



Public Service Commission

State of North Dakota

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November 27, 2020

Executive Secretary
North Dakota Public Service Commission
600 E. Blvd. Ave. Dept. 408
Bismarck, ND 58505-0480

Re: Northern States Power Company
2021 Electric Rate Increase
Application

Case No. PU-20-441

Northern States Power Company (NSP) filed for an electric rate increase on November 6, 2020. The Company used a 2021 projected test year to calculate its interim rate relief request of \$16.3 million in increased revenue collections or an overall increase in revenue collections of 7.92%. This equates to an average increase per month for residential customers of \$7.08.

Staff finds NSP's interim rate request in compliance with the laws and rules governing interim rate increases. The following is staff's analysis.

Staff reviewed the Commission's last rate case order (PU-12-813) and the Company's current interim rate request for compliance with the laws and rules governing interim rate increases. The applicable section of law reads:

49-05-06. Hearing by commission on proposed change of rates.

2. Notwithstanding that the commission may suspend a filing and order a hearing, a public utility may file for interim rate relief as part of its general rate increase application and filing. If interim rates are requested, the commission shall order that the interim rate schedule take effect no later than sixty days after the initial filing date and without a public hearing. The interim rate schedule must be calculated using the proposed test year cost of capital, rate base, and expenses, except that the schedule must include:

- a. A rate of return on common equity for the public utility equal to that authorized by the commission in the public utility's most recent rate proceeding;**
- b. Rate base or expense items the same in nature and kind as those allowed by a currently effective commission order in the public utility's most recent rate proceeding; and**

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Advocacy Staff's recommendation on interim rate request

Public Service Commission Advocacy Staff

Victor Schock

c. No change in existing rate design.

3. In ordering an interim rate schedule, the commission may require a bond to secure any projected refund required by subsection 4. The terms of the bond, including the amount and surety, are subject to the commission's approval.

4. As ordered by the commission, the utility shall promptly refund to persons entitled thereto all interim rate amounts collected by the public utility in excess of the final rates approved by the commission plus reasonable interest at a rate to be determined by the commission.

NSP calculated its interim rates by using a return on common equity of 10% as required by the December 13, 2013 settlement in case PU-12-813. NSP's rate base and expenses are the "same in nature and kind" as allowed by the Commission in NSP's last rate order.

NSP's proposed interim rates do not change the existing rate design. Because the overall increase is only applied to the base rate revenues, the base customer and energy charge portion of the customers' bills will increase 11.49% for all classes other than those receiving service provided under a discounted contract rate. The difference between the overall increase and the increase applied only to the non-fuel and purchased power portion of the bill occurs because approximately 21% of NSP's cost to provide electric service is fuel or purchased power related.

Even though the commission may require a bond to ensure a refund in the event that the commission does not find in NSP's favor, staff believes the financial security of NSP is sufficient so as to not require a bond.

In summary, staff believes that NSP's interim rate request complies with the laws and rules and should be approved for use on or after January 5, 2021.

Sincerely,



Victor Schock
Public Service Commission
Advocacy Staff

c: David Sederquist