

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Kringstad

From: Robert Frank Public Utility Analyst

RF

Date: January 28, 2026

Re: Northern States Power Company, Cogeneration – Small Power Production, Rates, Case No. PU-26-18

On January 2, 2026, Northern States Power Company (NSP) filed its annual update of cogeneration and small power production rate schedules as required under the federal Public Utilities Regulatory Policies Act of 1979 (PURPA) and Commission rules. These rate schedules provide standard rates for purchase of energy and generating capacity from small customer-owned Qualifying Facilities (QFs) as defined under PURPA. PURPA originally obligated utilities to purchase electricity delivered by QFs at a price equal to the costs the utility would have paid to generate the electricity itself or purchase the electricity elsewhere (avoided costs). Amendments to PURPA under the Energy Policy Act of 2005 allow FERC to relieve utilities of that purchase obligation if FERC finds that the QF has access to energy markets, such as the MISO or SPP markets. NSP has not been relieved. NSP estimates these costs utilizing the methodology of what the utility would have to pay to generate the electricity itself from a combustion turbine generation unit.

The filing includes revised tariff rates for NSP's Net Energy Billing Service, Purchase and Sale Billing Service, and Time of Day Purchase Service, effective March 1, 2026. Metering charges are unchanged for each tariff rate. The rate for energy payments increased an average of 12% for each tariff rate. Capacity charges for firm power in the Jun-Sep timeframe increased 9% while the Oct-May timeframe increased an average of 93% (the capacity payments during this timeframe are lower compared to Jun-Sep, but an increase results in a larger percentage increase). The number of customers on the company's Net Energy Billing Service remained at seven in the current year and the total excess kWh sold to NSP decreased from 6,829 to 5,784.

Staff has reviewed the filing and recommends approval.