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June 28, 2021

—Via Electronic Filing and U.S. Mail—

Steven M. Kahl, Executive Director  
North Dakota Public Service Commission  
State Capitol Building, Dept. 408  
600 East Boulevard  
Bismarck, ND 58505-0480

RE: EXTREME COLD WEATHER EVENT INVESTIGATION (NATURAL GAS)  
COST OF GAS TRUE-UP CALCULATIONS FOR JULY 1, 2021 IMPLEMENTATION  
CASE NOS. PU-21-9 AND PU-21-102

Dear Mr. Kahl:

With this filing, Northern States Power Company (NSP), doing business as Xcel Energy, submits to the North Dakota Public Service Commission supporting calculations and schedules for a Cost of Gas (COG) true-up mitigation plan relating to the cost impacts of the extreme cold weather event in February 2021.

### **Background**

On June 24, 2021 the Commission held a Work Session in the above referenced dockets to discuss the Company's most recent February Event true-up mitigation scenarios presented at the June 9<sup>th</sup> Informal Hearing. During the Work Session, the Commission appeared to reach consensus on the concept of a 15-month true-up recovery term, with the true-up charge to begin July 1, 2021. For residential natural gas customers, the true-up rate would be seasonally-based with the winter (i.e., November through March) rate designed to be 25 percent of the Summer rate (i.e., April through October). This seasonal rate will moderate the impact of the February Event true-up by spreading more of the cost to low-use, low bill months than otherwise would be. For firm commercial and interruptible customers, the true-up rate would be unchanged throughout the 15-month term in recognition that the seasonal usage variation for these customers is less pronounced.

It was also evident during the Work Session that the Commissioners were supportive of applying a wholesale gas refund received from Northern Natural Gas (NNG) in the 4<sup>th</sup> quarter of 2020 to the February Event impact amount, thereby reducing the true-up amount by \$551,198. The Company had previously proposed to apply this

credit toward the remediation of the Fargo Gas Manufacturing Plant (Case No. PU-21-87). The Company has since withdrawn this request, and agrees that it would be prudent to use the refund to offset the cost impacts of the February Event given its unprecedented nature.

**Proposed Rates**

Attachment A to this letter details the calculation of the proposed February Event COG true-up rate that would be implemented for all retail gas sales customer classes during the months of July 2021 through September 2022.

As shown in Attachment A, the monthly bill impact of the February Event true-up charge for the average residential gas customer is anticipated to range from an estimated \$6.04 to \$34.25 during the recovery term, or about \$16 per month on average. Absent the longer term of recovery and seasonal rate design in this mitigation approach, the normal annual true-up process would have resulted in true-up charges ranging from \$2.42 to \$48.15, or about \$20 per month on average.

Figure 1 below summarizes the expected monthly bill impacts for typical customers within each class of the proposed mitigation plan compared with the normal annual true-up treatment:

**Figure 1: Average Customer Impacts by Class**

Customer Class	True-up Mitigation Plan			Normal True-up	
	True-up Amount/ Customer	Avg. Bill Impact	Bill Impact Range	Avg. Bill Impact	Bill Impact Range
Residential	\$235	\$15.72	\$6.04 - \$34.25	\$19.62	\$2.42 - \$48.15
Firm C&I	\$1,866	\$124	\$35 - \$309	\$155	\$37 - \$332
Sm. Interruptible	\$11,007	\$734	\$403 - \$1,260	\$917	\$487 - \$1,501
Lg. Interruptible	\$95,197	\$6,346	\$4,825 - \$8,283	\$7,933	\$6,003 - \$9,862

Figure 2 below provides estimated monthly bill impacts for commercial and industrial customers at various average usage levels:

**Figure 2: Monthly Bill Impacts of True-up Mitigation Plan**

Avg. Mo. Use (Therms)	C&I	Interruptible
100	\$27	\$11
250	\$68	\$27
500	\$136	\$54
750	\$204	\$81
1,000	\$272	\$107
3,000	\$815	\$322
5,000	\$1,358	\$537
7,500	\$2,036	\$805
10,000	\$2,715	\$1,073
50,000	\$13,577	\$5,367
80,000	\$21,723	\$8,588

**Implementation**

The Company is prepared to implement the February Event true-up mitigation plan on July 1, 2021 assuming the Commission approves the plan sometime this month. The true-up rates will remain in place through September 2022. For greater transparency, the Company will provide a separate details for this special February Event true-up rate in its monthly COG filings as well as the traditional annual COG true-up filings effective September 1, 2021 and September 1, 2022.

If you have any questions, please feel free to contact me at (701) 371-5256 or Lisa Peterson at (612) 330-7681 or [lisa.r.peterson@xcelenergy.com](mailto:lisa.r.peterson@xcelenergy.com).

Sincerely,



DAVID H. SEDERQUIST  
SENIOR REGULATORY CONSULTANT

Enclosure  
c: Victor Schock

**Northern States Power Company  
Gas Utility - State of North Dakota  
February Cold Weather Event True-Up Rates<sup>1</sup>**

Feb. 13-17 Incr Costs	\$ 32,500,831
NNG pipeline refund and Interest	\$ (551,198)
<b>Total True-Up Costs</b>	<b>\$ 31,949,633</b>

**Cost Allocation**

	Sales Allocator	Feb 13-17 Incr Costs	NNG Pipeline Refund	Total True-Up Costs
Residential	38.12%	\$ 12,389,170	\$ (230,618)	\$ 12,158,552
Commercial/Industrial	52.99%	\$ 17,222,043	\$ (320,580)	\$ 16,901,464
Interruptible	8.89%	\$ 2,889,618		\$ 2,889,618
<b>Total</b>	<b>100%</b>	<b>\$ 32,500,831</b>	<b>\$ (551,198)</b>	<b>\$ 31,949,633</b>

**Factor Calculation**

	True-Up Costs	Jul21 - Sep22 Sales			Jul21 - Sep22 True-up Factors - Feb Event			Forecasted Recovery
		Sum: May-Oct (Therms)	Win: Nov-Apr (Therms)	Total (Therms)	Sum Rate \$/therm	Win Rate \$/therm	15-mo Rate \$/therm	
Residential	\$ 12,158,552	7,368,481	33,833,818	41,202,299	\$ 0.76822	\$ 0.19205		\$ 12,158,552
Commercial/Industrial	\$ 16,901,464			62,244,555			\$ 0.27153	\$ 16,901,464
Interruptible	\$ 2,889,618			26,918,172			\$ 0.10735	\$ 2,889,618
<b>Total</b>	<b>\$ 31,949,633</b>			<b>130,365,026</b>				<b>\$ 31,949,633</b>

**Residential Avg Impacts**

	Therms	Customers	Avg Therms	15 mo Factors	Impact	12 mo Factors	Impact
Jul-21	403,013	51,041	8	0.76822	6.07		
Aug-21	460,803	51,108	9	0.76822	6.93		
Sep-21	760,748	51,197	15	0.76822	11.42	0.30726	4.57
Oct-21	2,289,941	51,368	45	0.76822	34.25	0.30726	13.70
Nov-21	4,490,286	51,516	87	0.19205	16.74	0.30726	26.78
Dec-21	6,907,859	51,648	134	0.19205	25.69	0.30726	41.10
Jan-22	8,099,369	51,682	157	0.19205	30.10	0.30726	48.15
Feb-22	6,572,324	51,689	127	0.19205	24.42	0.30726	39.07
Mar-22	5,083,318	51,684	98	0.19205	18.89	0.30726	30.22
Apr-22	2,680,662	51,672	52	0.19205	9.96	0.30726	15.94
May-22	1,156,251	51,679	22	0.76822	17.19	0.30726	6.87
Jun-22	659,744	51,666	13	0.76822	9.81	0.30726	3.92
Jul-22	406,341	51,679	8	0.76822	6.04	0.30726	2.42
Aug-22	464,608	51,741	9	0.76822	6.90	0.30726	2.76
Sep-22	767,032	51,827	15	0.76822	11.37		
			Min		6.04		2.42
			Max		34.25		48.15
			Average		15.72		19.62

Residential Cost \$ 12,158,552  
 Sep21-Aug22 therms 39,571,452  
 12 mo Residential Factor \$ 0.30726

<sup>1</sup> Reflects costs of Feb. 13-17 Cold Weather Event, net of NNG Pipeline Refund

**Northern States Power Company  
Gas Utility - State of North Dakota  
Gas Pipeline Refund Interest Calculation<sup>1</sup>**

<u>Revenue Month</u>	<u>Beginning Balance</u>	<u>Curr Mo Int Rev Refund</u>	<u>Ending Balance</u>	<u>Average Balance</u>	<u>Days</u>	<u>Annual Interest<sup>2</sup></u>	<u>Monthly Interest</u>
Oct-20	\$0	\$551,029	\$551,029	\$275,515	9	0.04%	\$3
Nov-20	\$551,032	\$0	\$551,032	\$551,032	30	0.04%	\$18
Dec-20	\$551,050	\$0	\$551,050	\$551,050	31	0.04%	\$19
Jan-21	\$551,069	\$0	\$551,069	\$551,069	31	0.04%	\$19
Feb-21	\$551,088	\$0	\$551,088	\$551,088	28	0.04%	\$17
Mar-21	\$551,104	\$0	\$551,104	\$551,104	31	0.04%	\$19
Apr-21	\$551,123	\$0	\$551,123	\$551,123	31	0.04%	\$19
May-21	\$551,142	\$0	\$551,142	\$551,142	31	0.04%	\$19
Jun-21	\$551,161	\$0	\$551,161	\$551,161	31	0.04%	\$19
Jul-21	\$551,179	\$0	\$551,179	\$551,179	31	0.04%	<u>\$19</u>
Total Interest							\$169

<sup>1</sup> Refund Interest accrued from October 23, 2020 through July 2021

<sup>2</sup> 3 Month Treasury Bill Rate Effective June 24, 2021