

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger	Chair
Dr. David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Petition of Northern States Power Company for Approval of a Modification to its TCR Tariff, 2015 TCR Rate Adjustment Factors, and 2014 TCR True-Up and Compliance Filing

DOCKET NO. E001/M-14-852

**COMMENTS OF THE OFFICE OF THE
ATTORNEY GENERAL – RESIDENTIAL
UTILITIES AND ANTITRUST DIVISION**

I. INTRODUCTION

Northern States Power Company (“NSP”) requested approval of its 2015 Transmission Cost Recovery (“TCR”) Rider on October 1, 2014 (“Petition”). The Office of the Attorney General – Residential Utilities and Antitrust Division (“OAG”) submits these comments on NSP’s proposal to add two projects to its TCR Rider. As set forth below, the Commission should reject NSP’s request to add these projects because NSP previously committed not to seek rider recovery for any projects during the pendency of its requested multi-year rate plan (“MYRP”) currently being considered by the Commission.

II. ANALYSIS

NSP requests cost recovery for out-of-state transmission projects that are incurred as part of the CAPX2020 project—a multistate transmission improvement program undertaken by NSP and other utilities throughout the Midwest. Specifically, NSP requests recovery of jurisdictional costs associated with its Big Stone-Brookings line in South Dakota (“Brookings”) and its Couderay-Osprey line in Wisconsin (“Couderay”). NSP bases its request on a 2013 amendment

to Minnesota Statutes section 216B.16, subdivision 7b (“TCR Rider Statute”), which expanded the types of transmission projects eligible for rider recovery to include the following:

new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system . . .¹

NSP calculates that including the Brookings and Couderay projects would result in \$3.5 million in additional revenue requirements for 2015 and \$7.5 million in additional revenue requirements for 2016.²

In NSP’s current rate case, the company explained that “the Commission’s MYRP Order requires the company to analyze and propose the elimination or reduction of the use of rate riders as a condition for proposing a multi-year rate plan.”³ To fulfill this condition, the company eliminated several riders in its MYRP proposal, while making modifications to others. The company proposed to include several projects in base rates that would have qualified for recovery through the TCR Rider. NSP also proposed “*Not* to add new transmission projects to the TCR Rider during the multi-year rate plan.”⁴ The company established a set of screening criteria to determine the transmission projects that it would include in its rate case. In other words, NSP elected not to seek recovery of some projects, either through the MYRP or its TCR Rider, that presumably would have otherwise qualified for recovery. NSP accepted this circumstance in order to receive the benefits of the MYRP. This process allowed the MYRP to promote the Commission’s goals of increasing administrative efficiency and rate stability and, as

¹ Minn. Stat. § 216B.16 Subd. 7b (a)(ii).

² Petition at 8.

³ Direct Testimony of Mr. Jeffrey C. Robinson (submitted on November 4, 2013) at 35.

⁴ *Id.* at 39 (emphasis in original).

a practical matter, allowed NSP to determine the criteria it would use to “screen” projects for inclusion in the MYRP.

NSP now suggests receiving rider recovery for two new transmission projects that it did not include in its rate case. NSP states that these projects did not meet its internal screening threshold for the MYRP.⁵ NSP explains that it has altered its commitment not to seek rider recovery of new transmission projects because the amendment to the TCR Rider Statute was made after its MYRP filing and because it allows NSP to recover the costs of these out-of-state transmission projects.⁶

The OAG recognizes that the circumstances presented here—a statutory change after NSP filed its MYRP—are unusual. These unusual circumstances, however, do not adversely affect NSP or present a reason to alter its previous commitment. The company knew that any costs it failed to include in its rate case could not be added to the TCR Rider during the course of the MYRP. NSP excluded certain costs from its request because they did not meet the screening threshold it established.⁷ Therefore, NSP did not expect to recover the costs it now requests during the period of the MYRP, and should not be allowed to withdraw the commitment simply because a statutory change now allows it to receive rider recovery. Moreover, the fact that rider recovery was not permitted for either of these projects when NSP filed its rate case suggests that the company anticipated that these projects would not be recovered unless they were included in the MYRP. While the OAG acknowledges that NSP could seek recovery for these costs after the expiration of the MYRP, the commitment made by NSP should preclude NSP from seeking

⁵ Petition at 8.

⁶ See Minn. Stat. § 216B.16 subd. 7b (a)(ii).

⁷ Filing at 8.

recovery of any costs outside of the MYRP, regardless of statutory changes that may have occurred.

III. RECOMMENDATION

For the reasons set forth above, the OAG recommends that the Commission not allow rider recovery of any costs for new projects that were not included in NSP's 2013 general rate case and MYRP. NSP committed not to seek recovery of these projects.

Dated: December 31, 2014

Respectfully submitted,

LORI SWANSON
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s/ Ian Dobson
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STATE OF MINNESOTA

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December 31, 2014

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Re: *In the Matter of the Petition of Northern States Power Company for Approval of a Modification to its TCR Tariff, 2015 TCR Rate Adjustment Factors, and 2014 TCR True-Up and Compliance Filing*
MPUC Docket No. E001/M-14-852

Dear Dr. Haar:

Enclosed and e-filed in the above-referenced matter please find *Comments of the Office of the Attorney General – Residential Utilities and Antitrust Division*.

By copy of this letter, all parties have been served. An Affidavit of Service is also enclosed.

Sincerely,

s/Ian Dobson

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Enclosure

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