



SMITH PORSBORG

Schweigert Armstrong Moldenhauer & Smith

ATTORNEYS AT LAW

November 25, 2025

VIA EMAIL ONLY

Public Service Commission

Attention: Steve Kahl

600 East Boulevard Avenue, Dept. 480

Bismarck, ND 58505-0480

ndpsc@nd.gov

In re: Northern States Power Company
2025 Electric Rate Increase
PU-24-376

Dear Mr. Kahl:

Enclosed for filing in the above-referenced matter please find the original and seven copies of the following:

1. Testimony of Adam Renfandt;
2. Declaration of Adam Renfandt; and
3. Affidavit of Service.

Thank you for your attention to this matter.

Respectfully,



MITCHELL D. ARMSTRONG
Special Assistant Attorney General for PSC
Advocacy Staff

amj
enclosures

cc: Alex Nisbet (w/enc.) (via email)
Lynnette Sweet (w/enc.) (via email)
Zeviel Simpson (w/enc.) (via email)
Julie Clark (w/enc.) (via email)
Eric Austin (w/enc.) (via email)
Brian Johnson (w/enc.) (via email)
ALJ Hope Hogan (w/enc.) (via email)

65 PU-24-376 Filed 11/25/2025 Pages: 14
Prefiled Direct Testimony of Adam Renfandt

Public Service Commission
Mitch Armstrong, SAAG, Advocacy Counsel

PSC.2

www.smithporsborg.com

122 E. Broadway Avenue Bismarck, ND 58501 P.O. Box 460 Bismarck, ND 58502-0460

Phone (701) 258-0630 Fax (701) 258-6498

Sheldon A. Smith *

Scott K. Porsborg ***

Suzanne M. Schweigert *

Mitchell D. Armstrong *

Stacy M. Moldenhauer **

David J. Smith *

Brian D. Schmidt *

Tyler J. Malm *

Morgan E. Butland Wentz *

McKenna Weisenburger *

* Licensed in North Dakota

** Licensed in Minnesota

*** Licensed in South Dakota

* Board Certified Civil Trial
Specialist by National Board
of Trial Advocacy

**BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

*Northern States Power Company
Electric Rate Increase, Application, Case No. PU-24-376*

TESTIMONY
OF
ADAM RENFANDT

ON BEHALF OF THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION
ADVOCACY STAFF

NOVEMBER 25, 2025

1 Q: Provide your name and qualifications.

2 A: My name is Adam Renfandt. I am a Public Utilities Analyst for the North Dakota
3 Public Service Commission (Commission). The Commission has appointed
4 me Advocacy Staff (Staff) in this proceeding. I have been an analyst on several
5 other rate cases, and advance determination of prudence and integrated
6 resource reviews.

7 Q: What is the purpose of your testimony?

8 A: I will provide the Commission with an analysis and recommendation concerning
9 the settlement agreement (Settlement) submitted by Northern States Power
10 Company (NSP), North Dakota Public Service Commission Advocacy Staff
11 (Staff), and Walmart Inc.

12

13 Q: Can you summarize the reasons and background underlying the Settlement?

14 A: The Settlement includes adjustments in numerous areas that have resulted in
15 disagreements between the parties over the last 10-15 years in other rate
16 cases, ADP proceedings, and other matters. Certain underlying decisions
17 regarding the resource mix, timing, and cost of NSP's transition from baseload
18 coal to different resources has resulted in significant differences between
19 Commission Staff and NSP. There have been impacts associated with those
20 choices that affect North Dakota customers yet conflict with North Dakota
21 policy. Over the course of years, there have been numerous discussions and
22 hearings addressing issues arising from these differences. There are several
23 factors contributing to the differences and many options have been explored to
24 try and align NSP's integrated system more closely with North Dakota's policy
25 preferences. Largely, the avenues explored have been unsatisfactory. The
26 Settlement, while not solving these issues, provides for the start of a path
27 forward under the integrated system while not ignoring important policy
28 preferences of North Dakota, yet still resulting in just and reasonable rates.

1 Q: Please summarize the Settlement.

2 A: The Settlement provides for a test year revenue requirement of \$254.01 Million
3 (M), a return on equity (ROE) of 9.8%, and numerous adjustments to rate base
4 and operations and maintenance (O&M) expenses.
5

6 Q: What is the total agreed revenue requirement for the test year?

7 A: All parties have agreed to a test year revenue requirement of \$254.01M. This
8 is an increase of \$23.86M over present rates. This is a reduction of \$20.7M
9 from NSP's original request of \$44.56M. The detailed breakdown of the
10 reductions are summarized in Table 1 attached at the end of the testimony.
11

12 Q: What revenue requirement adjustments are specified in the Settlement?

13 A: The revenue requirement adjustments include ROE, allowed resources,
14 disallowed resources, adjustments related to NSP's coal fleet, timing
15 adjustments, general operations and maintenance (O&M) & other revenue
16 adjustments, and an adjustment to the AGIS deferral.
17

18 Q: Is this a good outcome for NSP North Dakota ratepayers?

19 A: Yes. I believe the ROE and overall cost of capital reflects a just and reasonable
20 rate of return on NSP's property, used and useful, for the service and
21 convenience of the public in North Dakota.
22

23 Q: What are the components of the cost of capital?

24 A: The Settlement cost of capital includes a capital structure of 52.50% common
25 equity at a cost of 9.8%, 46.71% long term debt at a cost of 4.51% and 0.79%
26 short term debt at a cost of 5.31%. This structure nets a weighted average cost
27 of capital of 7.30%.
28
29
30

1 Q: What impact did the ROE reduction have on NSP's test year revenue
2 requirement?

3 A: The ROE reduction from NSP's requested 10.3% to the Settlement of 9.8%
4 reduces the test year revenue requirement by \$2.73M.
5

6 Q: What resources were allowed?

7 A: The Mankato Energy Center II PPA (MEC II) has been a source of
8 disagreement for several years, largely based on timing and the potential that
9 its need was a result of anticipated early retirements associated with NSP's
10 coal fleet. Through the passage of time, the need for MEC II has now arisen
11 despite the early retirements and it is appropriate to allow recovery for MEC II
12 at this time. In addition to MEC II, the Manitoba Hydro PPA, Cannon Falls PPA,
13 and Blue Lake Reciprocating Engines are allowed for the reasons explained in
14 the Settlement.
15

16 Q. What adjustments were made for NSP's nuclear fleet?

17 A. The parties agreed to NSP's proposal to extend the depreciable life for
18 ratemaking purposes of the Monticello Nuclear Generating Station by 10 years
19 and the Prairie Island Nuclear Generating Station by 20 years. These life
20 extensions result in an overall revenue requirement reduction of \$4.02M.
21 Adjustments to the Nuclear Decommission Trust because of the extensions
22 result in an additional revenue requirement reduction of \$2.25M.
23

24 Q. What adjustments are made for disallowed resources?

25 A. For purposes of the settlement, recovery is disallowed for Sherco Solar 1, 2,
26 and 3, reducing the revenue requirement by \$3.13M. In the interim before
27 NSP's next rate case, NSP will not seek recovery for Sherco Solar 1, 2, and 3
28 or other new solar projects. The decision to disallow these resources is tied to
29 cost, resource mix, other provisions in the Settlement, and based on

1 longstanding disagreements about the early retirement of NSP's coal fleet
2 which is further addressed below.

3
4 NSP also requested to extend the depreciable lives of the Red Wing and
5 Wilmarth refuse-derived fuel plants. Advocacy Staff does not agree with the
6 decision to extend the depreciable lives of these plants and the parties agreed
7 not to extend the depreciable lives. This increased the revenue requirement
8 by \$641,000.

9
10 Q. Explain the provisions of the Settlement relating to NSP's Coal Fleet.

11 A. NSP's decisions regarding its coal fleet have been the primary driver of
12 significant disagreements between it and Commission Staff for many years.
13 Despite the disagreements, NSP has moved forward with its plans. NSP retired
14 Sherco Unit 2 in 2024 and plans to retire Sherco Unit 1 in 2026, Sherco Unit 3
15 in 2030, and the Allen S. King Plant (King) in 2028. NSP has requested
16 accelerated depreciation consistent with these plans. The current approved
17 depreciation expense schedules for Sherco 1 and 2 reflect a retirement date of
18 January 1, 2035. The current depreciable life for Sherco 3 extends to
19 December 2034. The current depreciable life for King is through June 2037.
20 The Settlement retains the current depreciation rates for the coal fleet, reducing
21 the revenue requirement by \$8.47M.

22
23 While the early retirements of the coal fleet and the impact on rates have been
24 a factor in past rate cases, this case now occurs at a time when one of the
25 retirements has occurred and another retirement will occur next year. To
26 address this situation, the Settlement disallows certain resources above,
27 maintains the remaining depreciable lives, and negotiates a revenue
28 requirement amount associated with Staff's position that the retirement of the
29 coal units was premature as more fully explained in the Settlement. This

1 resulted in an increase to the revenue requirement of \$5M, which is offset by
2 other terms of the Settlement.

3
4 Q. What are the timing adjustments?

5 A. Certain capital additions that were planned to be in service in the test year will
6 not be in service resulting in a revenue requirement decrease of \$1.79M. The
7 Company's networking project with respect to LTE is continuing to be placed in
8 service resulting in a deferral that reduces the revenue requirement by
9 \$378,000.

10
11 Q: What are the general O&M expenses and other revenue adjustments?

12 A: The overall O&M expenses have been adjusted to reflect a differing opinion
13 between NSP and Staff as to the appropriate method to estimate certain O&M
14 expense items that fluctuate year to year. Similarly, other electric revenues
15 have been adjusted in a similar fashion. The Settlement provides for a portion
16 of Staff's recommended adjustment to NSP's estimates and results in a
17 decrease to the test year revenue requirement of \$2.7M. The Settlement also
18 incorporates the Commission's decision in Case No. PU-24-378, reducing the
19 revenue requirement by \$517,000. This reflects the removal of a settlement
20 payment NSP makes to a party close to the Prairie Island Nuclear Generation
21 Station that it entered into on August 3, 2023.

22
23 Q: What is AGIS and what adjustment was made for it?

24 A: AGIS is a customer metering and distribution management system which was
25 implemented by NSP. NSP accepted Staff's recommendation to amortize the
26 AGIS deferral over a period of ten years, reducing the revenue requirement by
27 \$380,000.

1 Q: What are the revenue requirement corrections and secondary calculations?

2 A: Based on the revenue requirement adjustments in the Settlement, there are
3 impacts to other areas resulting in a \$129,000 increase to the revenue
4 requirement. There was also a recalculation of NSP's payroll tax resulting in a
5 \$93,000 reduction.
6

7 Q: Is an earning sharing mechanism (ESM) part of this Settlement?

8 A: Yes. Under the terms of the ESM, NSP must return to customers 70% of
9 earnings in excess of 10.1% ROE. Along with the ESM are several terms to
10 hopefully avoid past disputes associated with calculating earnings. The ESM
11 also includes a provision to include 25% of the wholesale energy and capacity
12 revenue from disallowed resources in the calculation of earnings. This reflects
13 how the retirement of Sherco 2 and the future retirement of the other units
14 would have provided energy and wholesale revenues. For instance, as
15 capacity margins throughout MISO decline and with the addition of the
16 Reliability Based Demand Curve, capacity prices are likely to increase. The
17 retirement of Sherco 2 and other baseload resources does not help that picture
18 and decreases the excess capacity that could have been sold and returned to
19 ratepayers.
20

21 Q: What is the reason for the spread between the granted ROE of 9.8% and the
22 ESM set at 10.1%?

23 A: Staff agreed to this provision in recognition that NSP has real expenses relative
24 to the disputed resources that are providing some benefits to North Dakota
25 ratepayers even though NSP is not obtaining rate recovery for these resources.
26 This dead zone of ROE provides NSP an incentive to operate more cost
27 effectively by allowing an opportunity to recoup some costs before being
28 required to refund 70% of the overearnings to North Dakota customers. The
29 70% refund provides further incentive for NSP to operate efficiently and make
30 prudent decisions because it will have a stake in all earnings.

1 Q: Is the class revenue allocation and rate design just and reasonable?

2 A: Yes, the class revenue allocation of the Settlement moves the classes closer
3 to parity with the actual cost of service. This class cost allocation along with the
4 proposed rate design principles will provide for rate schedules designed in such
5 a manner that will result in a basis of charge to NSP customers that is just and
6 reasonable without undue discrimination and will also provide NSP with a just
7 and reasonable rate of return on its property, used and useful, for the service
8 and convenience of the public in North Dakota.

9

10 Q. What else has been resolved in the Settlement?

11 A. The parties have had a dispute regarding earnings sharing in 2021 and 2022
12 because of a topside adjustment. The ESM addresses this issue moving
13 forward and the parties agreed to refund \$781,000 to customers due to the past
14 topside adjustment. This refund will be included with the interim rate refund.
15 NSP has also agreed that it will not apply such topside adjustments on a
16 prospective basis. There was also a dispute regarding whether the ADP
17 settlement in Case No. PU-20-425 was on a portfolio or project basis and how
18 to handle overages related to the portfolio. The Parties resolved this issue
19 based on the evidence and provided for appropriate recovery associated with
20 these approved projects. Similarly, based on the information provided, the
21 Parties resolved an ongoing dispute regarding a refund arising from how to
22 calculate the MISO Resource Planning Auction (PRA) revenue attributed to
23 unrecoverable resources and how to calculate the PRA revenue associated
24 with them going forward.

25

26 Q: Does this conclude your testimony?

27 A: Yes, it does.

28

29

Table 1: NSP's Summary of Revenue Requirement for 2025 Test Period

Category	Adjustment Item Description	Adjustment Amount (\$000)	Revenue increase after adjustment (\$000)
As-Filed Rate Increase	NSP's as-filed rate increase request for the 2025 test year	—	44,556
Cost of Capital	Lower authorized ROE to 9.80% and adopt WACC of 7.30% using 52.5% equity and 47.5% debt	-2,729	41,827
Nuclear Fleet	Extend Prairie Island life by 20 years	-4,023	
	Adjust Nuclear Decommissioning Trust payments	-2,250	
	Subtotal – Nuclear Fleet	-6,273	35,554
Disallowed Resources	Disallow Sherco Solar 1–3	-3,128	
Disallowed Resources	Do not extend lives of Red Wing and Wilmarth refuse-derived fuel plants	+641	
	Subtotal – Disallowed Resources	-2,486	33,068
Coal Fleet	Maintain depreciable lives of Sherco Units 1–3 and the Allen S. King plant and return on undepreciated rate base	-8,474	
Coal Fleet	Coal Adder to account for costs if NSP was keeping plants in service until the end of their North Dakota depreciable lives	+5,000	
	Subtotal – Coal Fleet	-3,474	29,594
Timing Adjustments	Remove revenue requirement for Sherco Battery and Larimore Substation projects not coming into service in 2025	-1,791	
	Defer capital-related and O&M expenses for the LTE project in regulatory asset	-378	
	Subtotal – Timing Adjustments	-2,169	27,425

Category	Adjustment Item Description	Adjustment Amount (\$000)	Revenue increase after adjustment (\$000)
O&M Adjustments	Remove association dues	-11	
	Remove Chamber of Commerce dues	-33	
	Remove Xcel Energy Foundation donations	-299	
	Remove LTI environmental incentive	-211	
	Remove LTI time-based incentive	-589	
	Remove incentive compensation	-87	
	Remove aviation costs	-121	
	Remove economic development costs	-113	
	Apply O&M normalization	-154	
	Remove non-labor inflation costs	-521	
	Remove electric-vehicle initiative costs	-131	
	Remove Construction Work in Progress (CWIP)	-434	
	Remove payments to Prairie Island Indian Community	-517	
	Subtotal – O&M Adjustments	-3,220*	24,204
Corrections & Secondary Calculations	Recalculate payroll tax	-93	
	Make secondary calculations (ADIT proration, cash working capital, rider revenue)	+129	
	Subtotal – Corrections & Secondary Calculations	+36	24,240
AGIS Deferral	Amortize the AGIS deferral over 10 years	-380	23,861
Revenue Increase After Adjustments	Settlement Revenue Requirement	—	23,861

* Minor difference between subtotal shown and sum of items above due to rounding. The table demonstrates how the base revenue evolves from the as-filed rate increase of **\$44,556 (\$000)** to the settled revenue requirement of **\$23,861 (\$000)** after sequentially applying each adjustment.

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Northern States Power Company
2025 Electric Rate Increase
Application

Case No. PU-24-376

DECLARATION OF ADAM RENFANDT

Adam Renfandt, under penalty of perjury, states that he has read the testimony submitted in the above captioned matter under his name, that it was prepared by him or under his direction, that he knows the contents thereof, and that the same are true and correct to the best of his knowledge and belief.

Signed on the 25th day of November, 2025 at Bismarck, North Dakota.

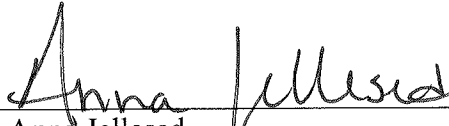
A handwritten signature in black ink, appearing to read 'A. Renfandt', written over a horizontal line.

Adam L. Renfandt

PUBLIC SERVICE COMMISSION

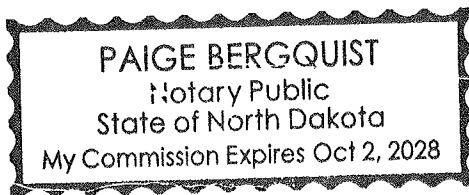
Case No. PU-24-376

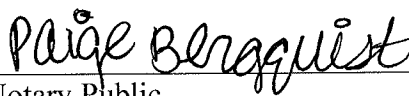
Brian Johnson
Public Service Commission
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0480
brljohanson@nd.gov



Anna Jellesed

Subscribed and sworn before me this 25th day of November, 2025.





Notary Public
Burleigh County, North Dakota