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<p>Mitchell D. Armstrong Smith Porsborg Schweigert Armstrong Moldenhauer & Smith 122 East Broadway Avenue Bismarck, ND 58503</p>	<p>Jon C. Lengowski Special Assistant Attorney General Smith Porsborg Schweigert Armstrong Moldenhauer & Smith 122 East Broadway Ave. P.O. Box 460 Bismarck, ND 58502-0460</p>
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<p>Julie A. Clark Clark Energy Law, LLC 3440 Youngfield Street, Suite 276 Wheat Ridge, CO 80033</p>	<p>Victor Schock Advocacy Staff Public Service Commission 600 E Boulevard Avenue, Dept. 408 Bismarck, ND 58505-0408</p>

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Affiant signature

Subscribed and sworn before me this 30th day of July, 2019.



[Handwritten signature: Steven Delmont Spiess]
Notary Public
Hennepin County, Minnesota

ZEV SIMPSE
Partner
(612) 492-6129
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July 30, 2021

VIA ELECTRONIC MAIL and
FEDERAL EXPRESS

North Dakota Public Service Commission
Attention: Steven M. Kahl, Executive Secretary
600 East Boulevard Ave., Dept. 408
Bismarck, ND 58505-0480



Re: Proposed Findings of Fact, Conclusions of Law, and Order
Northern States Power Company
2021 Electric Rate Increase
Case No. PU-20-441
OAH File No. 20200422

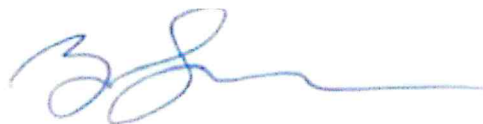
Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy, respectfully submits on its own behalf and on behalf of Advocacy Staff an original and seven (7) copies of proposed Findings of Fact, Conclusions of Law, and Order for the above-noted case. The late-filed exhibits discussed at the hearing are still in process and will be forthcoming.

Please contact me at (612) 492-6129 or simpser.zev@dorsey.com or David Sederquist at (701) 241-8632 or dave.sederquist@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

DORSEY & WHITNEY LLP



Zev Simpson

ZS/mrl

Enclosures

cc: Via Email and Certified Mail -
Hope L. Hogan, Administrative Law Judge (w/encl.)
John M. Schuh, Advisory Counsel, Public Service Commission (w/encl.)
Mitchell D. Armstrong, Special Assistant Attorney General (w/encl.)



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Jon C. Lengowski, Special Assistant Attorney General (w/encl.)
Victor Schock, Advocacy Staff, Public Service Commission (w/encl.)
John B. Coffman, Attorney for AARP (w/encl.)
David A. Tschider, Attorney for AARP (w/encl.)
Julie A. Clark, Attorney for Walmart Inc. (w/encl.)

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northern States Power Company
2021 Electric Rate Increase
Application**

Case No. PU-20-441

APPLICANT'S PROPOSED

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

July 30, 2021

Appearances

Commissioners Julie Fedorchak, Brian Kroshus, and Randy Christmann.

Zeviel T. Simpser, Attorney, Dorsey & Whitney LLP, 50 South 6th Street, Suite 1500, Minneapolis, Minnesota 55402, and Matthew B. Harris, Lead Assistant General Counsel, Xcel Energy Services Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401, on behalf of Northern States Power Company, a Minnesota corporation.

Mitchell D. Armstrong and Jon C. Lengowski, Special Assistant Attorneys General, 122 East Broadway Avenue, P.O. Box 460, Bismarck, ND 58502-0460, on behalf of the Public Service Commission Advocacy Staff.

John Schuh, General Counsel, Public Service Commission, State Capitol, 600 East Boulevard Avenue, Bismarck, North Dakota 58505, on behalf of the Public Service Commission Advisory Staff.

John B. Coffman, John B. Coffman, LLC, 871 Tuxedo Boulevard, St. Louis, MO 63119-2044, and David A. Tschider, Tschider & Smith, 418 E. Rosser Avenue, Suite 200, Bismarck, ND 58501-4046, on behalf of AARP.

Julie A. Clark, Clark Energy Law, LLC, 3440 Youngfield Street, Suite 276, Wheat Ridge, CO 80033, on behalf of Walmart Inc.

Hope L. Hogan, Administrative Law Judge, Office of Administrative Hearings, 2911 North 14th Street, Suite 303, Bismarck, ND 58503. as Procedural Hearing Officer.

Preliminary Statement

On November 6, 2020, Northern States Power Company ("NSP" or the "Company") filed a Notice to increase in its rates for retail electric service in North Dakota to provide additional annual revenue of \$22.2 million or 10.8 percent. The Notice was filed with revised tariffs and supported by direct testimony and exhibits. NSP concurrently submitted an Alternative Petition for an interim increase in rates in the annual amount of \$16,358,221, or 7.92 percent, to be effective January 5, 2021.

On December 2, 2020, the Commission suspended NSP's tariffs and rates. Then, on December 16, 2020, the Commission approved the Company's proposed interim rates to be effective for service rendered on or after January 5, 2021.

On January 6, 2021, the Commission issued a Notice of Public Input Session indicating a public input session would take place on March 4, 2021, and that members of the public could participate telephonically or by submitting written public input.

On January 25, 2021, a Petition to Intervene was filed by Walmart Inc., and on January 29, 2021 a Petition to Intervene was filed by AARP. The Administrative Law Judge granted both petitions on February 3, 2021.

On March 4, 2021, the Commission conducted the public input session, as noticed.

On March 12, 2021, the Company submitted a request to revise the interim rates being collected. On March 19, 2021, the Commission approved NSP's request to reduce the interim rate increase from an annual increase of \$16,352,221 to an annual revenue requirement of \$13,327,779. The reduction in interim rates went into effect for service rendered on or after April 1, 2021.

On March 26, 2021, the Company revised its request to reflect a \$19.2 million or 9.3 percent retail revenue increase.

On May 5, 2021, the Commission issued a Notice of Public Hearing indicating that it would conduct a public hearing on July 22, 2021. The Notice indicated that the issues to be considered at the hearing were:

1. What is the value of NSP's property, used and useful, for the service and convenience of the public in North Dakota?
2. What is NSP's rate of return on its property, used and useful, for the service and convenience of the public in North Dakota?
3. What is a just and reasonable rate of return on NSP's property, used and useful, for the service and convenience of the public in North Dakota?
4. What rates and changes are necessary to provide a just and reasonable rate of return on NSP's property, used and useful, for the service and convenience of the public in North Dakota?
5. Are NSP's rate schedules designed in such a manner that they result in a basis of charge to its customers that is just and reasonable without discrimination?

Prior to the Hearing, settlement discussions were held between the Parties. As a result, NSP, Advocacy Staff, AARP, and Walmart reached a Settlement Agreement that was filed with the Commission on July 1, 2021.

The Commission held the public hearing, as noticed, on July 22, 2021 in the Commission Hearing Room, State Capitol, 600 E. Boulevard Avenue, 12th Floor, Bismarck, North Dakota 58505.

Having allowed all interested persons an opportunity to be heard and having heard and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. NSP is an investor-owned electric utility headquartered in Minneapolis, Minnesota, authorized to provide public utility service in North Dakota under the regulatory jurisdiction of the Commission.
2. NSP, along with its affiliate Northern States Power Company, a Wisconsin corporation (NSPW), operates an integrated generation and transmission system serving areas in the states of North Dakota, South Dakota, Minnesota, Wisconsin, and Michigan.
3. In the State of North Dakota, NSP serves retail electric customers in and around Fargo, West Fargo, Grand Forks, and Minot.
4. The Settlement Agreement proposes a net increase in NSP's electric rates for retail customers in North Dakota to yield an annual revenue increase of \$7.1 million. This represents an overall increase of 3.4 percent.
5. The Settlement Agreement results in a rate increase that is just 34% of the Company's original request.
6. The Settlement Agreement proposes a return on equity of 9.50 percent, a cost of long-term debt of 4.22 percent, and a cost of short-term debt of 1.00 percent. The weighted average cost of capital used in determining the overall revenue requirement is 6.97 percent based on the following capital structure: common equity of 52.50 percent and 47.50 percent debt (46.72 percent long-term debt and 0.78 percent short-term debt).
7. The parties agreed in the Settlement Agreement to reasonable apportionment to classes of customers.
8. The Parties also agreed to an increase in the monthly residential fixed charge from \$14.50 to \$15.00, which is a 3.4% increase and thus in line with the general settlement outcome on a percentage basis. The agreed upon rate design is essentially unchanged from the Company's current basic rate structure.

9. The Settlement Agreement provides that NSP will file compliance tariff pages setting forth revised electric rates and tariffs within at least thirty (30) days from approval of the Settlement Agreement.

10. In recognition of the Commission's disallowance of certain generation resources, the parties agreed that the resources listed on Attachment A to the Settlement Agreement shall continue to be partially recovered in rates consistent with the Second Amended Settlement Agreement in Case No. PU-12-813, except for certain resources specifically addressed in the body of the Settlement Agreement.

11. The parties also agreed to a change in the extent and manner in which the disputed generation resources listed on Attachment A (and other subsequently disallowed resources) are reflected in NSP's annual jurisdictional earnings reports. Relatedly, the parties agreed that the Company may retain all non-energy or non-capacity related attributes (e.g., Production Tax Credits, Renewable Energy Credits, etc.) and all wholesale revenues for the Attachment A resources and other subsequently disallowed generation resources.

12. The parties agreed in the Settlement Agreement to jointly recommend the Commission close Case Nos. PU-12-813, PU-13-706, PU-13-707, PU-13-708, PU-13-742, PU-13-743, PU-13-194, and PU-13-195.

13. In the Settlement Agreement, the Company agreed to withdraw its request in Case No. PU-20-192 to defer certain revenue impacts and costs related to the impacts of the COVID-19 pandemic on its electric jurisdictional cost of service.

14. Recognizing that the rates agreed to may be in effect past 2021, the parties agreed in the Settlement Agreement to an earnings share mechanism providing for the return of 100 percent of weather-normalized earnings in excess of a 9.75 percent return on equity. The Settlement Agreement provides that this mechanism shall be in effect for all calendar years prior to the Company's next rate case test year unless a future settlement or Commission Order determines otherwise.

15. As the base rate increase agreed upon in the Settlement Agreement is lower than the interim rate increase, the Settlement Agreement provides for an interim rate refund. The Settlement Agreement provides that refunds are expected to be issued to customers beginning approximately 30 to 60 days from the implementation of final rates.

Conclusions of Law

1. The Commission has jurisdiction in this matter.
2. The Commission has authority to adopt the Settlement Agreement.

3. The Commission finds that the Settlement Agreement is reasonable and provides a reasonable resolution to all pending issues in this matter.

4. The rates proposed in the Settlement Agreement are necessary to provide a just and reasonable rate of return on NSP's property, used and useful, for the service and convenience of the public in North Dakota.

5. The rates proposed by the Settlement Agreement are designed to result in a basis of charge to customers that is just and reasonable without discrimination.

6. Given the provisions of the Settlement Agreement regarding the generation resources listed in Attachment A to the Settlement Agreement (and other subsequently disallowed generation resources), it is appropriate to close Case Nos. PU-12-813, PU-13-706, PU-13-707, PU-13-708, PU-13-742, PU-13-743, PU-13-194, and PU-13-195.

Based on the foregoing Findings of Fact and Conclusions of Law, the Commission issues the following:

Order

1. The Settlement Agreement, a copy of which is attached to this Order, is adopted and approved in its entirety.
2. NSP shall file compliance tariff pages setting forth the revised electric rates and tariffs within at least thirty (30) days of this Order.
3. NSP shall issue an interim rate refund to its customers as provided for in the Settlement Agreement.
4. Case Nos. PU-12-813, PU-13-706, PU-13-707, PU-13-708, PU-13-742, PU-13-743, PU-13-194, and PU-13-195 are hereby closed.

PUBLIC SERVICE COMMISSION

Randy Christmann
Commissioner

Julie Fedorchak
Commissioner, Chair

Brian Kroshus
Commissioner