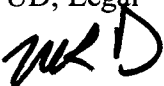


Memorandum

To: Darrell Nitschke
CC: Commissioners, PUD, Legal
From: Mike Diller 
Date: August 19, 2009
Re: NSP Natural Gas Earnings Sharing Refund (Case No. PU-06-525)

On June 13, 2007, the commission approved the rate increase Settlement Agreement between staff and NSP requiring a sharing of profits earned above 10.75% return on equity.

NSP reported a return on equity of 11.45% for the year ended 2008 and proposes to refund a portion of the earnings in accordance with the Settlement Agreement.

Staff has reviewed the filing and refund calculation and the 2008 annual report.

Staff recommends approval and a motion will be prepared for August 26, 2009.

The average residential refund of \$1.50 will be presented on customers' bills as a separate line item. The refund amount will vary between customers and customer classes depending upon electric usage during 2008.