% ROE (per TCJA Settlement)
- Proposed rate is 0.3510 ¢/kWh
- \$2.63 per month for typical residential customer

3

## TCR Rate History

Test Yr	Case No.	Rev Req	MWh Sales	Rate/kWh	Res'l Bill Imp.
2015	PU-14-644	\$5,721,108	2,869,837	0.2505¢	\$1.88
2016	PU-15-684	\$5,405,468	2,309,683	0.2340¢	\$1.76
2017	PU-16-658	\$7,263,124	2,255,537	0.3220¢	\$2.42
2018	PU-17-365	\$7,393,329	2,261,208	0.3270¢	\$2.45
2019	PU-18-364	\$5,107,064	2,233,684	0.1914¢*	\$1.44
2020	PU-19-328	\$6,866,485	2,233,428	0.3510¢*	\$2.63

Note: Residential bill impact reflects 750 kWh use. \* 2019, 2020 rates reflect 9 mo. recovery period

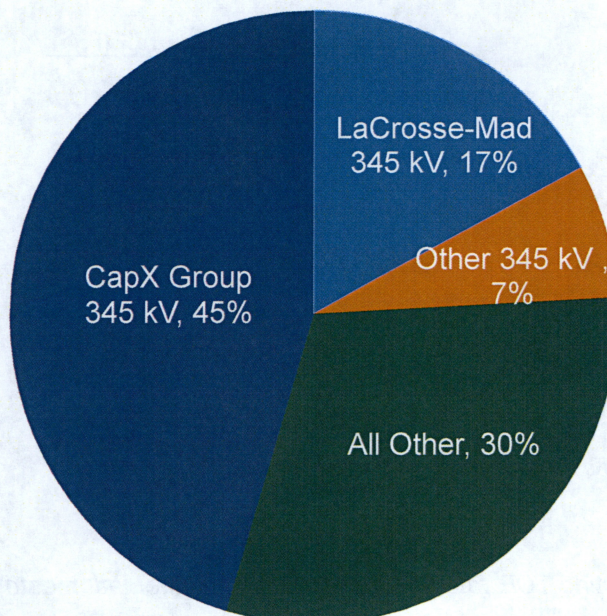
4

## 2020 Rev Reqs Compared to 2019 (000's)

	<u>2019</u>	<u>2020</u>	<u>Change</u>
Existing Projects*	\$6,970	\$7,439	\$469
5 New Projects in 2020	\$0	\$97	\$97
Total Capital-related	\$6,970	\$7,536	\$566
MISO RECB Revenues	(\$428)	(\$227)	\$201
True-up	(\$1,435)	(\$443)	\$992
Net Rev Req's	<u>\$5,107</u>	<u>\$6,866</u>	<u>\$1,759</u>

\* Portion not included in base rates

## TCR 2020 RER Revenue Requirement Breakdown



## New Projects Added in 2020

	<u>Rev Req</u>
1. Storm/Emergency (Substations) Pgm	\$48,540
2. So. Washington Elec. Reliab. Upgrade	\$23,494
3. Bayfront to Ironwood 88kV line	\$14,747
4. W. St. Cloud – Black Oak 69 kV line	\$6,972
5. Eau Claire 345 kV line Upgrade	<u>\$3,430</u>
	\$97,183

7

## Potential Implementation Date Scenarios

	<u>Jan. 1</u>	<u>Mar. 1</u>	<u>Apr. 1</u>
Rev Reqs	\$6,866,485	\$6,073,907	\$5,699,592
MWh Sales	2,233,428	1,819,333	1,623,766
Per kWh Rate:	0.3074¢	0.3339¢	0.3510¢
Typ. Mo. Usage	750 kWh	750 kWh	750 kWh
Avg Bill Impact	\$2.31	\$2.50	\$2.63

*Assumes use of existing TCR rate of 0.1914¢ until implementation date*

8