

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Northern States Power Company  
Natural Gas Rate Increase  
Application**

**Case No. PU-06-525**

**ORDER**

**February 7, 2007**

On December 15, 2006, Northern States Power Company (NSP) filed an application to increase its natural gas rates. The application included an interim rate increase.

Under N.D.C.C. section 49-05-06(2) a company filing for a rate increase is entitled to an interim increase, but the rate increase must meet certain criteria. These include: the same rate of return on common equity authorized by the Commission in the public utility's most recent rate proceeding; rate base and expense items the same in nature and kind allowed by the Commission in its most recent rate proceeding and; no change in the existing rate design.

NSP's interim rate increase is based on a projected 2007 test year and seeks an increase in annual revenue collections of \$2,551,000, or an overall increase in retail revenues of 2.74%. To accomplish this, NSP filed an Interim Rate Adjustment of 18.4% be applied to the non-gas portion of the bill (the delivery service, basic service, and distribution charges) The Interim Rate Adjustment will be shown as a separate line item on customer bills.

On January 16, 2007, the Commission's advocacy staff filed comments stating that adjustments should be made to NSP's interim rate request to reduce the interim rates to \$1,788,000. On January 18, 2007, NSP filed a response to advocacy staff's comments.

On January 24, the Commission conducted an informal hearing on NSP's request for interim rates.

On January 29, 2007, NSP filed additional comments regarding whether the use of an undisclosed component of a settlement in a prior rate case should be considered in setting interim rates.

On February 5, 2007, NSP filed a letter advising the Commission that NSP and advocacy staff reached a compromise reducing the requested interim increase to \$2,158,000. Advocacy staff sent an e-mail message supporting the compromise. We find the compromise acceptable.

In the event the interim rate amounts collected by NSP are in excess of the final rates approved by the Commission, NSP is required to make refund under North Dakota Century Code § 49-05-06 (4), to persons entitled thereto, including interest at a rate to be determined by the Commission.

Order

The Commission orders:

1. Northern States Power Company shall file revised interim rate schedules reflecting an interim increase in annual revenue collections of \$2,158,000.
2. Northern States Power Company's proposed interim rates, as revised by its February 5, 2007 filing, shall be effective for service rendered on or after February 13, 2007.
3. Northern States Power Company is not required to obtain a bond under North Dakota Century Code § 49-05-06 (3) to secure a refund required under North Dakota Century Code § 49-05-06 (4).

PUBLIC SERVICE COMMISSION

  
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Tony Clark  
Commissioner

  
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Susan E. Weald  
President

  
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Kevin Cramer  
Commissioner