

Memorandum

To: Commissioners Christmann, Fedorchak, and Haugen-Hoffart

From: Adam Renfandt, Public Utilities Analyst

Date: January 12, 2023

Re: Northern States Power Company, Transmission Facility Cost Recovery (2023), Rates, Case No. PU-22-402

On November 3, 2022, Northern States Power Company (NSP) filed its 2023 update to its Transmission Cost Recovery (TCR) rate. Upon review, Staff discovered NSP was seeking recovery of a transmission project that was the subject of another open case. Subsequently, NSP agreed to remove the project from the revenue requirement.

On December 22, 2022, NSP filed a revised 2023 TCR rate. The 2023 revised revenue requirement is \$1,859,218, which represents a reduction of \$16,906 from the original filing. The TCR rate proposed is \$.000873 per kWh (approximately .09 cents per kWh), or an increase of approximately \$0.65 for the average residential customer using 750 kWh per month. In total the 2023 revenue requirement increased approximately \$333,000 over the 2022 revenue requirement.

The 2023 revenue requirement includes 3 new projects, 21 previously approved projects, and several previously approved program projects. The new and previously approved projects have a 2023 revenue requirement of approximately \$27,000 and \$1.1 million, respectively, and the program projects have a requirement of \$1.7 million. In total the approved projects drove an approximately \$1.2 million increase in revenue requirements over the 2022 revenue requirement. This increase was largely driven by additional transmission line rebuilds and refurbishments and improvements to NSP's communications network.

Reducing the total increase was a \$540,000 increase in credits relating to MISO revenue and expenses involving regionally-cost shared projects. The true-up of spending further reduced the total increase by an additional \$500,000.

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 2023 TCR rates filed on December 22, 2022.

c: Alex Nesbit – Xcel Energy