

# Memorandum

To: Commissioners Kroshus, Fedorchak and Christmann

From: Victor Schock Public Utility Analyst

VS

Date: September 1, 2021

Re: Northern States Power Company, 2020 Power Purchase Agreement Costs, Compliance, Case No. PU-21-336

The Commission's February 26, 2014 Order in Case Nos. PU-12-813, et al. adopted a Comprehensive Settlement Agreement that specified a mechanism to ensure the Commission has been fully notified of Purchase Power Agreement (PPA) costs that are being recovered through Northern States Power's (NSP) fuel cost rider. NSP must make an annual report of any new PPAs less than 50 MW in size that are being recovered through its fuel cost rider (FCR). If the Commission does not commence a review of the PPAs to determine prudence within six months of the filing, the PPAs identified in the filing are deemed prudent for ratemaking purposes for the life of the PPAs.

On July 19, 2021, NSP made its filing regarding one new PPA less than 50 MW in size that was added to the FCR in 2020.

On August 4, 2021, the Commission issued a Notice of Opportunity for Hearing providing until September 17, 2021 for comments and requests for hearing. No comments or requests have been received.

The PPA added in 2020 is an extension of a PPA that has been in place with WM Renewable Energy, LLC for the purchase of 4.7 MW of landfill gas energy through March 26, 2021. The new PPA is priced at a similar rate to the expired PPA, which was allowed to be recovered by the Commission. Additionally, the facility has been on forced outage since December 30, 2020, and did not come online prior to the contract termination date of March 26, 2021. The PPA did add approximately \$0.01 per month to the bill of a residential customer using 750kWh. However, since the PPA has expired, it will not add any additional costs going forward.

Based on its investigation staff recommends that no further action be taken and the case be closed.