

# Memorandum

To: Commissioners Fedorchak, Christmann and Kroshus

From: Victor Schock Public Utility Analyst 

Date: August 3, 2021

Re: Northern States Power Company  
February 2021 Extreme Cold Weather Event Investigation – Natural Gas  
Case No. PU-21-102

On April 9, 2021 Northern States Power Company (NSP) filed its responses to the Commission's data requests relative to NSP's natural gas impacts from the February 2021 cold weather event.

The responses, which can be found in docket item 2 of the above captioned case, detail the impacts of the cold weather event on NSP's North Dakota natural gas customers. I found additional information relevant to this event in docket items 22 and 33 of Case No. PU-21-9, which is NSP's 2021 monthly Cost of Gas (COG) adjustment.

The calculation of the COG is completed monthly and adjusted for changes to the COG since the most recent COG filing. The costs included in the calculation are demand, commodity, storage, gathering and transportation charges. The difference between the revenues received each month and what the actual costs were are calculated annually and a surcharge to the COG adjustment is implemented for the subsequent twelve months to recover an under-collected balance or pass back an over-collected balance.

The Commission's investigation included Informal Hearings (hearings) held on May 5, 2021 and June 9, 2021, during which the Commission discussed NSP's gas supply purchasing strategy and the details of the February 2021 cold weather event with NSP and commission staff (staff). The Commission requested additional details from NSP during the hearings, which was filed on May 18, 2021 and June 28, 2021 respectively. Of particular interest in NSP's proposal was higher summer and lower winter surcharge rates rather than the standard flat rate surcharge adjustment. This would serve to move the larger monthly rate impact away from the coldest winter months to the spring and fall months when usage and utility bills are normally smaller.

The impact of the February 2021 cold weather event on the NSP North Dakota natural gas system was an under-collection of gas costs in the amount of approximately \$32.5 M. This under collection would normally be collected from September 1, 2021 through August 31, 2022 which would result in an increase of \$0.30726 per therm for the firm customer class over that time period. Believing that this impact should be tempered, the commission desired alternate treatment of the balance.

On June 29, 2021, the Commission ordered the balance to be collected over a period of 15 months starting July 1, 2021 through September 30, 2022. Increasing the timeframe from 12 to 15 months served to reduce the average monthly rate impact by approximately 20%. Additionally, the commission set both summer and winter surcharge rates for the firm customer class, which serves to reduce the monthly residential impact by 37% during the winter months. The commercial, industrial and interruptible customer classes were given a flat rate surcharge for the same 15 month period due to the inequities that could be created within those customer classes by using different summer and winter rates.

Based on its investigation staff recommends that no further action be taken and the case be closed.

c. Dave Sederquist (NSP)