

Memorandum

To: Commissioners Christmann, Haugen-Hoffart, and Fedorchak

From: Adam Renfandt, Public Utilities Analyst



Date: December 5, 2023

Re: Northern States Power Company, Transmission Facility Cost Recovery (2024), Rates, Case No. PU-23-315

On September 27, 2023, Northern States Power Company (NSP) filed its 2024 update to its Transmission Cost Recovery (TCR) rate. The 2024 revenue requirement is \$3,143,952. The TCR rate proposed is \$.001442 per kWh (approximately .1442 cents per kWh), or an increase of approximately \$0.43 for the average residential customer using 750 kWh per month. In total the 2024 revenue requirement increased approximately \$1.3 million over the 2023 revenue requirement.

The 2024 revenue requirement includes 2 new projects and several previously approved projects. One of the new projects is aimed at resolving congestion issues, while the second is the Rogers Lake 115 kV bus expansion (i.e., a reliability transmission project). The new and previously approved projects have a total 2024 revenue requirement of approximately \$0.1 million and \$3.7 million, respectively. In total the approved projects drove an approximately \$0.9 million increase in revenue requirements over the 2023 revenue requirement. This increase was largely driven by additional asset renewal programs, including major line rebuilds and refurbishments and end of life programs, which includes equipment replacement. The true-up of spending drove the remaining difference over the 2023 revenue requirements.

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 2024 TCR rates filed on September 27, 2023.

c: Alex Nesbit – Xcel Energy