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September 15, 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: XCEL ENERGY GAS RATE MITIGATION PROPOSAL
CASE NO. PU-21-9

Dear Mr. Kahl:

With this filing, Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission a gas rate mitigation proposal relating to the cost impacts of the extreme cold weather event in February 2021.

In response to feedback received from customers and the Commission, the Company is submitting this proposal in an effort to mitigate the impact on its North Dakota natural gas customers of the February gas cost true-up charge and the Company's pending base rate increase.

If you have any questions, please feel free to contact Dave Sederquist at (701) 371-5256 or dave.sederquist@xcelenergy.com or Lisa Peterson at (612) 330-7681 or lisa.r.peterson@xcelenergy.com.

Sincerely,

GREG CHAMBERLAIN
REGIONAL VICE PRESIDENT, REGULATORY & GOVERNMENT AFFAIRS

c:	Jack Schuh	20	PU-21-102	Filed 09/15/2021	Pages: 11
	Pat Fahn				Gas Rate Mitigation Proposal relating to cost impacts of Feb. 2021 cold weather event
	Vic Schock				Northern States Power Company
					Greg Chamberlain, Regional VP
		44	PU-21-9	Filed 09/15/2021	Pages: 11
					Gas Rate Mitigation Proposal relating to cost impacts of Feb. 2021 cold weather event
					Northern States Power Company
					Greg Chamberlain, Regional VP

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA**

Julie Fedorchak	Chair
Randy Christmann	Commissioner
Brian Kroshus	Commissioner

NORTHERN STATES POWER COMPANY
COST OF GAS TARIFF
2021 MONTHLY ADJUSTMENTS

CASE NO. PU-21-9

GAS RATE MITIGATION PROPOSAL

Pursuant to North Dakota Century Code Section 49-05-09, Northern States Power Company, a Minnesota corporation (Xcel Energy or the Company), respectfully requests the North Dakota Public Service Commission (Commission) amend its June 29, 2021 Order in the above captioned Case to allow for a 24-month amortization of the regulatory asset created for the deferral of certain costs of purchased gas incurred during the extremely cold weather experienced across most of the country in February 2021. The Company is making this request to mitigate the combined impact on North Dakota gas customers' bills of both the February gas cost charges and the Company's recently-filed base rate request (Case No. PU-21-381).

A. Background

In the above-captioned Case, the Commission allowed the Company to defer approximately \$32 million of purchased gas costs that it incurred due to unusually high wholesale market prices as a result of extremely cold weather conditions in February of 2021. In the True-up Mitigation Plan approved by the Commission in June, these February gas costs were to be amortized and recovered in the Cost of Gas (COG) rider over a period of 15 months rather than the normal 12-month true-up period for each year's under- or over-collected gas costs. Figure 1, below, shows the impact of the approved 15-month True-up Mitigation Plan in comparison to the normal true-up process:

Figure 1

Average Customer Impacts by Class

Customer Class	True-up Mitigation Plan			Normal True-up	
	True-up Amount/Cust	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

On September 1, 2021, the Company filed a natural gas rate case in Case No. PU-21-381—the first such case the Company has filed since 2006. In that case, the Company requested an increase in base rate revenue of \$7.1 million. And, as part of its filing, the Company also submitted its Alternative Petition for Interim Rates, which seeks an interim rate increase of \$8.2 million,¹ to be effective November 1, 2021. After avoiding a gas rate case for 15 years, the Company’s weather-normalized jurisdictional returns were well below our authorized return on equity in recent years (3.74 percent for 2019 and 6.63 percent for 2020). The Company filed its natural gas rate case this year to bring forward a capacity expansion plan and create an opportunity to earn a reasonable rate of return in 2022.

The Company recognizes, however, that interim rates from Case No. PU-21-381 will somewhat exacerbate the impacts that recovery of the high February gas costs are having on customer bills. In light of feedback received from Commissioners, Staff, and customers, the Company sought ways in recent weeks to mitigate these impacts. This Gas Rate Mitigation Proposal is the result of those efforts.

B. Gas Rate Mitigation Proposal

To develop this Proposal, we first analyzed the combined impact of the February extreme weather true-up rates in effect since July 1, 2021 and natural gas case interim rates scheduled to go into effect November 1, 2021. We then quantified the impact on customer bills upon the implementation of final base rates and the ending of the February gas cost true-up charges. The annual revenues collected by the Company over the next three 12-month periods are shown below in Figure 2.

¹ The interim rate increase includes the current \$1.25 million amortization of the Fargo manufactured gas plant remediation costs, which has been removed from base rate recovery in the rate case Test Year but which will be recoverable (per the TCJA Settlement in Case No. PU-18-156) in the COG rider once final base rates are approved and in effect. Inclusion of these costs in interim rates provides recovery of the MGP amortization during the rate proceeding.

Figure 2
Yearly Revenue Pattern
of Current Rate Plans

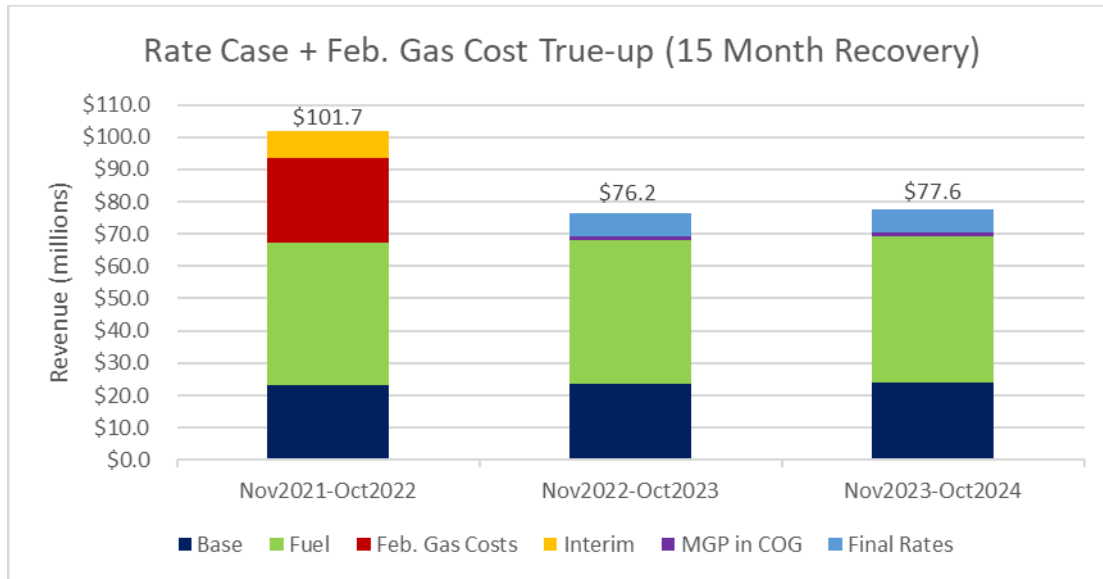


Figure 2 shows two key impacts to customers. First, the implementation of interim rates will “pancake” an additional \$8.2 million in revenue collected during the pendency of the rate case, which will likely coincide with the remaining months of the February gas cost true-up period, in which \$26.1 million will be collected. Second, and as importantly, Figure 2 shows that rates will be unusually high in the initial 12 month period while February gas costs are being recovered and the rate case proceeds. It will then fall dramatically in the second year – approximately 25% – when the 15-month February gas cost true-up ends and final rates are approved, even when accounting for an increase in final base rates resulting from the rate case.

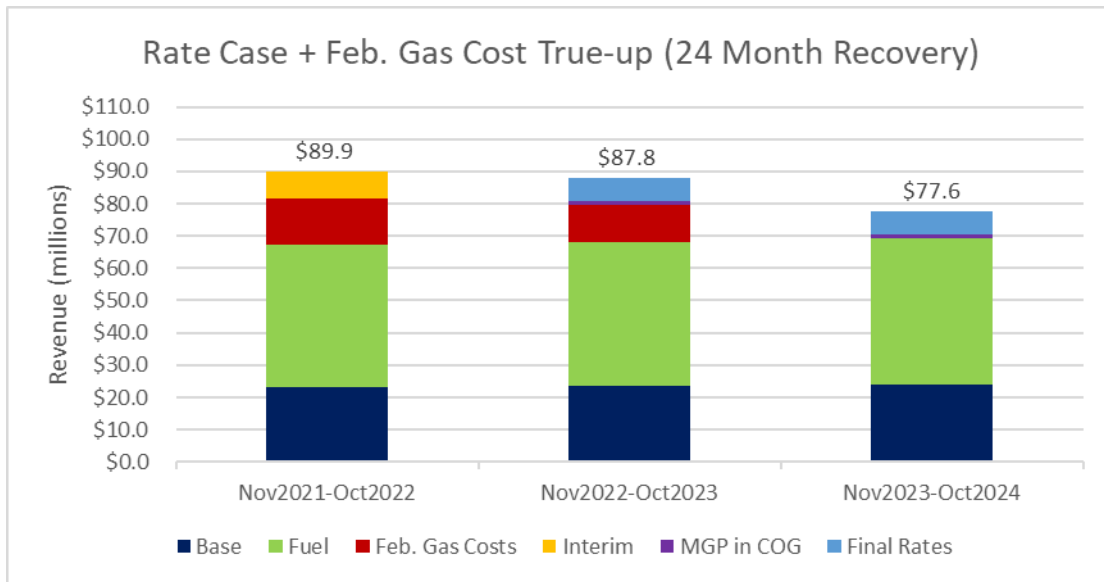
Given the overall single-year impact of both the recovery of the unprecedented level of February gas costs and interim rates triggered by the pending gas case, the Company believes it is appropriate to pursue rate mitigation opportunities at this time. The Company further believes there is an opportunity to mitigate and smooth the overall impact of these concurrent bill increases on customers.

After analyzing various options, the Company determined that the most efficient and impactful mitigation strategy would be to extend the recovery period of the February gas cost recovery from 15 months to 24 months.² By simply modifying the recovery

² The Company also analyzed a 20 month February Gas Cost recovery period option, the details of which are provided in Attachment B.

period previously ordered in this Case, overall customer costs are projected to decrease approximately \$11.8 million in the first twelve months following implementation of interim rates (and decrease gradually over the two subsequent twelve-month periods). This reduction will more than offset the \$8.2 million impact of interim rates and/or the impact of final rates that may go into effect in the first 12-month period. During this period, the Company will also have an opportunity to earn a reasonable return. Figure 3 shows the Company’s annual revenue collections for the next three 12-month periods beginning November 1, 2021 under its Gas Rate Mitigation Proposal.

Figure 3
Yearly Revenue Pattern
of the Gas Rate Mitigation Proposal



Again, Figure 3 shows that, by extending the February gas cost recovery period from 15 months to 24 months, first-year rates would be reduced by almost \$12 million. Additionally, by extending the February gas cost true-up recovery period to 24 months, first-year rates – including the implementation of interim rates – would be approximately \$3.5 million lower than forecast under a 15-month amortization scenario. Importantly, even with extending recovery of February gas costs and implementing final base rates, we project that overall, rates would continue to decline in the second year of recovery and, finally, decline even further in the third year, once the February gas cost true-up period ends. Figure 3 demonstrates that the Gas Rate Mitigation Proposal will result in just and reasonable rates by mitigating the impacts to customers of the Company’s needed rate relief and moderating the changes in rates due to the confluence of the need to recover February gas costs and the currently pending rate case.

Figure 4 provides a side-by-side comparison of the revenue impacts of the current 15-month recovery period and the proposed 24 month recovery period. A monthly revenue impact analysis is provided as Attachment A.

Figure 4
Comparison of Revenue
15-Month vs. 24-Month Feb. Gas Cost Recovery
(Including Rate Case Impacts)

	Current Feb. Gas True-up 15 Month (millions)	Gas Rate Mitigation Proposal 24 Month (millions)
Annual Revenues Nov2021-Oct2022		
1 Base	\$23.4	\$23.4
2 Fuel	\$43.9	\$43.9
3 Feb Gas Event	\$26.1	\$26.1
4 Annual Revenue Before Rate Case	\$93.4	\$93.4
File Rate Case		
5 Interim Increase	\$8.2	\$8.2
6 Extend Feb Gas Event Recovery		(\$11.8)
7 Impact	\$8.2	(\$3.5)
8 Total Rev Nov2021-Oct2022	\$101.7	\$89.9
End of Rate Case Nov2022-Oct2023		
9 Remove Interim	(\$8.2)	(\$8.2)
10 Implement Final Rates	\$7.0	\$7.0
11 Implement MGP in COG	\$1.3	\$1.3
12 Feb Gas Event Recovery	(\$26.1)	(\$2.8)
13 Increased Sales Rev	\$0.7	\$0.7
14 Impact	(\$25.4)	(\$2.1)
15 Total Rev Nov2022-Oct2023	\$76.2	\$87.8
Annual Revenues Nov23-Oct24		
16 Feb Gas Event Recovery		(\$11.6)
17 Increased Sales Rev	\$1.3	\$1.3
18 Impact	\$1.3	(\$10.2)
19 Total Rev Nov2023-Oct2024	\$77.6	\$77.6

C. Request for Expedited Consideration

The Company notes that interim rates for Case No. PU-21-381 are scheduled to go into

effect on November 1, 2021. Consequently, to maximize the benefit of this Gas Rate Mitigation Proposal and more than offset the impacts of the interim rate increase, the Proposal should be approved to be in effect on November 1, 2021 as well. The Company respectfully requests that the Commission grant waivers as necessary to shorten the applicable notice and comment period so that action on this proposal can be completed prior to October 31, 2021.³

D. Conclusion

As demonstrated, the Gas Rate Mitigation Proposal will result in more just and reasonable rates than is currently in effect. It will both mitigate rate increases for customers while moderating near-term changes in natural gas rates. At the same time, it will allow the Company an opportunity to earn a reasonable rate of return. Therefore, the Company respectfully requests that the Commission extend the current February gas cost recovery period from 15 months to 24 months to provide North Dakota customers the significant benefits of this proposal by November 1, 2021.

Respectfully submitted,



GREG CHAMBERLAIN
REGIONAL VICE PRESIDENT, REGULATORY & GOVERNMENT AFFAIRS
NORTHERN STATES POWER COMPANY

September 15, 2021

³ The Company is providing the Verification of Mr. Greg Chamberlain verifying the veracity of this filing so that the Commission may take it into evidence without hearing.

**Northern States Power Company
Gas Utility - State of North Dakota
February Cold Weather Event True-Up Rates¹ - (Revised per Gas Rate Mitigation Proposal)**

Case No. PU-21-9
Gas Rate Mitigation Proposal
Attachment A
Page 1 of 1

Feb. 13-17 Incr Costs	\$ 32,500,831
NNG pipeline refund and Interest	\$ (551,198)
Total True-Up Costs	\$ 31,949,633
Jul 2021 - Oct 2021 Recovery	\$ (5,998,903)
Net Remaining Costs	\$ 25,950,730

Cost Allocation

	Sales Allocator	Feb 13-17 Incr Costs	NNG Pipeline Refund	Less Jul-Oct 2021 Recovery	Total True-Up Costs
Residential	38.12%	\$ 12,389,170	\$ (230,618)	\$ (2,995,626)	\$ 9,162,926
Commercial/Industrial	52.99%	\$ 17,222,043	\$ (320,580)	\$ (2,376,043)	\$ 14,525,421
Interruptible	8.89%	\$ 2,889,618		\$ (627,234)	\$ 2,262,383
Total	100%	\$ 32,500,831	\$ (551,198)	\$ (5,998,903)	\$ 25,950,730

Factor Calculation

	True-Up Costs	Nov2021 - Jun2023 Sales			Nov21 - Jun23 True-up Factors - Feb Event			Forecasted Recovery
		Sum: May-Oct (Therms)	Win: Nov-Apr (Therms)	Total (Therms)	Sum Rate \$/therm	Win Rate \$/therm	24-mo Rate \$/therm	
Residential	\$ 9,162,926	7,594,635	67,957,090	75,551,725	\$ 0.37272	\$ 0.09318		\$ 9,162,926
Commercial/Industrial	\$ 14,525,421			108,320,306		\$ 0.13410		\$ 14,525,421
Interruptible	\$ 2,262,383			39,413,602		\$ 0.05740		\$ 2,262,383
Total	\$ 25,950,730			130,365,026				\$ 25,950,730

Residential Avg Impacts (Residential customers interim impact = \$6.50/month)

	Therms	Customers	Avg Therms	15 mo Factors	Avg Monthly Impact	24 mo Factors	Avg Monthly Impact	Avg Interim Mitigation
Jul-21	367,859	51,041	7	\$0.76822	\$5.54	\$0.76822	\$5.54	
Aug-21	480,894	51,108	9	\$0.76822	\$7.23	\$0.76822	\$7.23	
Sep-21	760,748	51,197	15	\$0.76822	\$11.42	\$0.76822	\$11.42	
Oct-21	2,289,941	51,368	45	\$0.76822	\$34.25	\$0.76822	\$34.25	
Nov-21	4,490,286	51,516	87	\$0.19205	\$16.74	\$0.09318	\$8.12	(\$8.62)
Dec-21	6,907,859	51,648	134	\$0.19205	\$25.69	\$0.09318	\$12.46	(\$13.22)
Jan-22	8,099,369	51,682	157	\$0.19205	\$30.10	\$0.09318	\$14.60	(\$15.50)
Feb-22	6,572,324	51,689	127	\$0.19205	\$24.42	\$0.09318	\$11.85	(\$12.57)
Mar-22	5,083,318	51,684	98	\$0.19205	\$18.89	\$0.09318	\$9.16	(\$9.72)
Apr-22	2,680,662	51,672	52	\$0.19205	\$9.96	\$0.09318	\$4.83	(\$5.13)
May-22	1,156,251	51,679	22	\$0.76822	\$17.19	\$0.37272	\$8.34	(\$8.85)
Jun-22	659,744	51,666	13	\$0.76822	\$9.81	\$0.37272	\$4.76	(\$5.05)
Jul-22	406,341	51,679	8	\$0.76822	\$6.04	\$0.37272	\$2.93	(\$3.11)
Aug-22	464,608	51,741	9	\$0.76822	\$6.90	\$0.37272	\$3.35	(\$3.55)
Sep-22	767,032	51,827	15	\$0.76822	\$11.37	\$0.37272	\$5.52	(\$5.85)
Oct-22	2,308,854	51,994	44			\$0.37272	\$16.55	\$16.55
Nov-22	4,527,373	52,139	87			\$0.09318	\$8.09	\$8.09
Dec-22	6,964,913	52,275	133			\$0.09318	\$12.41	\$12.41
Jan-23	8,169,879	52,313	156			\$0.09318	\$14.55	\$14.55
Feb-23	6,629,539	52,324	127			\$0.09318	\$11.81	\$11.81
Mar-23	5,127,571	52,330	98			\$0.09318	\$9.13	\$9.13
Apr-23	2,703,998	52,329	52			\$0.09318	\$4.81	\$4.81
May-23	1,166,317	52,347	22			\$0.37272	\$8.30	\$8.30
Jun-23	665,487	52,342	13			\$0.37272	\$4.74	\$4.74
				Min	\$5.54		\$2.93	
				Max	\$34.25		\$34.25	
				Average	\$15.70		\$9.78	
				Nov2021-Jun2023: Min	\$6.04		\$2.93	
				Max	\$30.10		\$16.55	
				Average	\$16.10		\$8.82	

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

**Northern States Power Company
Gas Utility - State of North Dakota
Comparison of Revenue
15-Month vs. 20-Month Feb. Gas Cost Recovery (Including Rate Case Impacts)**

Case No. PU-21-9
Gas Rate Mitigation Proposal
Attachment B
Page 1 of 2

	Current Feb. Gas True-up 15 Month (millions)	Gas Rate Mitigation Proposal 20 Month (millions)
Annual Revenues Nov2021-Oct2022		
1 Base	\$23.4	\$23.4
2 Fuel	\$43.9	\$43.9
3 Feb Gas Event	\$26.1	\$26.1
4 Annual Revenue Before Rate Case	\$93.4	\$93.4
File Rate Case		
5 Interim Increase	\$8.2	\$8.2
6 Extend Feb Gas Event Recovery		(\$9.2)
7 Impact	\$8.2	(\$1.0)
8 Total Rev Nov2021-Oct2022	\$101.7	\$92.5
End of Rate Case Nov2022-Oct2023		
9 Remove Interim	(\$8.2)	(\$8.2)
10 Implement Final Rates	\$7.0	\$7.0
11 Implement MGP in COG	\$1.3	\$1.3
12 Feb Gas Event Recovery	(\$26.1)	(\$7.9)
13 Increased Sales Rev	\$0.7	\$0.7
14 Impact	(\$25.4)	(\$7.2)
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Northern States Power Company
Gas Utility - State of North Dakota
February Cold Weather Event True-Up Rates¹ - (Revised per Gas Rate Mitigation Proposal)

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Interruptible	8.89%	\$ 2,889,618		\$ (627,234)	\$ 2,262,383
Total	100%	\$ 32,500,831	\$ (551,198)	\$ (5,998,903)	\$ 25,950,730

Factor Calculation

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		Sum: May-Oct (Therms)	Win: Nov-Apr (Therms)	Total (Therms)	Sum Rate \$/therm	Win Rate \$/therm	20-mo Rate \$/therm	
Residential	\$ 9,162,926	5,762,831	60,125,521	65,888,352	\$ 0.44065	\$ 0.11016		\$ 9,162,926
Commercial/Industrial	\$ 14,525,421			92,674,733			\$ 0.15674	\$ 14,525,421
Interruptible	\$ 2,262,383			32,197,514			\$ 0.07027	\$ 2,262,383
Total	\$ 25,950,730			130,365,026				\$ 25,950,730

Residential Avg Impacts (Residential customers interim impact = \$6.50/month)

	Therms	Customers	Avg Therms	15 mo Factors	Avg Monthly Impact	20 mo Factors	Avg Monthly Impact	Avg Interim Mitigation
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Nov-22	4,527,373	52,139	87			\$0.11016	\$9.57	\$9.57
Dec-22	6,964,913	52,275	133			\$0.11016	\$14.68	\$14.68
Jan-23	8,169,879	52,313	156			\$0.11016	\$17.20	\$17.20
Feb-23	6,629,539	52,324	127			\$0.11016	\$13.96	\$13.96
				Min	\$5.54		\$3.46	
				Max	\$34.25		\$34.25	
				Average	\$15.70		\$11.75	
			Nov2021-Feb2023:	Min	\$6.04		\$3.46	
				Max	\$30.10		\$19.57	
				Average	\$16.10		\$11.03	

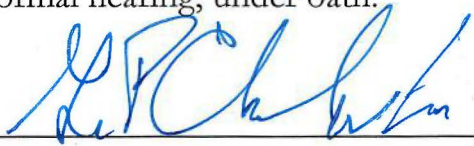
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1 STATE OF NORTH DAKOTA
2 BEFORE THE
3 PUBLIC SERVICE COMMISSION
4
5

6 NORTHERN STATES POWER COMPANY)
7 COST OF GAS TARIFF) CASE No. PU-21-9
8 2021 MONTHLY ADJUSTMENTS)
9

10
11
12 AFFIDAVIT OF
13 Greg P. Chamberlain
14
15

16 I, the undersigned, being duly sworn, depose and say that the foregoing Gas
17 Rate Mitigation Proposal and the attached exhibits or schedules to the best of my
18 knowledge, information and belief are true, correct, accurate and complete, and I
19 hereby adopt them as if given by me in formal hearing, under oath.
20

21 
22 _____
23 Greg P. Chamberlain
24
25
26
27

28 Subscribed and sworn to before me, this 15 day of September, 2021.
29

30 
31 _____
32 Notary Public
33 My Commission Expires: 1/31/25
34

