

# Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Kringstad

From: Robert Frank Public Utility Analyst

RF

Date: November 13, 2025

Re: Northern States Power Company, Renewable Resource Cost Recovery (2026), Rates, Case No. PU-25-248

On September 10, 2025, Northern States Power Company (NSP) filed a request for approval of its 2026 Renewable Energy Rider (RER) to recover from NSP North Dakota customers costs of renewable energy generation not currently recovered in base rates. The RER would recover costs associated with six previously approved projects until the completion of the December 2024 electric rate case, Case No. PU-24-376, after which four of the six projects will be moved to base rates for recovery and a true-up will occur.

The four projects included in the RER that will be moved to rate base include:

- Freeborn, estimated at \$1,654,544, a decrease of \$24,276 from 2025
- Dakota Range, estimated at \$1,468,506, a decrease of \$65,381 from 2025
- Nobles Repower, estimated at \$652,404, a decrease of \$83,798 from 2025
- Grand Meadows Repower, estimated at \$399,565, a decrease of \$76,631 from 2025

Two projects will continue to be recovered in the RER after the completion of the rate case:

- Pleasant Valley Repower, estimated at \$835,468, an increase of \$694,231 from 2025
- Border Winds Repower, estimated at \$1,020,266, an increase of \$853,818 from 2025

The proposed revenue requirement for the 2026 RER is \$5,210,625, an increase of \$848,922 from the 2025 revenue requirement. There are no significant project changes or cost variances associated with the forecasts of the revenue requirement for any of the capital projects since the last annual filing. The revenue requirement reflects a trued-up over-collection from last year of \$560,212.

The cost of NSP's five self-build projects (Foxtail, Blazing Star I, Blazing Star II, Freeborn, and Dakota Range) exceeded the aggregate cost cap set by the Second Settlement Agreement from Case Nos. PU-17-120 and PU-17-372. This cost overrun is not included in the RER and recovery will be sought in the December 2024 electric rate case.

The Settlement Agreement that resolved Case Nos. PU-20-425 and PU-21-93 established an aggregate cost cap to the Border Winds, Grand Meadow, Nobles, and Pleasant Valley Wind Repower projects. The capital forecasts in the current filing exceed the agreed upon cost cap. NSP is not seeking recovery of those costs in the RER. However, if the Commission determines that the cost overruns are prudent, NSP will update the RER tracker for 2025 and will include the cap overage in the next annual Renewable Energy Rider.

The 2026 RER rate would be applied to all energy billed to each customer effective January 1, 2026. The RER rate would increase from \$0.002042 per kWh to \$0.002437 per kWh. As a result of the RER rate change, a residential electrical customer consuming 750 kWh would experience a bill increase of \$0.30 per month.

Staff believes the incurred costs detailed in NSP's 2026 RER are reasonable and prudent, comply with NSP's tariff, are eligible for recovery and should be approved.

C. Alex Nisbet