



# Various Refunds via the Bill Credit Rider (BCR) PU-24-362

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Informal Hearing Presentation

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# Various Refunds via the BCR

- Proposing to issue the refunds over a 12 month-period beginning on January 1, 2025
  - Three separate lands sales in Minnesota (**\$405,248**);
  - 15<sup>th</sup> payment pursuant to a settlement with US DOE for 2023 damages due to the partial breach of its contract to take spent nuclear fuel (**\$551,161**);
  - Earnings-sharing due to revenue exceeding the 9.75 percent return on equity (ROE) set in the last electric rate case (**\$14,541,425**).
- Total refund amount to North Dakota customers is **\$15,497,834**.
  - Average residential customer receives \$77.19 over 12 months
- We have combined these refunds into one filing to expedite the process and conserve Commission and Company resources.

# Sherco Land Sale

- 348 acres of previous buffer land at Sherco.
  - No longer needed.
  - Selling it has no impact on our operations, reliability, or safety.
- Partnered with the City of Becker to seek opportunities for industrial development of the land.
- Agreement with Elk River Technologies for a data center.
- Sale Price: \$7,905,021
- North Dakota Jurisdictional Allocation: \$391,472

# City of Becker Land Sale

- The City of Becker approached the Company about 6.8 acres of land near the Sherco Generating Station.
- Only suitable location for a new lift station.
- Not necessary as a buffer; physically separate from other land the Company owns.
- Sale Price: \$209,141
- North Dakota Jurisdictional Allocation: \$9,682

# City of Red Wing Land Sale

- City of Red Wing was seeking easements and other property interests for a road improvement project near Prairie Island Generating Facility.
- Agreement:
  - Sold 10.94 acres
  - 0.56 acres of temporary easement
  - The Company may maintain uninterrupted access to the Prairie Island Generating Facility.
- Sale Price: \$167,172
- North Dakota Jurisdictional Allocation: \$4,094

# DOE #15 Settlement Proceeds

- Settlement has been extended another three years (15th, 16th and 17th payments) through December 31, 2025.
- 15<sup>th</sup> payment was received on October 31, 2024 in the amount of \$10,617,252.
  - For the period of January 1, 2023 to December 31, 2023.
  - North Dakota jurisdictional portion is \$551,161.
- Refund in accordance with Order in Case No. PU-23-044
  - Refund via the BCR over 12 months starting Jan 1, 2025

# Over-earnings for the 2021 and 2022 Electric Annual Reports

- Per provisions of the Order on Settlement in Case No. PU-20-441, the Company is obligated to refund 100 percent of weather-normalized earnings in excess of a 9.75 percent ROE.
- 2021 report of regulated earnings for ND electric resulted in a ROE of 11.34%
  - Refund obligation of \$7,107,218.
- 2022 report of regulated earnings for ND electric resulted in a ROE of 11.28%
  - Refund obligation of \$7,434,207.
- An over-earnings of \$14,541,425 is not contested by either party.
  - Refund this amount via the BCR over 12 months starting Jan 1, 2025.

# Over-earnings for the 2021 and 2022 Electric Annual Reports

- The Company and Commission Staff disagreed on revenues from excess capacity during 2022.
  - MISO Planning Resource Auction (PRA) is a market where participants buy and sell production capacity to cover peak demand plus a reserve margin in each of the four seasons.
  - Unable to reach agreement on how to assign capacity revenues from “disallowed resources” that are not approved for cost recovery in ND.
- Staff also had concerns with Covid related weather normalization adjustments made in ‘21 and ’22.
  - Accounted for increased a/c usage in the summer months.
- Will provide testimony on these issues in upcoming rate case.

Questions?

