



Public Service Commission
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Kevin Cramer
Tony Clark

May 1, 2007

Executive Director
Illona A. Jeffcoat-Sacco

600 E. Boulevard Ave. Dept 408
Bismarck, North Dakota 58505-0480
web: www.nd.gov/psc
e-mail: ndpsc@nd.gov
TTY 800-366-6888 or 711
Fax 701-328-2410
Phone 701-328-2400

Illona Jeffcoat-Sacco, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

Re: Northern States Power Company
Gas Rate Increase Application
Case No. PU-06-525

Dear Ms. Jeffcoat-Sacco:

Enclosed are the direct testimonies of staff witnesses Charles King and Michael Majoros. The testimonies support a natural gas distribution rate increase of \$1.2 million for Northern States Power Company and a return on its equity invested in North Dakota of 9.56%.

As you know, NSP and the staff entered into a settlement agreement for a substantially larger rate increase which includes a rate moratorium for residential customers until 2010. Staff will file a letter of explanation for entering into the agreement within the next couple of days.

Sincerely,

Mike Diller
Director of Accounting
North Dakota Public Service Commission

Enclosures