



NEWS RELEASE
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PSC Approves Agreement with Xcel Energy Resolving Multi-State Energy Policies

BISMARCK, N.D. – The North Dakota Public Service Commission (PSC) today approved a comprehensive settlement agreement with Northern States Power Company (Xcel Energy) that addresses several persistent challenges between Xcel and North Dakota regulators.

“As a North Dakota regulator, my priority will always be North Dakota customers,” said Commissioner Brian Kalk. “Today’s settlement strikes a balance between protecting North Dakota ratepayers and making sure we have a reliable regional energy grid, while acknowledging that individual states have a right to set their own state energy policies.”

The Commission today approved an order that resolves all outstanding issues on cost allocation for new resources developed in Xcel’s system. The agreement today resulted from a 2014 settlement that outlined the commitment to finding a framework to allocate costs associated with Minnesota energy mandates that may not be prudent to North Dakota consumers.

“This settlement agreement delivers three big wins for North Dakota Xcel customers,” said Commission Chairman Julie Fedorchak. “It prohibits a general rate increase for two more years, secures a commitment to gas-powered generation to strengthen reliability in the Valley by 2025 , and it eliminates from our rates a number of costly experimental energy projects driven by Minnesota policymakers.”

The agreement today includes the following:

- A commitment by Xcel to build or have located in eastern North Dakota a natural gas-fired electric generation facility with a capacity of at least 200 megawatts. The turbine will be treated as an Xcel system resource and will be allocated to all states and customers served by the Xcel system.
- North Dakota customers will NOT have to pay for 15 Community Based-Energy Development and two small solar purchase power agreements being implemented because of Minnesota-driven alternative energy projects.
- The proportional share of the cost of six key biomass purchase power agreements and two wind projects (Odell and Pleasant Valley) will continue to be recovered in North Dakota. The biomass resources will provide approximately 145 megawatts of baseload-type capacity to the entire Xcel system and the two wind projects will provide low-cost energy to the Xcel system, thereby reducing overall system costs.

- A rate freeze for base electric rates until at least 2018.
- Development of a mechanism for dealing with divergent state energy policies.

“While regulators in some states are determined to impose arbitrary costs on these multi-state power companies, this order shows that the North Dakota PSC is just as determined to make sure our citizens do not have to pay those costs,” said Commissioner Randy Christmann.

The Commission also approved two other settlement agreements today affecting North Dakota electric consumers:

Northern States Power (NSP) Company DOE Settlement Customer Credit

The Commission today approved a request from NSP (Xcel Energy) to refund to customers over \$700,000 awarded as part of a settlement with the United States Department of Energy (DOE). Under the Nuclear Waste Policy Act, utilities were required to enter into contracts with the DOE for the disposal of spent nuclear fuel. In exchange, the DOE committed to transport and dispose of the waste nuclear fuel beginning no later than Jan. 31, 1998.

In 1998, NSP filed the first of two lawsuits against the DOE seeking to recover damages associated with the storage of spent nuclear fuel at the company’s two nuclear generating stations. The most recent settlement that results in the refunds approved today is for a three-year period ending in 2016. Two additional payments are expected.

The refunds will be distributed to Xcel customers as a one-time credit on their bill based on usage over the past year. The average residential customer will receive approximately \$3. Approximately 30 percent of the electricity used by Xcel customers in North Dakota comes from nuclear energy sources.

Montana Dakota Utilities (MDU) Generation Resource Cost Recovery

The Commission approved a change to MDU’s Generation and Resource Recovery Rider. The changes proposed were to adjust the revenue collected for the Heskett III project and the addition of the Reciprocating Internal Combustion Engines co-located with the Lewis and Clark Generating Station.

The agreement approved today allows MDU to recover approximately \$9.7 million, not to exceed a 10.5 percent annual return. The average residential customer can expect an increase of approximately \$1.94 per month. The Generation Resource Recovery Rider will be implemented on an interim basis pending the outcome of an electric rate case that will be filed with the Commission later in 2016. It is expected that the rider will be eliminated after the costs are included in base rates after the conclusion of the rate case.

The North Dakota Public Service Commission is a constitutionally created state agency with authority to permit, site and regulate certain business activities in the state including electric and gas utilities, telecommunications companies, power plants, electric transmission lines, pipelines, railroads, grain elevators, auctioneers, commercial weighing devices, pipeline safety and coal mine reclamation. For more information, contact the Public Service Commission at (701) 328-2400 or www.psc.nd.gov.

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