

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Northern States Power Company
Renewable Resource Cost Recovery (2023)
Rates**

Case No. PU-22-368

ORDER

February 8, 2023

Preliminary Statement

On September 19, 2022, Northern States Power Company (NSP) filed a request for approval of its 2023 Renewable Energy Rider (RER). The purpose of this rider is to recover, from NSP North Dakota electric customers, costs of renewable energy generation not presently reflected in retail rates. NSP would recover costs of two new and two previously approved projects.

On October 5, 2022, the Commission issued a Notice of Opportunity for Hearing, which provided until November 18, 2022, for receiving written comments and hearing requests. No response was received. The notice provided that, if deemed appropriate, the Commission can determine the matter without a hearing.

The Notice identified the issues to be considered in this proceeding are:

1. Whether the investments and associated costs for the resources qualify for recovery,
2. Whether the incurred costs are reasonable and prudent,
3. Whether the rate adjustments are consistent with the terms of NSP's tariff,
4. Whether NSP's proposed tariff changes should be approved?

On January 23, 2023 an updated application for approval was filed with the Commission reflecting a change of the implementation date from January 1, 2023, to March 1, 2023.

Discussion

The 2023 RER rate would be applied to all energy billed to each customer effective March 1, 2023. The 2023 RER would recover the costs of two previously approved projects, Freeborn Wind and Dakota Range I & II. In addition, two new repower projects, Nobles Wind and Grand Meadows, would also be recovered.

Freeborn Wind was approved in Case No. PU-19-329 and is estimated at \$1,990,870, a decrease of \$148,612 from 2022. Dakota Range was approved in Case No. PU-21-389 and is estimated at \$2,050,738, an increase of \$77,701 from 2022. Although this project qualified for a higher Production Tax Credit due to the Inflation Reduction Act of 2022, this savings was offset by an increase in forecasted capital costs from lingering supply chain issues. Nobles Wind Repower is estimated at \$1,130,927 and is expected to commence operations in December 2022. The repower will extend Noble's useful life to 23 years from the repowered project's COD. Grand Meadows Wind Repower is estimated at \$467,547 and is expected to commence operations in November 2023. The repower will extend Grand Meadow's useful life to 20 years from the repowered project's COD.

NSP proposes a 2023 RER revenue requirement of \$5,237,041. The months of January and February will be collected at the previously approved 2022 RER rate of \$0.001856 for a total of \$720,375 to be removed from the 2023 revenue requirement making the amount to be recovered over the remaining 10 months to be \$4,516,666. The 2023 RER rate is calculated to be \$0.002557 resulting in a residential customer using an average of 750 kWh per month to experience a monthly bill increase of \$0.53.

The Commission finds NSP's investments and associated costs for the resources qualify for recovery, the incurred costs are reasonable and prudent, and the rate adjustments are consistent with the terms of NSP's tariff.

Having considered this matter, the Commission finds NSP's proposed 2023 RER rate and tariff changes are reasonable and should be approved.

Order

The Commission orders NSP's 2023 Renewable Energy Rider rates filed on January 23, 2023, are approved effective March 1, 2023.

PUBLIC SERVICE COMMISSION


Sheri Haugen-Hoffart
Commissioner


Randy Christmann
Chair


Julie Fedorchak
Commissioner