

# Transmission Cost Rider (TCR) Proposed 2025 Rate

Informal Hearing (Case No. PU-24-349)

November 26, 2024



## TCR Statute – NDCC 49-05-04.3

- Authorizes PSC to approve rider recovery of new or modified electric transmission facilities
- Allows ROE at level approved in utility's most recent general rate case (9.50 percent)
- Allows a current return on capital work in progress (CWIP) if recovery of allowance for funds used during construction (AFUDC) is not sought in any other proceeding
- TCR recovery of a project stops when project costs have been transferred to base rates

# 2025 TCR Rate Overview

- Includes 5 new projects
- 2025 revenue requirement: \$4,756,570
- Proposed rate is 0.002231¢/kWh
- \$1.67 per month for typical residential customer (750 kWh use)
- The monthly TCR charge reflects an approximate increase of \$0.59 compared to the charge approved in our last TCR proceeding.

# TCR Rate History

| Test Yr | Case No.               | Rev Req                  | MWh Sales | Rate/kWh           | Res'l Bill Imp.  |
|---------|------------------------|--------------------------|-----------|--------------------|------------------|
| 2018    | PU-17-365              | \$7,393,329              | 2,261,208 | 0.3270¢            | \$2.45           |
| 2019*   | PU-18-364              | \$5,107,064              | 2,233,684 | 0.1914¢            | \$1.44           |
| 2020*   | PU-19-328              | \$6,835,616              | 2,233,428 | 0.3322¢            | \$2.49           |
| 2021**  | PU-20-406<br>PU-20-441 | \$8,831,036<br>\$288,731 | 2,136,485 | 0.4133¢<br>0.0135¢ | \$3.10<br>\$0.10 |
| 2022    | PU-21-396              | \$1,382,297              | 2,139,862 | 0.0764¢            | \$0.57           |
| 2023    | PU-22-402              | \$1,859,218              | 2,154,594 | 0.0873¢            | \$0.65           |
| 2024    | PU-23-315              | \$3,143,952              | 2,179,557 | 0.1442¢            | \$1.08           |
| 2025    | PU-24-349              | \$4,756,570              | 2,131,650 | 0.00223¢           | \$1.67           |

\* 2019, 2020 rates reflect 9 month recovery periods.

\*\* 2021 rates reduced in October to reflect roll-over of projects into base rates.

(Residential bill impact reflects 750 kWh use)

## 2025 Revenue Requirements vs. 2024 (000's)

|                       | 2025      | 2024    | Change  |
|-----------------------|-----------|---------|---------|
| Approved Programs     | \$1,241   | \$1,186 | \$55    |
| Approved Projects     | \$3,454   | \$2,659 | \$796   |
| New Projects          | \$552     | \$126   | \$426   |
| Total Project Rev Req | \$5,247   | \$3,971 | \$1,276 |
| MISO RECB Rev         | (\$1,117) | (\$894) | \$223   |
| True-up               | \$592     | \$403   | (\$189) |
| Net Rev Reqs          | \$3,446   | \$4,757 | \$1,310 |

# New Projects in 2025

| <u>Project</u>                                 | <u>2025 Rev. Req.</u> |
|--|-----------------------|
| 1. Brookings Second Circuit                    | \$369,512             |
| 2. MISO LRTP2 Alexandria-Big Oaks              | \$89,055              |
| 3. MISO LRTP4 Wilmarth-North Rochester-Tremval | \$44,735              |
| 4. MISO LRTP5 Tremval-Eau Claire-Jump River    | \$42,736              |
| 5. MISO LRTP6 Tremval-Rocky Run-Columbia       | \$6,359               |

# Program Revenue Requirement YoY - 2025

| Transmission Program          | 2024 TCR    | 2025 TCR    | Change    |
|-------------------------------|-------------|-------------|-----------|
| NSPM Major Line Rebuild       | \$794,338   | \$1,058,477 | \$264,139 |
| Comm Network Program          | \$372,597   | \$598,634   | \$226,037 |
| NSPM Steel Pole ELR           | \$194,915   | \$280,300   | \$85,385  |
| ELR - Relay - NSPM            | \$132,912   | \$181,971   | \$49,059  |
| ELR - Transformers - NSPM     | \$98,540    | \$133,868   | \$35,328  |
| ELR - Breakers - NSPM         | \$133,383   | \$167,724   | \$34,342  |
| ELR Nuclear NSPM              | \$31,995    | \$60,900    | \$28,904  |
| S&E - NSP Sub                 | \$172,565   | \$199,440   | \$26,875  |
| S&E - NSP Line                | \$132,361   | \$156,996   | \$24,635  |
| NSP Reloc B                   | \$59,038    | \$68,576    | \$9,538   |
| NERC Order 754 NSPM           | \$33,388    | \$40,670    | \$7,282   |
| Line ELR - NSPM               | \$75,067    | \$80,556    | \$5,488   |
| NSPM Major Line Refurbishment | \$361,948   | \$361,352   | (\$596)   |
| TACT                          | \$65,532    | \$64,733    | (\$799)   |
| NSPM Major Line Rebuild       | \$2,660,603 | \$3,456,222 | \$795,619 |

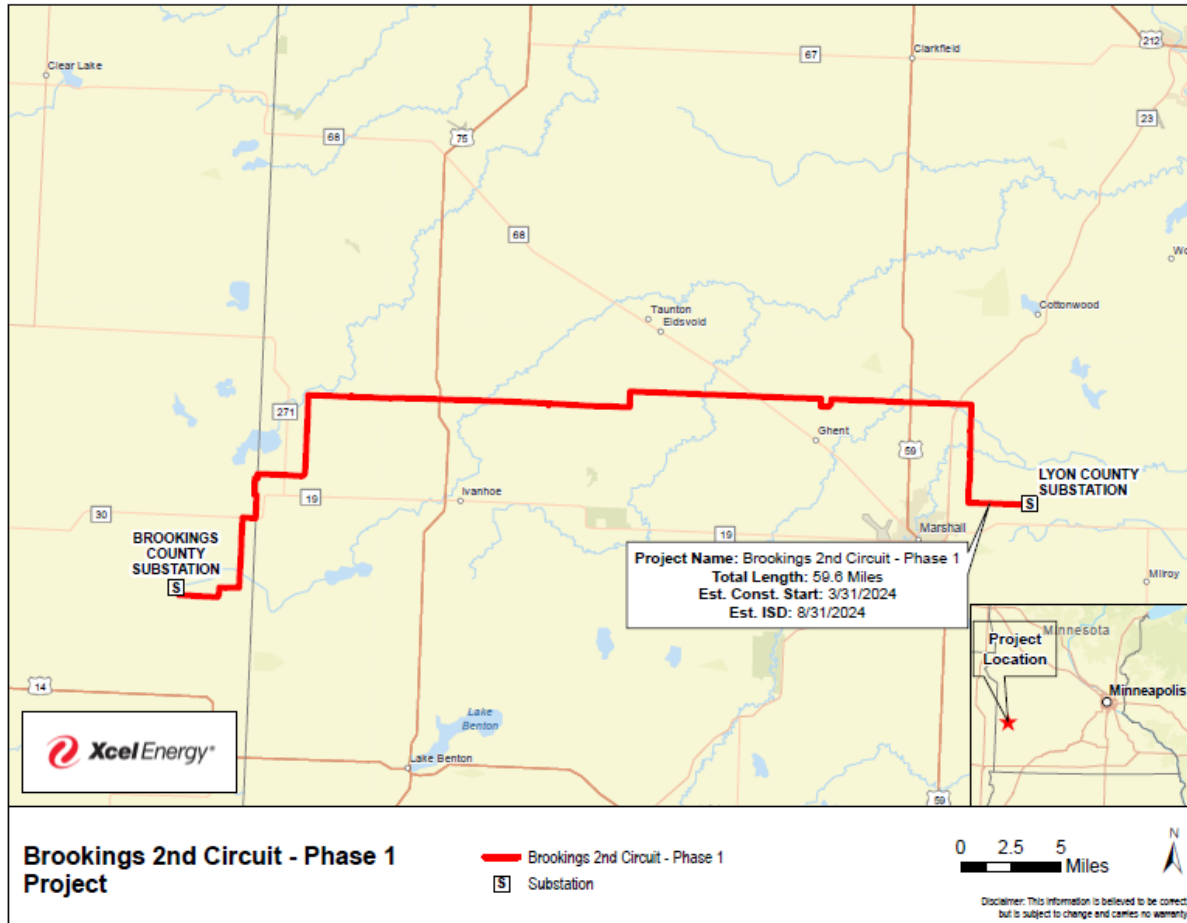
# Year Over Year TCR Cost Variances

- Would generally expect some project cost variances each year
  - Project scoping changes, permitting/routing, site conditions, commodity costs
- Annual TCR cost increases are primarily related to *Programs*, which are generally ongoing with incremental annual expenditures.
- *Programs* are groups of many individual projects undertaken for similar purposes (i.e., asset renewal, end-of-life replacement)
- Asset Renewal programs can be paced
- Budgeting by *Program* provides flexibility in allocating \$ each year
- Forecasted expenditures are trued up in the TCR, so customers aren't paying for unrealized costs

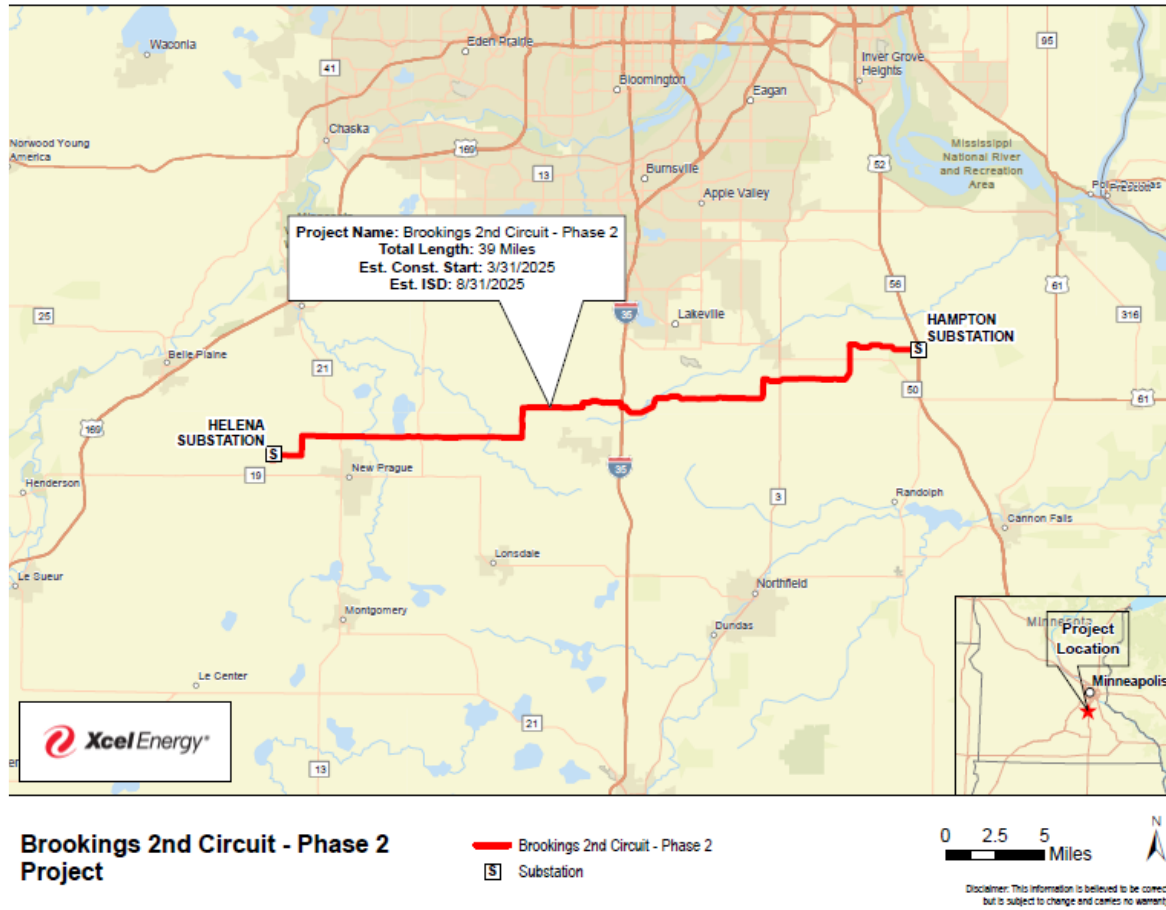


# Appendix

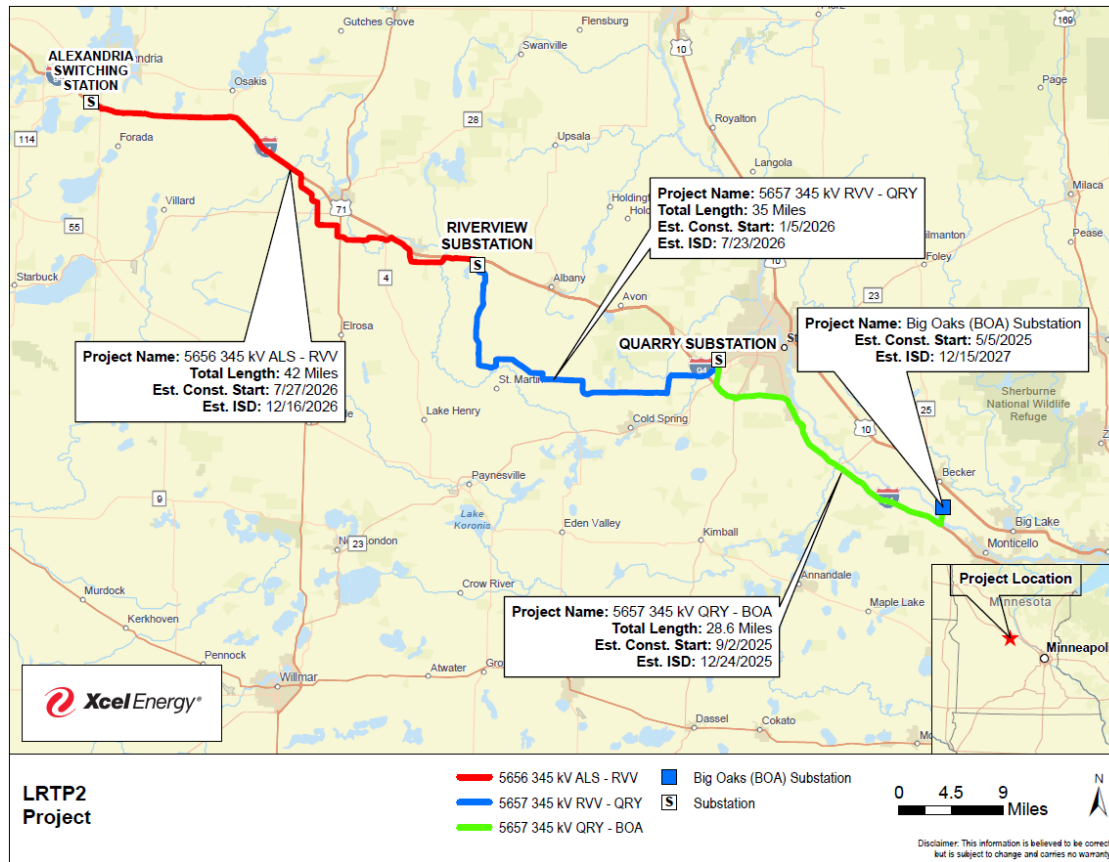
# Brookings 2<sup>nd</sup> Circuit – Phase 1



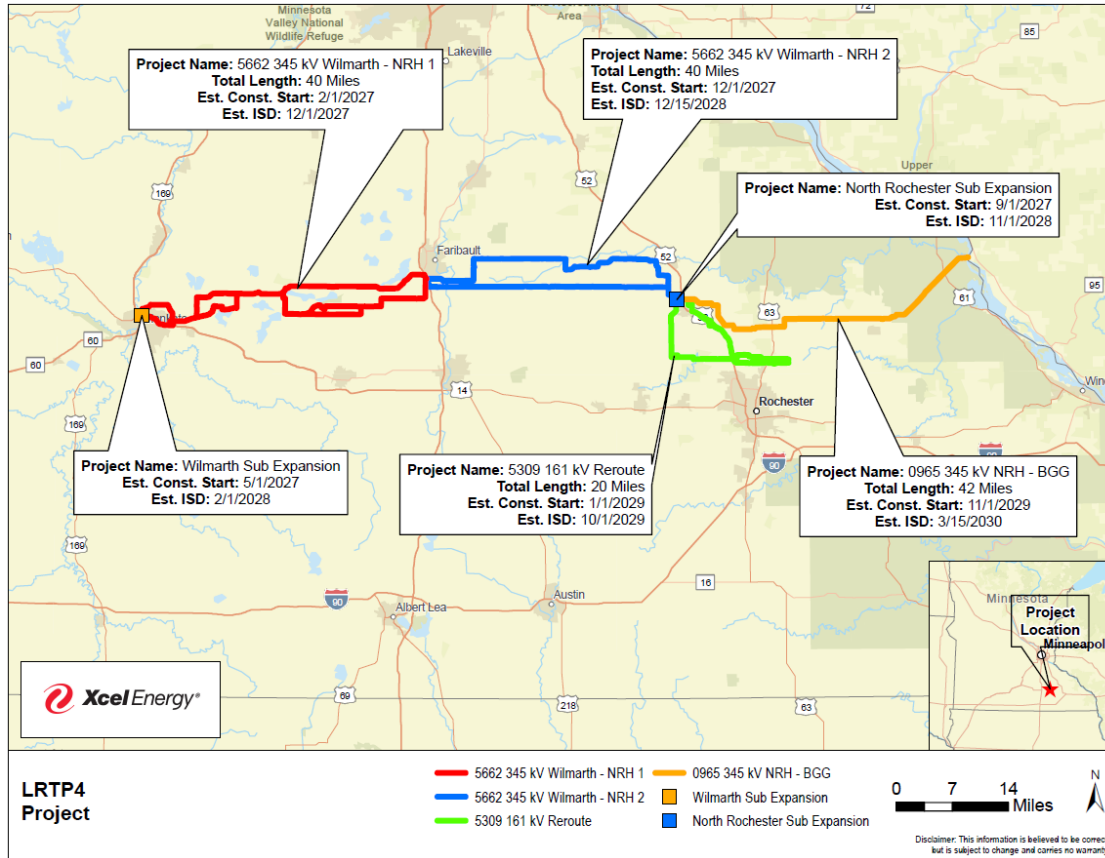
# Brookings 2<sup>nd</sup> Circuit-Phase 2



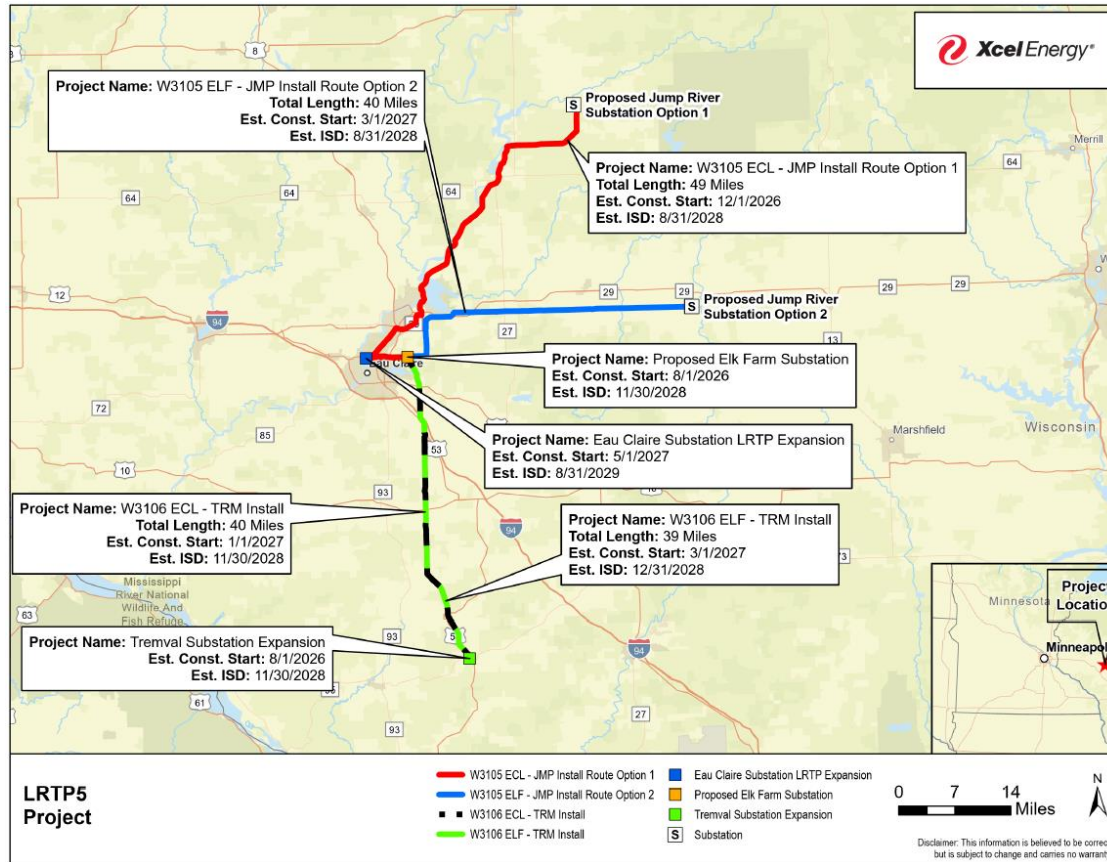
# L RTP2



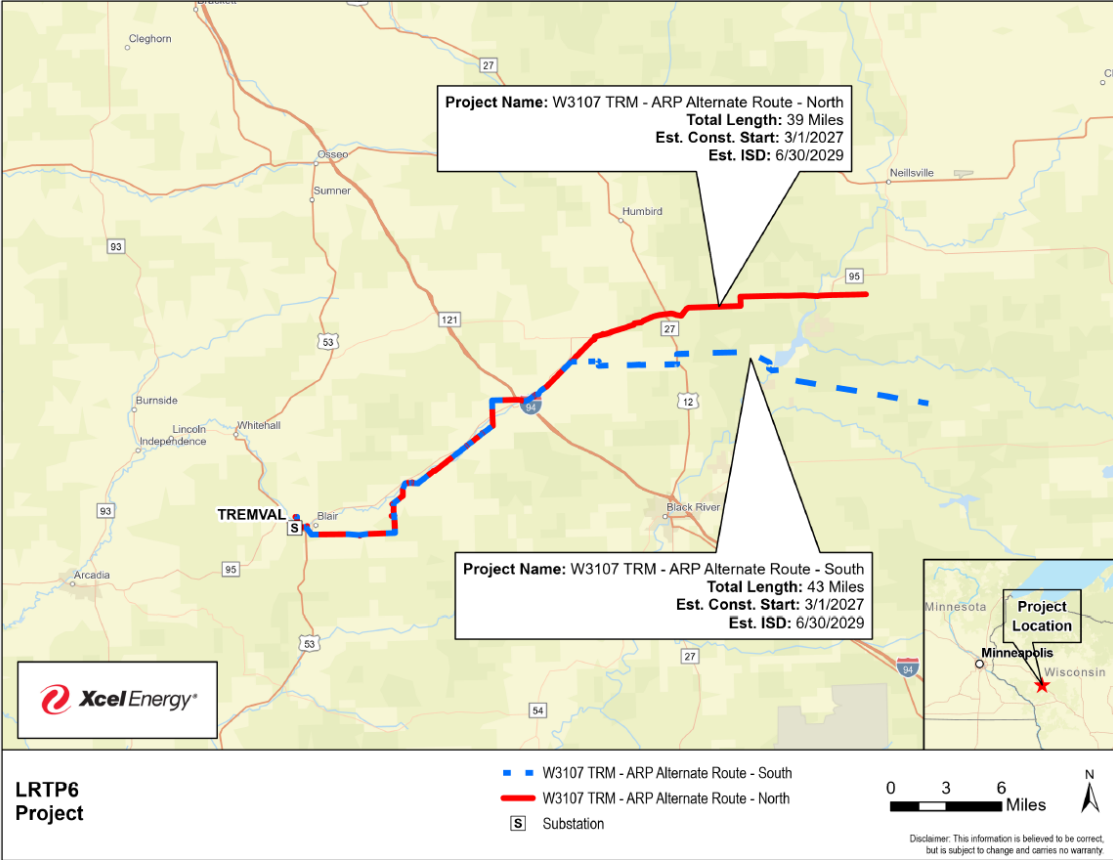
# L RTP4



# L RTP5



# L RTP6



# Approved Projects – Total Expenditures

| Previously Approved Projects in Millions           | 2024 MN TCR     | 2025 MN TCR     | Change         |
|--|-----------------|-----------------|----------------|
| Aldrich DCP  | \$1.68          | \$1.68          | -              |
| Avon – Albany Rebuild                              | \$8.13          | \$8.13          | -              |
| Bayfield Loop                                      | \$53.36         | \$51.50         | (\$1.86)       |
| Black Dog - Wilson                                 | \$3.70          | \$3.70          | -              |
| Congestion Capacity Increases                      | \$8.37          | \$11.95         | \$3.58         |
| DCP Dayton's Bluff Sub                             | \$4.81          | \$6.27          | \$1.46         |
| DCP Great Plains                                   | \$2.90          | \$2.84          | (\$0.06)       |
| Elm Creek New Transformer 10 Install               | \$14.04         | \$13.89         | (\$0.15)       |
| Elm Creek TR9 Reactor                              | \$1.34          | \$2.13          | \$0.79         |
| Helena to Scott County MISO Interconnections       | \$25.50         | \$25.50         | -              |
| HIBTAC 500kV                                       | \$21.41         | \$21.48         | \$0.07         |
| Hollydale Dist. 115kV                              | \$2.57          | \$2.57          | -              |
| Huntley-South Bend 161kV                           | \$23.98         | \$35.23         | \$11.25        |
| Huntley - Wilmarth                                 | \$52.91         | \$52.92         | \$0.01         |
| Lincoln County Capacitor Bank                      | \$5.12          | \$5.14          | \$0.02         |
| Line 0953 OPGW Replacement                         | \$2.41          | \$2.23          | (\$0.18)       |
| Long Lake-Baytown Line Upgrade                     | \$4.91          | \$4.98          | \$0.07         |
| Mallard Substation Expansion                       | \$6.70          | \$6.43          | (\$0.27)       |
| Nighthawk Substation                               | \$6.03          | \$6.85          | \$0.82         |
| NSM0953 Galloping Mitigate SPK                     | \$5.77          | \$5.77          | -              |
| Prairie Substation Capbank Remove                  | \$2.43          | \$2.43          | -              |
| Raptor Distribution Substation                     | \$2.37          | \$2.37          | -              |
| Rogers Lake 115 kV                                 | \$10.48         | \$10.00         | (\$0.48)       |
| So Wash Elec Reliab SWERU                          | \$13.24         | \$12.16         | (\$1.08)       |
| Wilmarth-TC Thru Flow Mitigation                   | \$5.26          | \$5.65          | \$0.39         |
| <b>Total Approved Project Expenditure Forecast</b> | <b>\$289.42</b> | <b>\$303.80</b> | <b>\$14.38</b> |

# New Projects – Total Expenditures

| <b>Project Expenditures in millions (continued)</b>    | <b>2024 TCR</b> | <b>2025 TCR</b>   | <b>Change</b>     |
|--|-----------------|-------------------|-------------------|
| <b>Total Approved Projects Expenditures</b>            | <b>\$289.42</b> | <b>\$303.80</b>   | <b>\$14.38</b>    |
| <b>New Projects Proposed</b>                           |                 |                   |                   |
| Brookings - 2nd Circuit                                |                 | \$99.23           | \$99.23           |
| LRTP2 Alexandria-Big Oaks                              |                 | \$133.98          | \$133.98          |
| LRTP4 - Wilmarth - North Rochester - Tremval           |                 | \$478.35          | \$478.35          |
| LRTP5 - Tremval - Eau Claire - Jump River              |                 | \$420.94          | \$420.94          |
| LRTP6 - Tremval - Rocky Run – Columbia                 |                 | \$149.69          | \$149.69          |
| <b>Total New Projects</b>                              |                 | <b>\$1,282.19</b> | <b>\$1,282.19</b> |
| <b>Total Project Expenditures Forecast in Millions</b> | <b>\$289.42</b> | <b>\$1,585.99</b> | <b>\$1,296.57</b> |

