


# Memorandum

To: Commissioners Christmann, Haugen-Hoffart, and Fedorchak

From: Adam Renfandt, Public Utilities Analyst 

Date: November 7, 2025

Re: Northern States Power Company, Transmission Facility Cost Recovery (2026), Rates, Case No. PU-25-257

On September 19, 2025, Northern States Power Company (NSP) filed an annual update under its Transmission Cost Rider (TCR) tariff. The proposed rate for 2026 includes the costs for four new transmission projects, updated costs for previously approved projects, updated Midcontinent Independent System Operator and Southwest Power Pool revenues and expenses, and a true-up amount from the current rate. The increase for a residential customer using 750 kWh per month would be \$1.26 per month proposed to be effective January 1, 2026.

NSP included two new projects in the TCR relating to congestion relief and voltage support and two additional projects related to a substation and transformers and feeders. NSP also updated costs to previously approved projects and updated regional transmission organization revenues and charges.

The 2026 revenue requirement increased by approximately \$3.8M. Approximately \$700k of this increase was driven by NSP's Major Line Rebuilds with \$300k of additional revenue requirement driven by the Communications Network Program. Approximately \$400k of the increase was driven by NSP's four LRTP Tranche 1 projects. The LRTP Tranche 1 increase reflects how project construction has recently begun. Additional MISO Schedule 26/26a charges drove an \$800k increase and the true-up drove an additional \$700k increase. The remaining increases were spread out among the other projects.

Staff notes that the 5-year budgets for the Communications Network Program (CNP) and the Major Line Rebuild (MLR) Program have increased over the years as shown on the attached chart. Starting in 2025, NSP began planning its efforts to comply with FERC Order 881, which required utilities to implement Ambient Adjusted Ratings to replace static seasonal ratings. The Order mandated that transmission systems be capable of increasing line ratings based on temperature.

The 5-year budget for the MLR Program increased significantly year-over-year. Based on wildfire concerns, NSP had an inspection backlog of its aged assets, and after it

began clearing this inspection backlog, it identified defects in transmission lines built in the 1950s and 1960s that were too pervasive for refurbishments and so rebuilds were determined to be the most appropriate path forward. This trend can be seen in the 5-year budget trend where dollars shifted from the refurbishment category to the rebuild category.

NSP proposes a 2026 TCR rate of \$0.003013 per kWh (.3013 cents per kWh) for residential customers and a total revenue requirement of \$8,608,417. It is to be collected over the period January 1, 2026, through December 31, 2026.

The change results in a billing increase for a residential customer using 750 kWh per month of \$1.26 over the existing TCR rate.

Staff believes the incurred costs detailed in NSP's filing are reasonable and prudent, comply with NSP's tariff, and are eligible for recovery through the TCR. Based on this and the details contained within the filing, Staff recommends approval of NSP's 2026 TCR.

c: Alex Nisbet – Xcel Energy

<b>Comm Network Program</b>										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	5-year rolling Sum
2022 Filing	254,766	8,738,649	28,349,938	23,949,400	25,271,742					86,564,495
2023 Filing		6,189,654	25,890,376	20,290,410	25,624,395	25,945,500				103,940,335
2024 Filing			13,408,471	24,574,606	21,964,525	21,553,666	20,160,036			101,661,304
2025 Filing				38,341,120	43,861,273	47,842,215	41,816,001	29,737,227		201,597,835
2026 Filing					39,467,328	50,805,766	58,144,476	13,035,610	32,624,018	194,077,198
<b>NSPM Major Line Rebuild</b>										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	5-year rolling Sum
2022 Filing	3,379,451	12,924,626	77,811,775	61,653,044	72,643,673					228,412,569
2023 Filing		14,305,050	75,769,083	56,057,160	38,331,517	25,537,604				210,000,413
2024 Filing			57,190,488	57,404,658	76,604,477	62,054,190	97,013,842			350,267,655
2025 Filing				68,155,930	57,017,313	66,552,750	65,272,352	25,040,310		282,038,654
2026 Filing					69,407,005	101,433,583	124,550,125	81,490,864	47,683,244	424,564,821
<b>NSPM Major Line Refurbishment</b>										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	5-year rolling Sum
2022 Filing	3,796,190	7,059,937	17,983,481	19,600,000	19,600,000					68,039,608
2023 Filing		5,913,351	24,629,336	36,546,509	33,351,753	18,767,000				119,207,948
2024 Filing			17,121,820	32,202,350	18,392,910	17,451,946	16,455,180			101,624,206
2025 Filing				33,471,937	11,963,556	17,779,169	9,055,000	5,390,000		77,659,663
2026 Filing					31,719,129	20,285,537	2,426,614	196,000	1,842,400	56,469,679