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June 30, 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: 2019 ELECTRIC REGULATED EARNINGS-SHARING REFUND  
CASE NOS. PU-18-155 (TAX CUTS AND JOBS ACT) AND PU-20-185 (2019  
ELECTRIC ANNUAL REPORT)

Dear Mr. Kahl:

On May 1, 2020 Northern States Power Company, doing business as Xcel Energy, submitted its 2019 Annual Report of Regulated Electric Earnings to the Commission. The Company reported weather-normalized Return on Equity (ROE) of 9.86 percent in 2019. This was just one basis point (0.01 percent) above the earnings cap of 9.85 percent agreed to in the Settlement approved in the above-referenced case, which states:

*... in the event the Company's annual weather normalized earnings during any of the fiscal years during the Moratorium Period [2019, 2020] exceed an ROE of 9.85 percent (40 basis points below the current Commission-authorized ROE), the Company will refund to customers 100 percent of the weather-normalized revenue contributing to the excess earnings. The earnings sharing framework is asymmetrical; customers will not be charged for weather-normalized earnings below 9.85 percent. Earnings sharing refunds will be executed in July of the following year.*

The associated refund amount is \$27,291.

Due to the relatively small amount of the total refund (compared to past electric rate refunds), the Company believes it would be impractical to pass these monies back to customers through the traditional one-time billing credit method. This process typically requires weeks of preparation, set-up, and testing, and we estimate that the typical residential bill credit would be less than 1¢.

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Request for one-time waiver of Automatic Adjustment Clause and request to allow FCR charge offset  
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Instead, the Company proposes to pass the \$27,291 to customers by crediting the expenses collected through the Fuel Cost Rider (FCR) with the full amount of this refund. This method will require Commission approval of a one-time waiver of the Commission's Automatic Adjustment Clause rules set forth in Section 69-09-02-39, Part 10, which states:

*If a particular circumstance prevents the use of a standard or its use would result in an undue burden, the commission may for good cause shown, permit deviation from a standard.*

Use of the FCR would ensure the full refund amount is issued to all North Dakota customers in the most efficient manner. We have discussed this proposal with Commission Staff and they have concurred it is a reasonable method for the Company to comply with the terms of the Settlement.

With this letter, we respectfully request the Commission approve a one-time waiver of the Automatic Adjustment Clause to allow the Company to use the FCR to pass \$27,291 in 2019 earnings-sharing proceeds to customers, as required by Settlement in Case No. PU-18-155. We also request that the Commission allow the Company to issue the refund as an offset to our August FCR charge, to give sufficient time for the Commission to review and issue an Order.

Please feel free to contact me at (701) 241-8632 or [dave.sederquist@xcelenergy.com](mailto:dave.sederquist@xcelenergy.com) should you have any questions.

Sincerely,



David H. Sederquist  
Sr. Regulatory/Financial Consultant  
Xcel Energy

cc: Victor Schock