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September 1, 2021

— VIA E-MAIL & FEDERAL EXPRESS —

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

**RE: NOTICE OF CHANGE IN RATES FOR NATURAL GAS SERVICE
CASE NO. PU-21-_____**

Dear Mr. Kahl:

Northern States Power Company, a Minnesota corporation doing business as Xcel Energy (Xcel Energy or the Company), submits an original and seven (7) copies of a Notice of Change in Rates for Natural Gas Service (Notice) to the North Dakota Public Service Commission (Commission) pursuant to North Dakota Century Code (N.D.C.C.) § 49-05-05 and North Dakota Administrative Code (N.D.A.C.) § 69-02-02-04. A public version of the Notice is also being provided electronically to the Commission.

The rate and tariff changes proposed in this Notice would result in a net annual base rate revenue increase of \$7.1 million or 10.5 percent, for natural gas service effective on and after October 1, 2021, or upon final approval if the rates are suspended and interim rates approved by the Commission. The test year for the proposed increase is calendar year 2022. This application will also effectuate the previously approved recovery of a \$1,250,000 annual amortization, via the Company's monthly Cost of Gas rates, of the costs of remediating a former manufactured gas plant in Fargo, North Dakota.

Included with this Notice is an Alternative Petition for Interim Rates (Petition), should the Commission decide to suspend the Company's Notice and proposed rates and tariffs within thirty (30) days of filing. Pursuant to N.D.C.C. § 49-05-06(2), the Petition supports an interim revenue increase of \$8,245,000, effective November 1, 2021, subject to refund, until final rates are placed into effect.

This Notice has been organized into the following sections:

- Notice of Change in Rates;
- Supporting Revenue Requirement Schedules, comprised of a deficiency summary, the proposed increase by customer class, a comparison of present and proposed rates, typical monthly bill impacts, and a North Dakota jurisdictional cost of service summary;
- Revised Tariffs, reflecting the changes in both legislative and regular formats (separately provided in Volume 2); and
- Alternative Petition for Interim Rates, including related schedules and tariffs (separately provided in Volume 1).

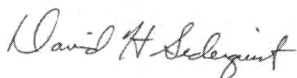
In addition, the following Direct Testimony is being filed with this Notice:

- Policy
- Overall Revenue Requirements – 2022 Test Year
- Rate of Return
- Sales Forecast
- Gas Distribution Operations
- Capital Investments and Depreciation, and
- Class Cost of Service and Rate Design.

Under separate cover, and pursuant to N.D.C.C. § 49-05-04(11), Xcel Energy has provided a check in the amount of one hundred seventy five thousand dollars (\$175,000.00) as the application fee. Also, the Company has prepaid the filing fee of fifty dollars (\$50.00) in accordance with N.D.C.C. § 49-05-05 through its periodic regulatory fee payments to the Commission.

You may direct any questions regarding this Notice or the Alternative Petition for Interim Rates to me (contact information at the top of this letter).

Sincerely,



David H. Sederquist
Sr. Consultant, Regulation & Finance
Northern States Power Company

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**Northern States Power Company
Notice of Change in Rates for Gas Service**

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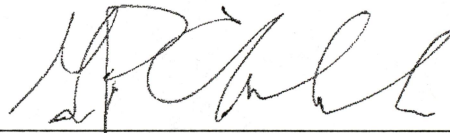
STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY)
2022 NATURAL GAS RATE INCREASE)
APPLICATION)
)
)
)

Case No. PU-21-____

**AFFIDAVIT OF
Greg P. Chamberlain**

I, the undersigned, being first duly sworn, on oath depose and say that I am Regional Vice President for Northern States Power Company (the Company), the Applicant herein; that I have read the Notice of Change in Rates for Natural Gas Service and the Alternative Petition for Interim Rates and that I believe all statements therein are true and correct; and that the filings are submitted and signed on behalf of the Company with the consent and authority of the Company.

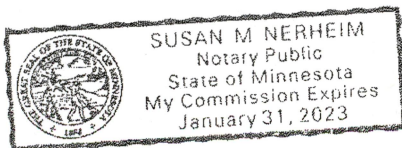


Regional Vice President, Regulatory &
Government Affairs
Northern States Power Company (Minnesota)

Subscribed and sworn to before me, this 24th day of August, 2021.



Notary Public



STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY)
2021 NATURAL GAS RATE INCREASE) Case No. PU-21-__
APPLICATION)
)

NOTICE OF CHANGE IN RATES FOR NATURAL GAS SERVICE

I. INTRODUCTION

Northern States Power Company, a Minnesota corporation, doing business as Xcel Energy (Xcel Energy, NSP, or the Company), hereby provides notice to the North Dakota Public Service Commission (Commission), pursuant to N.D.C.C. § 49-05-05 and N.D.A.C. § 69-09-01-26, of the Company's intent to change gas service rates contained in the Company's North Dakota Gas Rate Book effective October 1, 2021 unless suspended within thirty (30) days after the date of this filing. If the Commission suspends the proposed revised rates within thirty (30) days of this Notice, the Company respectfully requests that the Commission issue an order granting interim rate relief effective November 1, 2021, without a hearing, pursuant to N.D.C.C. § 49-05-06(2). A separate Alternative Petition for Interim Rates is submitted with this Notice.

The rate changes proposed in this Notice would result in an annual increase of gas base rate revenues of \$7.1 million or 10.5 percent, effective for all gas service on and after October 1, 2021, or upon final approval if the rates are suspended and interim rates approved. The test year for the proposed increase is calendar year 2022. The proposed rates would affect the Company's service to all of its approximately 60,000 retail gas customers in the State of North Dakota. The proposed rate changes will also effectuate the previously approved recovery of a \$1,250,000 annual amortization, via the Company's monthly Cost of Gas rates, of the costs of remediating a former manufactured gas plant in Fargo, North Dakota.

A. Need for Rate Increase

The revenue deficiency is primarily a result of the Company's investment in its gas distribution system, including an approximately \$28 million investment in a large

capacity expansion project in the Fargo area to meet the needs of future growth, as well as increased operations and maintenance (O&M) costs, technology investments in our back office systems, and the general passage of time since the Company's last general gas rate application (Case No. PU-06-525), which employed a 2007 test year. Company Witness Mr. Gregory P. Chamberlain discusses the Company's rate proposal.

Company witness Mr. Benjamin C. Halama provides an overview of the revenue requirement and sponsors the schedules supporting our income statement, rate base, revenue deficiency, and jurisdictional allocations in his Direct Testimony. Witness Mr. Dylan W. D'Ascendis of ScottMadden, Inc., sponsors testimony on Rate of Return (ROR), including capital structure and cost of capital. Company witness Ms. Jannell E. Marks sponsors testimony regarding the Company's sales forecast. Ms. Joni H. Zich sponsors testimony regarding the Company's gas operations, including capital investments and O&M expenditures. Company Witness Laurie Wold sponsors testimony regarding the Company's depreciation expenses, accumulated depreciation, and capital roll-forward.

This rate increase is needed to provide the Company with an opportunity to earn a reasonable return on equity (ROE) for its North Dakota gas operations. The company is proposing an ROE of 10.50 percent. The ROE approved by the Commission in 2007 was 10.75 percent. The Direct Testimony of Company witness Mr. D'Ascendis filed with this Notice supports an ROE of 10.50 percent using a capital structure of 52.54 percent equity. The overall proposed rate of return (ROR) is 7.45 percent. The rate increase is also consistent with the settlement approved by the Commission in Case No. PU-18-156, in which the parties agreed that the Tax Cuts and Jobs Act (TCJA) savings would be fully reflected in the applicable test year in the next (and subsequent) rate cases. Pursuant to that same settlement, the expense of the Fargo manufactured gas plant (MGP) environmental remediation amortization is not reflected in the proposed base rates; instead, and as provided by the TCJA settlement it will be recovered through the Cost of Gas Rider after implementation of final rates in this Case.

B. Proposed Cost Allocation and Rate Design

The Company is not proposing any material changes to its cost allocation and rate design. Company witness Mr. Christopher J. Barthol provides the Class Cost of Service Study which Mr. Barthol relies upon for the proposed class revenue allocations. Mr. Barthol discusses the objectives that guided the Company's proposed rate design in his Direct Testimony. Christopher J. Barthol, Exhibit ____ (CJB-1), Schedule 4 provides an estimate of the number of customers whose cost

of service will be affected and the proposed annual increase in revenues by customer class.

C. The Proposed Rate Change Would Serve the Public Interest

The rate increase would allow the Company to recover its reasonable cost of service and establish a fair allocation of the increase among the various customer classes. The proposed rate increase does not unreasonably discriminate between the Company's customers or customer classes and does not violate any Commission laws or rules. The proposed rates would thus serve the public interest and should be effective October 1, 2021 as proposed. In the alternative, the Company requests the Commission allow the Company to implement an interim rate increase of \$8.245 million, or 12.25 percent, effective November 1, 2021, until final base rates are placed into effect, as set forth in the Alternative Petition for Interim Rates enclosed with this Application.¹

II. REQUIRED FILING INFORMATION

A. Name and Address of Applicant

Pursuant to N.D.C.C. Title 49, N.D.A.C. Article 69-02, and the Commission's "How to File" guidelines, the name and address of the public utility submitting this Notice is:

Northern States Power Company
414 Nicollet Mall
Minneapolis, Minnesota 55401
Attn: Greg Chamberlain
RVP, Rates & Regulatory, NSPM

The Company's North Dakota office is located at:

Northern States Power Company
2302 Great Northern Drive
Fargo, North Dakota 58102
Attn: David H. Sederquist
Sr. Consultant, Regulation & Finance
Phone: (701) 241-8632

¹ As provided in the TCJA settlement in Case No. PU-18-156, the \$1.25 million annual amortization of costs of the MGP remediation are to be recovered in the COG Rider upon implementation of final rates. Consequently, the annual MGP amortization will be reflected in interim rates.

Fax: (701) 241-8682

Email: dave.sederquist@xcelenergy.com

In addition, the Company requests the following names be placed on the Commission's official service list for this proceeding:

Matt Harris
Lead Assistant General Counsel
Xcel Energy Services Inc.
414 Nicollet Mall, 401 – 8th Floor
Minneapolis, MN 55401
Phone: (612) 330-7641
Matt.B.Harris@xcelenergy.com

Lynnette Sweet
Regulatory Administrator
Xcel Energy
414 Nicollet Mall, 401 – 7th Floor
Minneapolis, MN 55401
Phone (612) 321-3159
regulatory.records@xcelenergy.com

B. Proposed Rates

Pursuant to N.D.C.C. § 49-05-05 and N.D.A.C. § 69-09-01-27, the Company is submitting the following as part of this Notice:

- A determination of the projected revenue deficiency for the calendar year 2022 rate case test year (*see* Benjamin C. Halama, Exhibit ____ (BCH-1), Schedule 7).
- The number of customers by class, the proposed revenue apportionment for each customer class, and the projected miscellaneous revenues for the 2022 test year (*see* Christopher J. Barthol, Exhibit ____ (CJB-1), Schedule 4).
- A summary comparison of the proposed retail rates to the Company's present rates (*see* Christopher J. Barthol, Exhibit ____ (CJB-1), Schedule 7).
- An estimation of the anticipated impact of the increase on monthly customer bills at various usage levels (*see* Christopher J. Barthol, Exhibit ____ (CJB-1), Schedule 8).
- A summary of the Jurisdictional Cost of Service Study, which shows the 2022 test year rate base, operating income, revenue requirement and deficiency, and other related information (*see* Benjamin C. Halama, Exhibit ____ (BCH-1), Schedule 3A).
- An Alternative Petition for Interim Rates, with supporting schedules, with rates becoming effective October 31, 2021, and subject to refund pending the final order in this case.

C. Filing Fee and Verification

Pursuant to N.D.C.C. § 49-05-04(11), the Company is separately providing a check for the amount of one hundred seventy-five thousand dollars (\$175,000.00) as the application fee. Also, the Company has prepaid the filing fee of fifty dollars (\$50.00) through its periodic regulatory fee payments to the Commission, pursuant to N.D.C.C. § 49-05-05, which provides no change shall be made by any public utility in any rates except after thirty days' notice and with an accompanying fifty-dollar filing fee. Finally, the enclosed sworn affidavit of Greg P. Chamberlain verifies the correctness of the Notice, proposed rate changes, and supporting schedules.

D. Articles of Incorporation

Pursuant to N.D.A.C. § 69-02-01-17, Xcel Energy is required to identify the Commission proceeding in which it previously filed its articles of incorporation. Those were filed in the Corporate Documents Case No. PU-09-664.

III. NOTICE TO AFFECTED CUSTOMERS

N.D.A.C. § 69-09-01-20(2)(a)(2) requires a notice to gas customers not later than thirty days after filing an increase in rates. In compliance with this requirement, the Company will include a customer message on its bills to be issued to gas customers in North Dakota on and after October 1, 2021, if the rate increase is not suspended. The customer message would be distributed for one billing cycle and would describe: (1) the reasons for the rate changes; and (2) the rate impact information required by N.D.A.C. § 69-09-01-20(2)(a)(2). Information on how to contact the Company or the Commission with questions or comments about the changes would also be provided.

If the Commission suspends the proposed increase within 30 days and issues an order allowing the Company to place the interim gas rate increase in effect on November 1, 2021, subject to refund with interest, the Company would include a customer information notice in bills to be issued to gas customers in North Dakota on and after October 1, 2021, with a statement that the applied rates are interim in nature and that final rates will not be effective until Commission action. The customer information notice would be distributed for one billing cycle, and would describe the reasons for the interim rate change, the rate impact of the change, and would provide information on how to contact the Company or the Commission with questions or comments about the changes.

IV. PROPOSED PROCEDURES

Pursuant to N.D.C.C. § 49-05-05, the Company respectfully requests that the Commission allow the proposed rate changes shown in the Proposed Tariffs in Volume 2 to be placed into effect October 1, 2021, without suspension or hearing. This Notice of Change in Rates for Gas Service and schedules thereto fully satisfy the requirements for a notice of rate changes effective October 1, 2021, subject to the Commission's authority to thereafter prospectively change such rates through a final order under N.D.C.C. § 49-05-06 if the Commission formally investigates the proposed rate changes through a hearing. The Company has included verified Direct Testimony and schedules in support of this Notice.

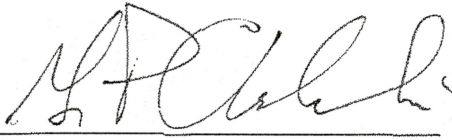
The Company is also receptive to working with Commission Staff to promptly resolve the proceeding through an information and settlement process.

V. CONCLUSION

For the foregoing reasons, Xcel Energy provides this Notice to the Commission of new gas rates to be effective October 1, 2021, pursuant to N.D.C.C. § 49-05-05 and N.D.A.C. § 69-09-01-27. If the Commission suspends the proposed revised rates within 30 days of this Notice, the Company requests that the Commission issue an order allowing the Company's proposed interim rates to be effective November 1, 2021, subject to refund with interest, pursuant to N.D.C.C. § 49-05-06(2) (see Alternative Petition for Interim Rates submitted with this filing).

Please contact Mr. David H. Sederquist at 701-241-8632 or dave.sederquist@xcelenergy.com if you have any questions regarding this Notice of Change in Rates for Gas Service and/or the Alternative Petition for Interim Rates.

Respectfully submitted,

By: 

Greg P. Chamberlain
Regional Vice President
Northern States Power Company (Minnesota)

Dated: September 1, 2021

Deficiency and Proposed Revenue

Pursuant to N.D.C.C. § 49-05-05 and N.D.A.C. § 69-09-01-27, the Company is submitting the following as part of this Notice:

- A determination of the projected revenue deficiency for the calendar year 2022 rate case test year (*see* Benjamin C. Halama, Exhibit (BCH-1), Schedule 7).
- The number of customers by class, the proposed revenue apportionment for each customer class, and the projected miscellaneous revenues for the 2022 test year (*see* Christopher J. Barthol, Exhibit (CJB-1), Schedule 4).
- A summary comparison of the proposed retail rates to the Company's present rates (*see* Christopher J. Barthol, Exhibit (CJB-1), Schedule 7).
- An estimation of the anticipated impact of the increase on monthly customer bills at various usage levels (*see* Christopher J. Barthol, Exhibit (CJB-1), Schedule 8).
- A summary of the Jurisdictional Cost of Service Study, which shows the 2022 test year rate base, operating income, revenue requirement and deficiency, and other related information (*see* Benjamin C. Halama, Exhibit (BCH-1), Schedule 3A).
- A summary list of the tariff sheets proposed to be changed (*see* Volume 2); and
- The proposed tariffs in "legislative" and regular formats, respectively (*see* Volume 2).