

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Leif Clark,  Grid & Rate Engineer

Date: December 12, 2024

Re: Northern States Power Company, Renewable Resource Cost Recovery (2025), Rates, Case No. PU-24-341

On September 20, 2024, Northern States Power Company (NSP) filed a request for approval of its 2025 Renewable Energy Rider (RER). The purpose of this rider is to recover from NSP North Dakota electric customers the cost of renewable energy generation not presently reflected in retail rates. In this filing, NSP will recover costs of four previously approved projects and two new projects.

On December 12, 2024, NSP filed a Supplement to the 2025 Renewable Energy Rider filing. The supplemental filing revised NSP's ND RER revenue requirement by removing costs exceeding the cap established for the Wind Repower Portfolio in the Settlement Agreement resolving Case Nos. PU-20-425 and PU-21-93. The supplemental filing noted that the company believes the cost overruns were prudent and intends to file a supplement to the Wind Repower Portfolio ADP docket, Case No. PU-20-425. The following figures reflect the changes made in the supplemental filing.

The 2025 RER rate would be applied to all energy billed to each customer effective January 1, 2025. The RER rate for a residential, non-heating customer would decrease from \$0.002062 per kWh to \$0.002042 per kWh. As a result of the RER rate change, a residential electrical customer consuming 750 kWh per month would experience a bill decrease \$0.02 resulting in a total RER charge of \$1.53 per month.

The proposed recovery estimate for 2025 is \$4,361,703, a decrease of \$144,533 from the filing made for 2024. The Renewable Resource Cost Recovery Rider is trued-up on an annual basis, and NSP is projecting an under-collection of \$446,320 for 2024, which is factored into the 2025 recovery estimate as an addition.

Previously Approved Project Jurisdictional Costs:

- Freeborn Wind is estimated at \$1,700,067, a decrease of \$150,629 from 2024

- Dakota Range Wind is estimated at \$1,620,897, a decrease of \$125,394 from 2024
- Nobles Wind Repower is estimated at \$814,180, a decrease of \$96,277 from 2024
- Grand Meadows Repower is estimated at \$490,005, a decrease of \$98,664 from 2024.

New Project Jurisdictional Costs:

- Borders Wind Repower costs are estimated at \$229,441 for 2025
- Pleasant Valley Repower costs are estimated at \$165,722 for 2025

NSP noted that the costs of their self-build projects exceeded the aggregate cost cap set by the Second Settlement Agreement resolving Case Nos. PU-17-120 and PU-17-372. NSP is not seeking recovery of that cost overrun in the 2025 RER, but has noted that they believe the cost overruns were prudent and will be seeking recovery for them in the recently filed electric rate case.

Staff believes that the incurred costs detailed in NSP's Supplement to the pending 2025 Renewable Energy Rider filing are reasonable and prudent, comply with NSP's tariff, and are eligible for recovery through the Renewable Energy Rider. Based on this and the details contained within the filing, staff recommends approval of the NSP Renewable Energy Rider rate as calculated in the Supplemental Filing received on December 12, 2024.