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February 10, 2020

**VIA U. S. AND ELECTRONIC MAIL**

Mr. Steven M. Kahl, Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building, Dept. 0408  
600 East Boulevard  
Bismarck, ND 58505-0480

RE: 2020 RENEWABLE ENERGY RECOVERY (RER) RIDER  
UPDATE OF REVENUE REQUIREMENTS AND EFFECTIVE DATE  
CASE NO. PU-19-329

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission this second update regarding its pending 2020 Renewable Energy Rider (RER) rate application. In this filing, we provide the 2020 RER revenue requirement and resulting rate for each of the two production tax credit (PTC) normalization methods being considered by the Commission in the above-referenced case. In addition, we present two effective date options for the 2020 RER rate to accommodate the timing of the Commission's decision in this docket.

### **Updated Revenue Requirements**

As discussed in the Company's January 17, 2020 filing in this docket, as well as subsequent Commission informal hearings and work sessions, the Commission has been exploring a process to normalize PTCs throughout the expected service lives of each qualifying resource to achieve generational ratepayer equity. In the Company's January 17, 2020 filing, we compared the historical, standard treatment of PTCs to the Company's proposed "Levelized Credit Method" (LCM), and Staff's proposed "Victor Method" (VM), also referred to as the "Schock Look."

In Table 1 below, we compare the 2020 RER revenue requirement as proposed—using the standard PTC treatment—to the 2020 revenue requirement employing both the LCM and the VM.

**Table 1: 2020 RER Revenue Requirements  
Reflecting Standard, LCM, and VM PTC Treatments**

	Standard PTC	LCM	VM
2020 ND RER Revenue Requirement	\$4,834,476	\$8,799,731	\$5,217,963

**RER Rate Modification for Effective Date Changes**

We provide below proposed RER rates for later implementation dates to facilitate collection of the full 2020 RER revenue requirement within the 2020 calendar year. Tables 2, 3, and 4 show, for each respective PTC treatment option, the annualized rate (as if effective January 1, 2020), the 10-month rate that would be implemented March 1, 2020, and the 9-month rate that would be implemented April 1, 2020.

As discussed at the Commission’s informal hearing on January 22, 2020, if the Commission issues its Order in this proceeding at its February 19 regular meeting, the Company will implement the new rate on March 1, 2020.

**Table 2: Proposed 2020 RER Rate For Different Effective Dates  
(Standard PTC Treatment)**

	Jan. 1 (12 Mo.)	Mar. 1 (10 Mo.)	Apr. 1 (9 Mo.)
ND RER Revenue Requirement	\$4,834,476	\$4,341,288	\$4,108,368
ND Retail Sales in MWh	2,233,428	1,819,332	1,623,765
2020 RER Rate (Per kWh)	\$0.002165	\$0.002386	\$0.002530
Typical Residential Monthly Bill Impact (assumes 750kWh usage)	\$1.62	\$1.79	\$1.90

**Table 3: Proposed 2020 RER Rates For Different Effective Dates  
(Levelized Credit Method)**

	<b>Jan. 1 (12 Mo.)</b>	<b>Mar. 1 (10 Mo.)</b>	<b>Apr. 1 (9 Mo.)</b>
ND RER Revenue Requirement	\$8,799,731	\$8,306,544	\$8,073,623
ND Retail Sales in MWh	2,233,428	1,819,332	1,623,765
2020 RER Rate (Per kWh)	\$0.003940	\$0.004566	\$0.004972
Typical Residential Monthly Bill Impact (assumes 750kWh usage)	\$2.96	\$3.42	\$3.73

**Table 4: Proposed 2020 RER Rates For Different Effective Dates  
(Victor Method)**

	<b>Jan. 1 (12 Mo.)</b>	<b>Mar. 1 (10 Mo.)</b>	<b>Apr. 1 (9 Mo.)</b>
ND RER Revenue Requirement	\$5,217,963	\$4,724,775	\$4,491,855
ND Retail Sales in MWh	2,233,428	1,819,332	1,623,765
2020 RER Rate (Per kWh)	\$0.002336	\$0.002597	\$0.002766
Typical Residential Monthly Bill Impact (assumes 750kWh usage)	\$1.75	\$1.95	\$2.07

With a March 1 implementation date, RER revenues would be collected for the first two months of 2020 at the current, lower RER rate of \$0.001191 per kWh. The new RER rate would be applied to sales during the months of March – December 2020. With an April 1 implementation date, RER revenues would be collected for the first *three* months of 2020 at the current, lower RER rate of \$0.001191 per kWh. The new RER rate would be applied to sales during April – December 2020.

**Summary**

The Company presents these rate options to assist the Commission in making its final decision in this proceeding. We continue to prefer the LCM approach for normalizing PTCs through the RER, and respectfully request the Commission’s approval of the Company’s proposed 2020 RER revenue requirement and rate, with an effective date of March 1. Please contact me if you have any questions regarding this petition.

We have attached the proposed tariff sheets and customer notices for the rates calculated using the LCM and the Victor Method for both March 1 and April 1 implementation date options:

**Attachment H-1:** Proposed Tariff Sheet – Levelized Credit Method – March 1 Implementation

**Attachment H-2:** Proposed Tariff Sheet – Levelized Credit Method – April 1 Implementation

**Attachment H-3:** Proposed Tariff Sheet – Victor Method – March 1 Implementation

**Attachment H-4:** Proposed Tariff Sheet – Victor Method – April 1 Implementation

**Attachment I-1:** Proposed Customer Notice – Levelized Credit Method – March 1 Implementation

**Attachment I-2:** Proposed Customer Notice – Levelized Credit Method – April 1 Implementation

**Attachment I-3:** Proposed Customer Notice – Victor Method – March 1 Implementation

**Attachment I-4:** Proposed Customer Notice – Victor Method – April 1 Implementation

Sincerely,



DAVID H. SEDERQUIST  
SR. CONSULTANT, REGULATION/FINANCE

c: Victor Schock

**Levelized Credit Method - March Implementation**

**Legislative**

**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2**

**RENEWABLE ENERGY RIDER**

Section No. 5  
~~7th~~<sup>8th</sup> Revised Sheet No. 87

**APPLICATION**

Applicable to qualifying charges for electric service provided under all Company retail rate schedules.

**RENEWABLE ENERGY RIDER**

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**DETERMINATION OF RER RATE**

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All Classes ~~\$0.001194~~<sup>\$0.004566</sup> per kWh

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All approved costs appropriately charged to the RER Tracker Account are eligible for recovery through this Rider, and all revenues recovered through the Rider are credited to the RER Tracker Account.

**QUALIFYING RENEWABLE ENERGY RIDER COSTS**

Qualifying RER costs include all annual revenue requirements eligible for recovery under N.D.C.C. § 49-02, 49-05 and 49-06. These costs include, but are not limited to, depreciation expense, property taxes, and operation and maintenance expenses related to Company-owned renewable energy project costs and capacity-related renewable energy purchased power costs not currently being recovered in base rates or eligible for recovery through the FCR. Eligible projects (or portions of these projects) must have previously been granted an Advance Determination of Prudence by the Commission.

**TRUE-UP**

For each calendar year the RER is in place, a true-up adjustment to the Tracker Account will be calculated reflecting the difference between actual RER revenue and the actual RER costs (revenue requirements) for the recovery period. The true-up shall be recorded by May 1 of the following calendar year and will be included in the calculation of the RER rate effective for the next calendar year recovery period.

For example, Year 1 actual RER revenue will be compared to the actual RER revenue requirements for the same period and the difference recorded as an adjustment to the Tracker Account on or before May 1 of Year 2. This difference would then be included in the calculation of the new RER Rate to be filed with the Commission later in Year 2, and effective January 1 of Year 3.

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Date Filed: ~~10-10-18~~<sup>09-26-19</sup> By: Christopher B. Clark Effective Date: ~~06-01-19~~  
President, Northern States Power Company, a Minnesota corporation  
Case No. PU-~~19-329~~<sup>18-368</sup> Order Date: ~~05-01-19~~

**Levelized Credit Method - March Implementation**

**Non-Legislative**

**NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2**

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**Levelized Credit Method – April 1 Implementation**

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**Levelized Credit Method – April 1 Implementation**

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**Victor Method – March 1 Implementation**

**Legislative**

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**Victor Method – April 1 Implementation**

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**Levelized Credit Method – March 1 Implementation**

**Proposed Customer Bill Notice**

**Renewable Energy Rider Rate Increase  
 Effective March 1, 2020**

The Renewable Energy Rider (RER) line item on your bill recovers investment costs associated with new and modified renewable energy facilities. Beginning March 1, 2020, the RER rate will increase from \$0.001191 to \$0.004566 per kWh.

**Residential Electric Service – Winter Month Bill Example**

The chart below shows the change to customer bills from the RER rate increase. The comparison does not reflect any other rate changes that may occur at the same time.

Usage (kWh)	Prior				New				Change In Bill	Percent Change
	Other Charges	Prior RER Rate	Prior RER Charge	Prior Bill	Other Charges	New RER Rate	New RER Charge	New Bill		
400	\$49.14	\$0.001191	<b>\$0.48</b>	\$49.62	\$49.14	\$0.004566	<b>\$1.83</b>	\$50.97	\$1.35	2.72%
500	\$57.80	\$0.001191	<b>\$0.60</b>	\$58.40	\$57.80	\$0.004566	<b>\$2.28</b>	\$60.08	\$1.68	2.88%
600	\$66.46	\$0.001191	<b>\$0.71</b>	\$67.17	\$66.46	\$0.004566	<b>\$2.74</b>	\$69.20	\$2.03	3.02%
750	\$79.44	\$0.001191	<b>\$0.89</b>	\$80.33	\$79.44	\$0.004566	<b>\$3.42</b>	\$82.86	\$2.53	3.15%
1000	\$101.09	\$0.001191	<b>\$1.19</b>	\$102.28	\$101.09	\$0.004566	<b>\$4.57</b>	\$105.66	\$3.38	3.30%
1500	\$144.39	\$0.001191	<b>\$1.79</b>	\$146.18	\$144.39	\$0.004566	<b>\$6.85</b>	\$151.24	\$5.06	3.46%
2000	\$187.68	\$0.001191	<b>\$2.38</b>	\$190.06	\$187.68	\$0.004566	<b>\$9.13</b>	\$196.81	\$6.75	3.55%

**For more information**

You may examine the new rate rider details by visiting our website at [xcelenergy.com/NDRates](http://xcelenergy.com/NDRates).

Levelized Credit Method – April 1 Implementation

Proposed Customer Bill Notice

Renewable Energy Rider Rate Increase  
 Effective April 1, 2020

The Renewable Energy Rider (RER) line item on your bill recovers investment costs associated with new and modified renewable energy facilities. Beginning April 1, 2020, the RER rate will increase from \$0.001191 to \$0.004972 per kWh.

Residential Electric Service – Winter Month Bill Example

The chart below shows the change to customer bills from the RER rate increase. The comparison does not reflect any other rate changes that may occur at the same time.

Usage (kWh)	Prior				New				Change In Bill	Percent Change
	Other Charges	Prior RER Rate	Prior RER Charge	Prior Bill	Other Charges	New RER Rate	New RER Charge	New Bill		
400	\$49.14	\$0.001191	<b>\$0.48</b>	\$49.62	\$49.14	\$0.004972	<b>\$1.99</b>	\$51.13	\$1.51	3.04%
500	\$57.80	\$0.001191	<b>\$0.60</b>	\$58.40	\$57.80	\$0.004972	<b>\$2.49</b>	\$60.29	\$1.89	3.24%
600	\$66.46	\$0.001191	<b>\$0.71</b>	\$67.17	\$66.46	\$0.004972	<b>\$2.98</b>	\$69.44	\$2.27	3.38%
750	\$79.44	\$0.001191	<b>\$0.89</b>	\$80.33	\$79.44	\$0.004972	<b>\$3.73</b>	\$83.17	\$2.84	3.54%
1000	\$101.09	\$0.001191	<b>\$1.19</b>	\$102.28	\$101.09	\$0.004972	<b>\$4.97</b>	\$106.06	\$3.78	3.70%
1500	\$144.39	\$0.001191	<b>\$1.79</b>	\$146.18	\$144.39	\$0.004972	<b>\$7.46</b>	\$151.85	\$5.67	3.88%
2000	\$187.68	\$0.001191	<b>\$2.38</b>	\$190.06	\$187.68	\$0.004972	<b>\$9.94</b>	\$197.62	\$7.56	3.98%

For more information

You may examine the new rate rider details by visiting our website at [xcelenergy.com/NDRates](http://xcelenergy.com/NDRates).

**Victor Method – March 1 Implementation**

**Proposed Customer Bill Notice**

**Renewable Energy Rider Rate Increase  
 Effective March 1, 2020**

The Renewable Energy Rider (RER) line item on your bill recovers investment costs associated with new and modified renewable energy facilities. Beginning March 1, 2020, the RER rate will increase from \$0.001191 to \$0.002597 per kWh.

**Residential Electric Service – Winter Month Bill Example**

The chart below shows the change to customer bills from the RER rate increase. The comparison does not reflect any other rate changes that may occur at the same time.

Usage (kWh)	Prior				New				Change In Bill	Percent Change
	Other Charges	Prior RER Rate	Prior RER Charge	Prior Bill	Other Charges	New RER Rate	New RER Charge	New Bill		
400	\$49.14	\$0.001191	<b>\$0.48</b>	\$49.62	\$49.14	\$0.002597	<b>\$1.04</b>	\$50.18	\$0.56	1.13%
500	\$57.80	\$0.001191	<b>\$0.60</b>	\$58.40	\$57.80	\$0.002597	<b>\$1.30</b>	\$59.10	\$0.70	1.20%
600	\$66.46	\$0.001191	<b>\$0.71</b>	\$67.17	\$66.46	\$0.002597	<b>\$1.56</b>	\$68.02	\$0.85	1.27%
750	\$79.44	\$0.001191	<b>\$0.89</b>	\$80.33	\$79.44	\$0.002597	<b>\$1.95</b>	\$81.39	\$1.06	1.32%
1000	\$101.09	\$0.001191	<b>\$1.19</b>	\$102.28	\$101.09	\$0.002597	<b>\$2.60</b>	\$103.69	\$1.41	1.38%
1500	\$144.39	\$0.001191	<b>\$1.79</b>	\$146.18	\$144.39	\$0.002597	<b>\$3.90</b>	\$148.29	\$2.11	1.44%
2000	\$187.68	\$0.001191	<b>\$2.38</b>	\$190.06	\$187.68	\$0.002597	<b>\$5.19</b>	\$192.87	\$2.81	1.48%

**For more information**

You may examine the new rate rider details by visiting our website at [xcelenergy.com/NDRates](http://xcelenergy.com/NDRates).

**Victor Method – April 1 Implementation**

**Proposed Customer Bill Notice**

**Renewable Energy Rider Rate Increase  
 Effective April 1, 2020**

The Renewable Energy Rider (RER) line item on your bill recovers investment costs associated with new and modified renewable energy facilities. Beginning April 1, 2020, the RER rate will increase from \$0.001191 to \$0.002766 per kWh.

**Residential Electric Service – Winter Month Bill Example**

The chart below shows the change to customer bills from the RER rate increase. The comparison does not reflect any other rate changes that may occur at the same time.

Usage (kWh)	Prior				New				Change In Bill	Percent Change
	Other Charges	Prior RER Rate	Prior RER Charge	Prior Bill	Other Charges	New RER Rate	New RER Charge	New Bill		
400	\$49.14	\$0.001191	<b>\$0.48</b>	\$49.62	\$49.14	\$0.002766	<b>\$1.11</b>	\$50.25	\$0.63	1.27%
500	\$57.80	\$0.001191	<b>\$0.60</b>	\$58.40	\$57.80	\$0.002766	<b>\$1.38</b>	\$59.18	\$0.78	1.34%
600	\$66.46	\$0.001191	<b>\$0.71</b>	\$67.17	\$66.46	\$0.002766	<b>\$1.66</b>	\$68.12	\$0.95	1.41%
750	\$79.44	\$0.001191	<b>\$0.89</b>	\$80.33	\$79.44	\$0.002766	<b>\$2.07</b>	\$81.51	\$1.18	1.47%
1000	\$101.09	\$0.001191	<b>\$1.19</b>	\$102.28	\$101.09	\$0.002766	<b>\$2.77</b>	\$103.86	\$1.58	1.54%
1500	\$144.39	\$0.001191	<b>\$1.79</b>	\$146.18	\$144.39	\$0.002766	<b>\$4.15</b>	\$148.54	\$2.36	1.61%
2000	\$187.68	\$0.001191	<b>\$2.38</b>	\$190.06	\$187.68	\$0.002766	<b>\$5.53</b>	\$193.21	\$3.15	1.66%

**For more information**

You may examine the new rate rider details by visiting our website at [xcelenergy.com/NDRates](http://xcelenergy.com/NDRates).