

Memorandum

To: Commissioners Christmann, Fedorchak and Kroshus

From: Victor Schock Public Utility Analyst

VS

Date: November 9, 2020

Re: Northern States Power Company, Transmission Facility Cost Recovery (2021), Rates, Case No. PU-20-406

On September 23, 2020 Northern States Power Company (NSP) filed its annual Transmission Facility Cost Recovery (TCR) 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.

The filing proposes a 2021 revenue requirement of \$8,831,036, an increase of \$1,995,420 from 2020's filing for the following reasons.

- **Project Costs:** The revenue requirement includes 52 previously approved and six new projects. There were various ups and downs in the revenue requirements of the 52 previously approved projects resulting in a net increase of approximately \$246,699 from 2020 to 2021, however staff believes they are reasonable and/or explained by NSP in the filing. The 2021 revenue requirement for the six new projects is approximately \$55,520.
- **MISO RECB:** This line represents the costs and revenues NSP pays or receives from MISO for the use of its facilities by other utilities and its use of other utilities facilities. This item has historically been a net credit to customers due to NSP receiving more revenues than costs from MISO. The credit increased from 2020 to 2021 by approximately \$676,658.
- **Revenue Requirement in Base Rates:** In previous annual updates there was a portion of the 52 previously approved included in base rates. This line item removed the revenue requirement from those items. In the 2021 filing this has been eliminated since NSP will be filing a rate case in the coming days/weeks with a test year of 2021 where the projects will all receive full year treatment. This elimination results in an increase of approximately \$1,811,376 from 2020 to 2021.
- **TCR True-up:** The true-up represents the over or under collection for the previous year. NSP is projecting an under-collection of \$136,275 for the prior year, which results in a net increase to this line of approximately \$718,407 from 2020 to 2021.

Staff believes the incurred costs detailed in NSP's filing are reasonable and prudent, comply with NSP's tariff, and are eligible for recovery through the TCR. Based on this and the details contained within the filing, Staff recommends approval of NSP's 2021 TCR rates.

c. Dave Sederquist

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Public Service Commission Staff

Victor Schock