



414 Nicollet Mall
Minneapolis, Minnesota 55401

March 31, 2023

— Via Electronic Filing —

Steve Kahl, Executive Secretary
North Dakota Public Service Commission
State Capitol, 600 East Boulevard
Bismarck, ND 58505-0480

**Re: April 2023 Fuel Cost Rider Rates
Case No. PU-23-011**

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy and operating in North Dakota, hereby submits its electric Fuel Cost Rider (FCR) rates for April 2023.

The table below shows the FCR rates by customer class:

| April 2023 | FCR rate/kWh |
|-------------------------------------|--------------|
| Residential | \$0.02484 |
| C & I Non-Demand | \$0.02493 |
| C & I Demand | \$0.02478 |
| C & I Demand Time of Day (On-Peak) | \$0.02998 |
| C & I Demand Time of Day (Off-Peak) | \$0.02065 |
| Outdoor Lighting | \$0.01923 |

See Attachment A for the supporting calculations of these rates.

Pursuant to Commission authorization of the final compliance tariffs in the Company's 2020 rate proceeding (Case No. PU-20-441), new base rates were implemented on October 1, 2021. The new Service Category Ratios listed below became effective when actual October

2021 fuel and purchased energy costs were first passed through in December 2021 FCR rates:

| Service Category Ratios | Effective Oct 1, 2021 |
|-------------------------------------|-----------------------|
| Residential | 1.0094 |
| C & I Non-Demand | 1.0129 |
| C & I Demand | 1.0069 |
| C & I Demand Time of Day (On-Peak) | 1.2181 |
| C & I Demand Time of Day (Off-Peak) | 0.8392 |
| Outdoor Lighting | 0.7813 |

MID-CONTINENT INDEPENDENT SYSTEM OPERATOR (MISO) CHARGES

Day 2 Market

Pursuant to the Commission’s Orders in Case Nos. PU-05-147 and PU-07-776, Xcel Energy is authorized to recover MISO Day 2 costs in the FCR. The current FCR rates reflect MISO Day 2 charge types including three Auction Revenue Rights (ARR) and three Financial Transmission Rights (FTR) charge types.¹ Consistent with these Orders and the required “net” accounting of MISO Day 2 costs and revenues, we have included in the April 2023 FCR the net MISO Day 2 costs for February 2023 as recorded in Account 555. The MISO Day 2 cost recovery included in this month’s FCR is \$21,609,374 which is the net of many items. Pursuant to the above-mentioned Orders, the Company also provides more detailed information in Attachment C of this filing to support the calculation of the MISO Day 2 costs.

Ancillary Services Market (ASM)

With the implementation of the MISO ASM on January 6, 2009, the net costs or revenues of 14 ASM charge types are included in the FCR, pursuant to Commission guidance in Case No. PU-09-016. Consistent with the MISO Order and the required “net” accounting of ASM costs and revenues, we reflect in the April 2023 FCR rates the net MISO ASM costs for February 2023 as recorded in Account 555. The MISO ASM cost recovery included in this month’s FCR is -\$745,088, which is the net of many items. The detailed records are contained in Attachment C.

¹ Previously embedded in other FTR charge types.

CUSTOMER REFUNDS AND CREDITS

Asset Based Margins

Under the terms of the Revised Second Amended Settlement adopted by the Commission on February 26, 2014 (retroactive to January 1, 2014), the Company began passing through to North Dakota customers 100 percent of wholesale asset-based margins.² Pursuant to the Commission's August 18, 2021 Order Accepting Settlement (Case No. PU-20-441), credits derived from any disallowed resources (Company-owned or power purchase agreements) after January 1, 2021 are excluded from this sharing. Because of the nature of the calculation, the adjustment to remove the margins will only be done once the MISO S105 settlements are complete. Margins of \$3,212,835 have been included as an offsetting credit in this month's FCR. See Attachments B and F.

Non-Asset Based Margins

Beginning in February 2011, 50% of the prior year retail share of Non-Asset Based Margins is credited to North Dakota customers via the April FCR. The North Dakota retail share of the 2022 Non-Asset Based Margin credit amount is \$134,902. With the prior month true up the total applicable amount to the April 2023 FCR is \$83,891. See Attachments B and F.

Sales of Renewable Energy Credits (RECs)

Pursuant to the Commission Order in Case No. PU-10-19, the Company was authorized to sell excess Renewable Energy Credits (RECs) allocable to our North Dakota jurisdiction and credit 90 percent of the North Dakota jurisdictional share of net proceeds generated by the sale back to customers through the FCR. Under the Commission's February 26, 2014 Order Adopting Settlement, the share of the net proceeds to customers was increased to 100 percent. Pursuant to the Commission's August 18, 2021 Order Accepting Settlement (Case No. PU-20-441), credits derived from any disallowed resources or power purchase agreements after January 1, 2021 are excluded from this sharing. This change will be implemented in a future monthly FCR filing when the sale of disputed resource RECs takes place. With the prior month true up, the REC sales credit for the current reporting period is \$78,616. See Attachments B and F.

PURCHASED POWER AGREEMENT (PPA) COST RECOVERY REVIEW

Pursuant to the Commission's February 26, 2014 Order Adopting Settlement, the following procedural changes reflected in the Revised Second Amended Settlement were made to provide additional transparency regarding cost recovery of renewable energy projects or purchases:

² Case Nos. PU-12-813, PU-13-706, PU-13-707, PU-13-708, PU-13-742, PU-13-743, PU-13-194, PU-13-195

- The Company will notify the Commission in its monthly FCR filings of any new renewable projects, qualifying in part or whole for FCR cost recovery, whose costs are included in the calculation of FCR rates:
- The Company will file an annual summary listing the new resources that have been included in the FCR during the previous calendar year;
- If, within 6 months of the filing of the annual summary, the Commission does not initiate a review of the new PPA(s) listed, the Company will be allowed to recover the related costs for the duration of the contract(s); and
- Renewable energy resources or purchases with FCR-qualifying costs that are 50 MW or larger in size (nameplate capacity) will not be included in the FCR unless and until the Commission has granted an Advance Determination of Prudence (ADP) for the resource.

The following PPAs have been excluded from the FCR as a result of Commission review and disapproval:

1. School Sisters of Notre Dame (0.8 MW)³
2. Marshall Solar LLC (62.25 MW)⁴
3. North Star Solar PV (100 MW)⁵
4. Aurora Distributed Solar (100 MW)⁶

It should be noted that MISO market energy purchases are not subject to the above requirements.

NEGOTIATED AGREEMENT PURCHASED POWER AGREEMENT EXCLUSIONS

Pursuant to the Commission's March 9, 2016 Order Accepting the Negotiated Agreement (Case Nos. PU-12-813, *et. al.*), the costs and volumes of 15 Community-Based Energy Development (C-BED) and two solar PPAs are to be excluded from the calculation of the Company's monthly FCR rates. Dragonfly Solar PPA was added to the exclusion list in September 2018 (see table below). The Company completed the closing process for the acquisition of the Jeffers and Community Wind North projects from Longroad Energy effective December 31, 2020. The PPAs with Jeffers Wind 20 LLC, North Community Turbines LLC and North Wind Turbines LLC were terminated effective December 31, 2020.

³ Case No. PU-16-458, ORDER REGARDING 2015 POWER PURCHASE AGREEMENT COSTS, October 5, 2016.

⁴ The 62.25 MW Marshall Solar project is one of the three projects in the Company's proposed 187 MW solar energy portfolio that was not approved by the Commission (Case No. PU-14-810).

⁵ The 100 MW North Star Solar project is one of the three projects in the Company's proposed 187 MW solar energy portfolio that was not approved by the Commission (Case No. PU-14-810).

⁶ The Company's application for an advance determination of prudence for the proposed 100 MW Aurora Distributed Solar project was denied (Case No. PU-15-95).

| | |
|--|--|
| 1. Jeffers Wind 20, LLC (50 MW) | 10. North Wind Turbines (15 MW) |
| 2. Big Blue (36 MW) | 11. Valley View Transmission (10 MW) |
| 3. Community Wind South (Zephyr) (30 MW) | 12. Uilk Wind Farm (4.5 MW) |
| 4. Ridgewind Power Partners LLC (25 MW) | 13. Hilltop Power (2 MW) |
| 5. Adams Wind Generations (20 MW) | 14. Winona County Wind (1.5 MW) |
| 6. Danielson Wind Farms (20 MW) | 15. Woodstock Municipal Wind, LLC (0.8 MW) |
| 7. Ewington Energy Systems LLC (20 MW) | 16. Outland Solar (2 MW) |
| 8. Grant County Wind, LLC (20 MW) | 17. Best Power (St. Johns Solar) (0.4 MW) |
| 9. North Community Turbines (15 MW) | 18. Dragonfly Solar, LLC (0.8 MW) |

See Attachment D for more details concerning the calculation of the replacement energy costs (i.e., the system average) used to effectuate the impact of disallowing these resources.

NSP-OWNED WIND RESOURCE PRICING ADJUSTMENT

Pursuant to the Commission’s August 18, 2021 Order Accepting Settlement (Case No. PU-20-441), the Company owned Community Wind North, Jeffers wind and Rock Aetna wind facilities are repriced at average system cost and recovered in the monthly FCR charge. The effect of the repricing is included in Attachment D.

MISO Revenue Exclusion for Disputed Resources

Pursuant to the Commission’s August 18, 2021 Order Accepting Settlement (Case No. PU-20-441), the MISO wholesale revenues of disputed resources are excluded from the calculation of the Company’s monthly FCR after January 1, 2021. The February 2023 system amount is \$839,765 as shown on line 12 of Attachment B.

COMMUNITY SOLAR GARDENS COST TREATMENT

In our response to NDPSC Staff Data Request No. 1 submitted in Case No. PU-17-12 on August 23, 2017, the Company committed to including additional information in our FCR filings regarding the costs related to the Minnesota Community Solar Gardens (CSG) program production and cost assignment to North Dakota. As shown on Attachment H, North Dakota customers do not pay the actual costs of CSG production but are instead allocated a portion of the “market” costs for the same energy produced by the CSG program. As a result, North Dakota customers are insulated from all CSG costs.

BIOMASS PPA TERMINATION COST RECOVERY

Pursuant to the Commission’s June 27, 2018 Orders in Case No. PU-17-270 (ADP – Benson, Pine Bend, and Hennepin Energy Recovery Center (HERC) PPA terminations), Case No. PU-17-271 (Deferred Accounting for Benson, Pine Bend, and HERC PPA termination), and Case No. PU-17-322 (Deferred Accounting for Laurentian PPA terminations), this month’s FCR includes \$51,657 in termination cost recovery. The itemized cost recovery information is found in Attachment F.

MONTHLY FCR RATE CALCULATION AND SUPPORTING DOCUMENTS

This filing includes the following supporting documents:

- Attachment A – Summary of Monthly FCR Rate Calculation
- Attachment B – Four Month Fuel Cost Rider Costs
- Attachment C – MISO Day 2 and ASM Settlement Charges
- Attachment D – Replacement Costs for Disallowed Resources and Residential Bill Impact
- Attachment E – Derivation of FCR True-Up Adjustment
- Attachment F – Summary of Credits and Other Adjustment Included in the FCR
- Attachment G – Historical Trend of FCR Charges (Residential)
- Attachment H – Community Solar Garden Costs Allocated to North Dakota FCA

If you have any questions regarding the information contained in this filing, please contact Chris Shaw at 612-330-7974 or Christopher.J.Shaw@xcelenergy.com.

Sincerely,

/ s /

LISA PETERSON
DIRECTOR, REGULATORY PRICING & ANALYSIS

cc: Christopher J. Shaw

Enclosures

Summary of Fuel Cost Rider Rates - April 2023

System Fuel and Purchased Energy Costs

| | <u>4 Month Total</u> | |
|---|----------------------|----------------------|
| 1 NSP System Fuel/Energy Costs (Retail) | \$293,609,878 | Att B, p. 1, line 6 |
| 2 MISO Charges | \$85,907,892 | Att B, p. 1, line 10 |
| 3 Disallowed Resource Costs | \$769,856 | Att B, p. 1, line 14 |
| 4 Net NSP System Costs | <u>\$380,287,626</u> | |

ND Fuel and Purchased Energy Costs

| | <u>4 Month Total</u> | |
|------------------------------------|----------------------|----------------------|
| 5 NSP System MWh Sales (Retail) | 12,785,520 | Att B, p. 1, line 16 |
| 6 Average NSP System Cost per kWh | 2.968¢ | line 4 / line 5/10 |
| 7 ND MWh Sales (Retail) | 756,149 | Att B, p. 1, line 18 |
| 8 ND Fuel & Purchased Energy Costs | <u>\$22,441,618</u> | line 6 x line 7*10 |

Credits and Other Adjustments Applicable to ND

| | <u>February 2023</u> | |
|----------------------------------|----------------------|-------------------------|
| 9 Wholesale Margins Credit | (\$3,296,726) | Att B, p. 1, line 20,21 |
| 10 REC Sales Proceeds Credit | (\$78,616) | Att B, p. 1, line 22 |
| 11 Biomass PPA Termination Costs | \$51,657 | Att B, p. 1, line 23 |
| 12 Net Credits and Other | <u>(\$3,323,685)</u> | |

Over/Under Recovered Costs

| | <u>Amount</u> | |
|-------------------------------------|---------------|---------------------|
| 13 True-Up Amount for February 2023 | (\$508,582) | Att E, p.1, line 19 |

ND Net FCR Costs

| | <u>4 Month Total</u> | |
|-------------------------|----------------------|------------------------|
| 14 Net FCR Costs | \$18,609,351 | line 8+line 12+line 13 |
| 15 Net FCR Cost per kWh | 2.461¢ | line 14 / line 7/10 |

Fuel Cost Rider Rate By Class

| | Customer Class | ND Cost of Fuel/kWh | Cust. Class Ratio ¹ | FCR Rate |
|----|---------------------------|---------------------|--------------------------------|----------|
| 16 | Residential | 2.461¢ | 1.0094 | 2.484¢ |
| 17 | C & I Non-Demand | 2.461¢ | 1.0129 | 2.493¢ |
| 18 | C & I Demand Non-TOD | 2.461¢ | 1.0069 | 2.478¢ |
| 19 | C & I Demand TOD On-Peak | 2.461¢ | 1.2181 | 2.998¢ |
| 20 | C & I Demand TOD Off-Peak | 2.461¢ | 0.8392 | 2.065¢ |
| 21 | Outdoor Lighting | 2.461¢ | 0.7813 | 1.923¢ |

¹ See Fuel Cost Rider Tariff.

4 Month Fuel Cost Rider Costs - April 2023

| | (A) | (B) | (C) | (D) | (E) |
|---|----------------|----------------|----------------|----------------|-----------------|
| Fuel & Purchased Energy Costs | Nov-22 | Dec-22 | Jan-23 | Feb-23 | 4 Month Total |
| 1 Account 151 - Fossil Fuel | \$28,842,893 | \$48,840,278 | \$40,337,322 | \$27,652,204 | \$145,672,697 |
| 2 Account 518 - Nuclear Fuel | \$8,821,717 | \$10,194,342 | \$10,225,330 | \$9,246,147 | \$38,487,536 |
| 3 Account 555 - Purchased Power ¹ | \$51,451,677 | \$60,047,931 | \$52,716,437 | \$51,800,291 | \$216,016,336 |
| 4 Sub-Total NSP Sys Energy Costs | \$89,116,287 | \$119,082,551 | \$103,279,089 | \$88,698,642 | \$400,176,569 |
| 5 Exclude Costs of InterSystem Sales | (\$20,311,968) | (\$37,565,608) | (\$30,910,264) | (\$17,778,851) | (\$106,566,691) |
| 6 Total Sys Fuel & Purch Energy | \$68,804,319 | \$81,516,943 | \$72,368,825 | \$70,919,791 | \$293,609,878 |
| MISO Charges | | | | | |
| 7 Day 2 Market | \$18,979,635 | \$31,647,053 | \$14,667,116 | \$21,702,343 | \$86,996,148 |
| 8 Exclude Schedule 24 | (\$99,163) | (\$106,629) | (\$116,452) | (\$92,969) | (\$415,213) |
| 9 Ancillary Services Market | \$5,813,822 | (\$10,852,295) | \$5,110,519 | (\$745,088) | (\$673,043) |
| 10 Total MISO Charges | \$24,694,294 | \$20,688,129 | \$19,661,183 | \$20,864,286 | \$85,907,892 |
| Disallowed Resources Costs² | | | | | |
| 11 Exclude Costs of Disallowed PPAs | (\$4,465,152) | (\$3,433,894) | (\$3,021,282) | (\$5,750,072) | (\$16,670,398) |
| 12 Exclude MISO Revenues | \$1,376,588 | \$2,154,554 | \$1,773,172 | \$839,765 | \$6,144,079 |
| 13 Replacement Energy Costs & Proxy Price Adj | \$3,227,082 | \$2,744,395 | \$1,919,738 | \$3,404,960 | \$11,296,175 |
| 14 Net Disallowance | \$138,518 | \$1,465,055 | \$671,629 | (\$1,505,347) | \$769,856 |
| 15 Net NSP System Costs | \$93,637,131 | \$103,670,127 | \$91,873,233 | \$90,278,730 | \$379,459,222 |
| ND Fuel and Purchased Energy Costs | Nov-22 | Dec-22 | Jan-23 | Feb-23 | 4 Month Total |
| 16 NSP System Sales (Retail) | 2,814,720 | 3,219,118 | 3,636,832 | 3,114,850 | 12,785,520 |
| 17 Avg. NSP System Cost per kWh | 3.327¢ | 3.220¢ | 2.526¢ | 2.898¢ | 2.968¢ |
| 18 ND Sales (Retail) | 163,041 | 186,332 | 225,866 | 180,910 | 756,149 |
| 19 ND Fuel & Purchased Energy Costs | \$5,424,374 | \$5,999,890 | \$5,705,375 | \$5,242,772 | \$22,441,618 |
| Other Adjustments and True-Up | | | | | |
| 20 Asset-Based Margins | (\$2,348,432) | (\$4,147,274) | (\$2,212,492) | (\$3,212,835) | (\$11,921,033) |
| 21 Non-Asset-Based Margins | (\$121,196) | (\$112,026) | (\$218,593) | (\$83,891) | (\$535,706) |
| 22 REC Sales Proceeds (100%) | (\$625,809) | (\$81,704) | (\$419,663) | (\$78,616) | (\$1,205,792) |
| 23 Biomass PPA Termination Costs ³ | \$52,106 | \$51,956 | \$51,806 | \$51,657 | \$207,526 |
| 24 Net Credits and Other | (\$3,043,331) | (\$4,289,048) | (\$2,798,942) | (\$3,323,685) | (\$13,455,006) |

¹ Excludes demand-related expenses, MN Windsource energy costs, and MN Solar Gardens energy costs. October amounts included an one-time credit compensated by a third-party for its building of a new wind project that falls within the restricted boundary of Company's Lake Benton project.

² Excludes costs exceeding average system costs for 21 wind and solar PPAs pursuant to March 9, 2016 Order Approving Settlement (PU-12-813) & other dockets (Dragonfly Solar). Includes Company owned Jeffers Wind, Community Wind North and Rock Aethna wind costs where replacement costs are repriced based on based average system cost. St. Paul Cogen PPA proxy price adjustment based on LMP.

³ Benson and Laurentian PPAs.

MISO Day 2 Settlement Charges - April 2023

| | <u>FERC Account</u> | <u>Retail Expense (Rev)</u> |
|---|---------------------|---------------------------------|
| Energy and Losses | | |
| 1 Day Ahead Asset Energy - Energy | 555 | \$9,662,127 |
| 2 Day Ahead Asset Energy - Losses | 555 | \$3,517,043 |
| 3 Day Ahead Financial Bilateral Transaction Loss | 555 | \$3,729 |
| 4 Day Ahead Non-Asset Energy - Energy | 555 | (\$4,833,477) |
| 5 Day Ahead Non-Asset Energy - Losses | 555 | \$279,483 |
| 6 Day Ahead Losses Rebate on Carve-out Grandfathered Agreements | 555 | (\$3,729) |
| 7 Day Ahead Losses Rebate on Option B Grandfathered Agreements | 555 | \$0 |
| 8 Real Time Asset Energy - Energy | 555 | (\$336,190) |
| 9 Real Time Asset Energy - Losses | 555 | \$300,198 |
| 10 Real Time Distribution of Losses | 555 | (\$1,111,820) |
| 11 Real Time Financial Bilateral Transaction - Losses | 555 | \$0 |
| 12 Real Time Losses Rebate on Carve-out Grandfathered Agreements | 555 | \$0 |
| 13 Real Time Net Inadvertent Distribution | 555 | (\$79,011) |
| 14 Real Time Non-Asset Energy - Energy | 555 | \$29,397 |
| 15 Real Time Non-Asset Energy - Losses | 555 | \$0 |
| 16 Total Energy and Losses | | <u><u>\$7,427,749</u></u> |
| Congestion | | |
| 17 Day Ahead Asset Energy - Congestion | 555 | \$15,347,187 |
| 18 Day Ahead Financial Bilateral Transaction - Congestion | 555 | \$10,623 |
| 19 Day Ahead Non-Asset Energy - Congestion | 555 | \$1,455,847 |
| 20 Day Ahead Congestion Rebate - Carve-out Grandfather Agreements | 555 | (\$10,623) |
| 21 Day Ahead Congestion Rebate - Option B Grandfather Agreements | 555 | \$0 |
| 22 Real Time Asset Energy - Congestion | 555 | \$527,148 |
| 23 Real Time Financial Bilateral Transaction - Congestion | 555 | \$0 |
| 24 Real Time Congestion Rebate - Carve-out Grandfather Agreements | 555 | \$0 |
| 25 Real Time Non-Asset Energy - Congestion | 555 | \$0 |
| 26 Total Congestion-Related | | <u><u>\$17,330,182</u></u> |
| Financial Transmission Rights (FTR) | | |
| 27 FTR Hourly Allocation | 555 | (\$3,350,899) |
| 28 FTR Monthly Allocation | 555 | (\$290,903) |
| 29 FTR Transaction | 555 | \$0 |
| 30 FTR Yearly Allocation | 555 | \$0 |
| 31 FTR Full Funding Guarantee | 555 | (\$40,501) |
| 32 FTR Guarantee Uplift | 555 | \$72,369 |
| 33 FTR Monthly Transaction | 555 | \$0 |
| 34 Total Financial Transmission Rights Charges | | <u><u>(\$3,609,933)</u></u> |

MISO Day 2 Settlement Charges - April 2023

| | <u>FERC Account</u> | <u>Retail Expense (Rev)</u> |
|--|---------------------|---------------------------------|
| Uplift | | |
| 35 Real-Time Revenue Neutrality Uplift | 555 | (\$74,776) |
| 36 Total Uplift | | <u>(\$74,776)</u> |
| Revenue Sufficiency Guarantee (RSG) | | |
| 37 Day Ahead RSG Distribution | 555 | \$84,114 |
| 38 Day Ahead RSG Make Whole Payment | 555 | (\$22,299) |
| 39 Real time RSG First Pass Distribution | 555 | \$26,321 |
| 40 Real Time RSG Make Whole Payment | 555 | (\$45,616) |
| 41 Real Time Price Volatility Make Whole Payment | 555 | \$162,721 |
| 42 Total Revenue Sufficiency Guarantee | 555 | <u>\$205,240</u> |
| Market Administration¹ | | |
| 43 Day Ahead Market Administration | 575.7 | \$633,738 |
| 44 Real Time Market Administration | 575.7 | \$83,545 |
| 45 FTR Market Administration | 575.7 | \$22,560 |
| 46 Total Market Administration | | <u>\$739,842</u> |
| Virtual Energy | | |
| 47 Day Ahead Virtual Energy | 555 | \$0 |
| 48 Real Time Virtual Energy | 555 | \$0 |
| 49 Total Virtual Energy | 555 | <u>\$0</u> |
| Auction Revenue Rights (ARR) | | |
| 50 ARR FTR Auction Transactions | 555 | \$15,777,513 |
| 51 ARR Monthly Revenue | 555 | (\$15,782,413) |
| 52 ARR Stage 2 Distribution | 555 | (\$683,288) |
| 53 ARR Monthly Infeasible Revenue | 555 | \$89,920 |
| 54 Total Auction Revenue Rights | | <u>(\$598,268)</u> |
| Other Miscellaneous | | |
| 55 Real Time Miscellaneous | 555 | \$189,338 |
| 56 Real Time Uninstructed Deviation | 555 | \$0 |
| 57 Total Other Miscellaneous | | <u>\$189,338</u> |
| 58 Total MISO Day 2 Charges | | <u><u>\$21,609,374</u></u> |

¹ Excludes Schedule 24 costs, which are recovered in base rates.

MISO Ancillary Services Markets (ASM) Charges - April 2023

| | <u>FERC Account</u> | <u>Retail Expense (Rev)</u> |
|---|---------------------|---------------------------------|
| Procurement | | |
| 1 Day Ahead Regulation | 555 | (\$115,767) |
| 2 Day Ahead Spinning Reserve | 555 | (\$106,844) |
| 3 Day Ahead Supplemental Reserve | 555 | (\$37,779) |
| 4 Real Time Regulation | 555 | \$9,725 |
| 5 Real Time Spinning Reserve | 555 | \$35,064 |
| 6 Real Time Supplemental Reserve | 555 | \$20,265 |
| 7 Total Procurement | | <u><u>(\$195,336)</u></u> |
| Resource Energy | | |
| 8 Real Time Excessive Energy | 555 | \$10,188 |
| 9 Real Time Excessive Energy - Congestion | 555 | \$0 |
| 10 Real Time Excessive Energy - Losses | 555 | \$0 |
| 11 Real Time Non-Excessive Energy | 555 | \$1,925,972 |
| 12 Real Time Non-Excessive Energy - Congestion | 555 | (\$2,121,541) |
| 13 Real Time Non-Excessive Energy - Losses | 555 | (\$598,902) |
| 14 Real Time Net Regulation Adjustment | 555 | \$5,082 |
| 15 Total Resource Energy | | <u><u>(\$779,202)</u></u> |
| Cost Distribution | | |
| 16 Real Time Regulation Reserve Cost Distribution | 555 | \$118,903 |
| 17 Real Time Spinning Reserve Cost Distribution | 555 | \$65,124 |
| 18 Real Time Supplemental Reserve Cost Distribution | 555 | \$29,418 |
| 19 Total Cost Distribution | | <u><u>\$213,445</u></u> |
| Penalties | | |
| 20 Real Time Excessive/Deficient Energy Deployment | 555 | \$13,715 |
| 21 Real Time Contingency Reserve Deployment Failure | 555 | \$2,290 |
| 22 Total Penalties | | <u><u>\$16,005</u></u> |
| 23 Grand Total ASM Charges² | | <u><u>(\$745,088)</u></u> |

² Included new MISO ASM charges:
 DA Short Term Reserve Amount
 RT Short Term Reserve Amount
 RT Short Term Reserve Distribution Amount
 Short Term Reserve Deployment Failure Charge
 Short Term Reserve Procurement
 RT ST Reserve Gen Alloc Reclass

Derivation of February 2023 Replacement Costs for Disallowed Resources & Residential Bill Impact

| | <u>NSP System</u> | <u>ND Allocation¹</u> | <u>ND Jurisdiction</u> | |
|---|-------------------|----------------------------------|------------------------|-------------------------|
| Fuel & Purchased Energy Costs | | | | |
| 1 Fuel & Purch Energy Costs (Retail) ² | \$90,995,115 | 5.8080% | \$5,284,982 | |
| Disallowed PPA Costs | | | | |
| 2 Disallowed C-BED Wind PPAs ³ | (\$3,108,753) | 5.8080% | (\$180,556) | |
| 3 Disallowed Solar PPAs | (\$2,215,545) | 5.8080% | (\$128,678) | |
| 4 Curtailment Payments | (\$425,774) | 5.8080% | (\$24,729) | |
| 5 Total Exclusion | (\$5,750,072) | | (\$333,963) | Line 2 +Line 3+Line 4 |
| 6 Adjusted Fuel & Purchased Energy Costs | \$85,245,043 | 5.8080% | \$4,951,019 | Line 1 - line 5 |
| Energy Sales (Billing Mo.) | | | | |
| 7 MWh Energy Sales | 3,114,850 | 5.8080% | 180,910 | Att B Line 16,18 (D) |
| 8 Disallowed Resources MWh Energy Sales | 144,718 | 5.8080% | 8,405 | |
| 9 Adjusted MWh Sales (Billing Mo.) | 2,970,132 | | 172,505 | |
| Replacement Costs | | | | |
| 10 Avg. Sys. Cost w/o Disallowed Resources (\$/MWh) | \$28.70 | | \$28.70 | Line 6 / line 9 |
| 11 Replacement Cost for Disallowed Resources ⁴ | (\$4,153,513) | | (\$241,230) | Line 8 x line 10 |
| 12 Adjusted Fuel & Purch Energy Costs (Retail) | \$85,245,043 | 5.8080% | \$4,951,019 | Line 6 |
| 13 Exclude MISO Revenues (Includes Jeffers, Community Wind North & Rock Aetna) | \$839,765 | 5.8080% | \$48,773 | Att B Line 12 |
| 14 Net System Cost Excludes MISO Revenues | \$86,084,808 | | 4,999,792 | Line12 + Line 13 |
| 15 Adjusted MWH Sales (Billing Mo.) | 2,970,132 | | 172,505 | Line 9 |
| 16 Adjusted Average System Cost (\$/MWh) | \$28.98 | | \$28.98 | Line 14/Line 9 |
| 17 Net Replacement Cost | \$4,193,924 | | \$243,577 | Line 16 * Line 8 |
| ND Residential Bill Impact | | | | |
| 18 Cost Exclusion | (\$5,750,072) | | (\$333,963) | Line 5 |
| 19 Exclude MISO Revenues | \$839,765 | | \$48,773 | Line 13 |
| 20 Net Replacement Costs | \$4,193,924 | | \$243,577 | Line 17 |
| 21 Net Impact of Disallowance and Repricing | (\$716,383) | | (\$41,613) | Line 18+Line 19+line 20 |
| 22 FCR Impact of Disallowance & Repricing/kWh | | | -0.023¢ | Line 21 / line 7/10 |
| 23 Residential Monthly Bill Impact (750 kWh) | | | (\$0.17) | Line 22 x 750 |

¹ Based on ratio of ND billed energy sales to NSP System billed sales as shown in line 7

² Cost before disallowed resources excluded and includes MISO charges, less St. Paul Cogen proxy price adjustment.

³ Originally 15 C-BED PPAs. Two of the C-BED PPAs, Jeffers Wind and Community Wind North, became Company owned facilities in January 2021.

⁴ Reflects the average system fuel and purchased energy cost per kWh (excluding the disallowed PPAs, Jeffers Wind, Community Wind North and RcoK Aetna wind costs and volumes) applied to the energy volumes of the disallowed PPAs.

Derivation of FCR True-Up Adjustment - February 2023

Cost to Recover in February 2023

| | [a] Feb Sys Fuel <u>Cost/kWh¹</u> | [b] Feb ND <u>MWh Sales²</u> | <u>Amount</u> | |
|------------------------------------|--|---|--------------------|---------------|
| 1 Fuel & Purchased Energy Costs | 2.898¢ | 180,910 | \$5,242,773 | |
| 2 True Up Amount for December 2022 | | | \$704,424 | |
| 3 Net Costs | | | <u>\$5,947,197</u> | Line 1+Line 2 |

Cost Recovered in February 2023

| <u>Fuel & Purchased Energy</u> | <u>Sales</u> | <u>Amount</u> |
|------------------------------------|----------------|--------------------|
| 4 (i) Residential | 77,043 | \$2,700,425 |
| 5 (ii) C & I Non-Demand | 10,063 | \$354,485 |
| 6 (iii) C & I Demand Non-TOD | 54,751 | \$1,927,935 |
| 7 (iv) C & I Demand TOD On-Peak | 14,122 | \$597,769 |
| 8 (v) C & I Demand TOD Off-Peak | 23,268 | \$678,776 |
| 9 (vi) Outdoor Lighting | 1,663 | \$45,391 |
| 10 Total | <u>180,910</u> | <u>\$6,304,781</u> |

True-Up Obligation

| | | |
|----------------------------------|----------------|------------------|
| 11 (i) Residential | 77,043 | \$67,828 |
| 12 (ii) C & I Non-Demand | 10,063 | \$9,063 |
| 13 (iii) C & I Demand Non-TOD | 54,751 | \$39,007 |
| 14 (iv) C & I Demand TOD On-Peak | 14,122 | \$15,844 |
| 15 (v) C & I Demand TOD Off-Peak | 23,268 | \$18,145 |
| 16 (vi) Outdoor Lighting | 1,663 | \$1,112 |
| 17 Total | <u>180,910</u> | <u>\$150,999</u> |

| | | | |
|-----------------|--|--------------------|-------------------|
| 18 Net Recovery | | <u>\$6,455,779</u> | Line 10 + Line 17 |
|-----------------|--|--------------------|-------------------|

Over/Under Recovered Costs

| | | |
|-------------------------------------|--------------------|------------------|
| 19 True-Up Amount for February 2023 | <u>(\$508,582)</u> | Line 3 - Line 18 |
|-------------------------------------|--------------------|------------------|

¹ Reflects the average for the month of February 2023.

² Actual ND sales in month of February 2023.

Summary of Credits and Other Adjustments Included in the FCR by Month

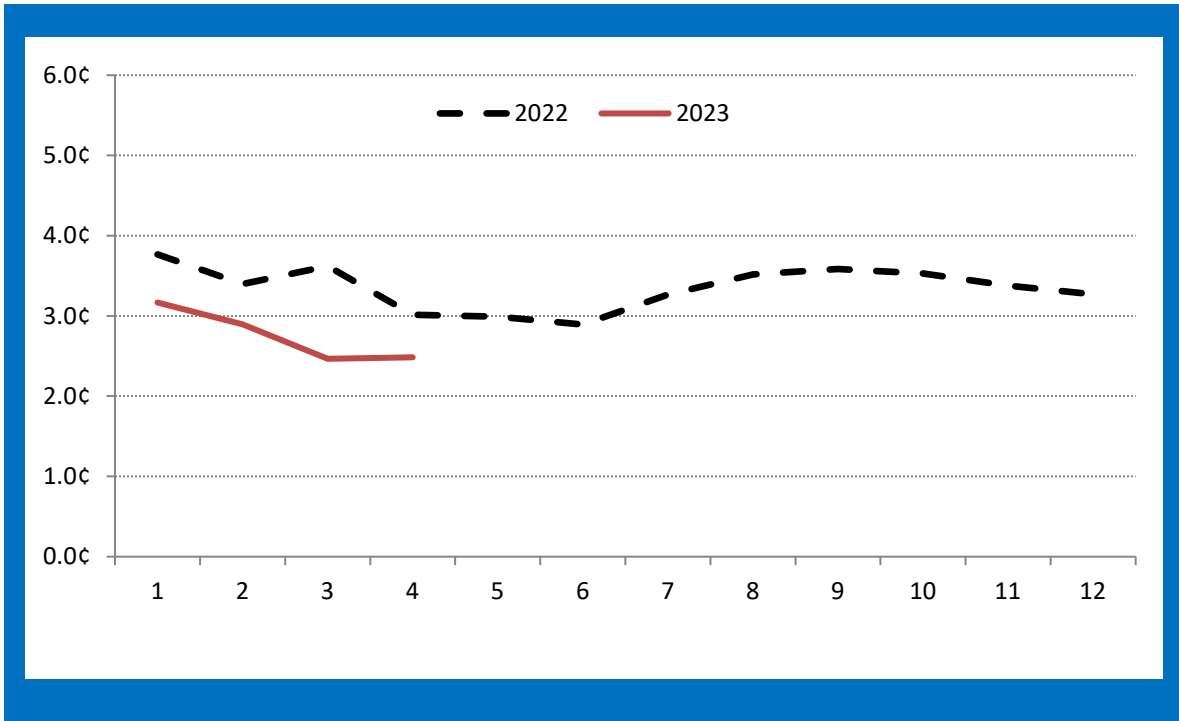
Margin Sharing and REC Sales Credits in Monthly FCR

| Month | Asset Based Margins | Non-Asset Based Margins | | Renewable Energy Credits | Total |
|-------------|----------------------|-------------------------|--|--------------------------|----------------------|
| 1 January | (\$2,212,492) | (\$218,593) | | (\$419,663) | (\$2,850,748) |
| 2 February | (\$3,212,835) | (\$83,891) | | (\$78,616) | (\$3,375,342) |
| 3 March | | | | | |
| 4 April | | | | | |
| 5 May | | | | | |
| 6 June | | | | | |
| 7 July | | | | | |
| 8 August | | | | | |
| 9 September | | | | | |
| 10 October | | | | | |
| 11 November | | | | | |
| 12 December | | | | | |
| 13 Total | <u>(\$5,425,327)</u> | <u>(\$302,484)</u> | | <u>(\$498,279)</u> | <u>(\$6,226,090)</u> |

Biomass Contracts Termination Cost Recovery in Monthly FCR

| Month | Benson Amortization (Regulatory Asset) | Benson Amortization (Plant Impairment) | Benson ROE (Regulatory Asset) | Benson ROE (Plant Impairment) | Laurentian Payment | Total |
|--------------|--|--|-------------------------------|-------------------------------|--------------------|------------------|
| | FERC 557 | FERC 407 | FERC 182.2 | FERC 182.3 | | |
| 14 January | \$19,946 | \$22,386 | \$4,439 | \$5,036 | \$0 | \$51,806 |
| 15 February | \$19,946 | \$22,386 | \$4,369 | \$4,957 | \$0 | \$51,658 |
| 16 March | | | | | | |
| 17 April | | | | | | |
| 18 May | | | | | | |
| 19 June | | | | | | |
| 20 July | | | | | | |
| 21 August | | | | | | |
| 22 September | | | | | | |
| 23 October | | | | | | |
| 24 November | | | | | | |
| 25 December | | | | | | |
| 26 Total | <u>\$39,892</u> | <u>\$44,772</u> | <u>\$8,808</u> | <u>\$9,993</u> | <u>\$0</u> | <u>\$103,464</u> |

Historical Trend of FCR Charges (Residential)



| Residential Fuel Cost Charges | | | | |
|-------------------------------|---------------|--------------------------------|-------------|--------------------------------|
| | <u>2022</u> | <u>Bill Impact¹</u> | <u>2023</u> | <u>Bill Impact¹</u> |
| 1 January | 3.767¢ | \$28.25 | 3.167¢ | \$23.75 |
| 2 February | 3.399¢ | \$25.49 | 2.894¢ | \$21.71 |
| 3 March | 3.623¢ | \$27.17 | 2.466¢ | \$18.50 |
| 4 April | 3.013¢ | \$22.60 | 2.484¢ | \$18.63 |
| 5 May | 2.992¢ | \$22.44 | | |
| 6 June | 2.893¢ | \$21.70 | | |
| 7 July | 3.268¢ | \$24.51 | | |
| 8 August | 3.518¢ | \$26.39 | | |
| 9 September | 3.585¢ | \$26.89 | | |
| 10 October | 3.530¢ | \$26.48 | | |
| 11 November | 3.379¢ | \$25.34 | | |
| 12 December | <u>3.272¢</u> | <u>\$24.54</u> | | |
| 13 Average | 3.353¢ | \$25.15 | 2.753¢ | \$20.65 |

¹ For non-electric heating residential customers using 750 kWh