

STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

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

ALTERNATIVE PETITION FOR INTERIM RATES

I. Introduction

Northern States Power Company, a Minnesota corporation doing business as Xcel Energy (Xcel Energy or the Company), hereby submits to the North Dakota Public Service Commission (Commission) this Alternative Petition for Interim Rates (Petition) for its North Dakota retail gas customers, pursuant to N.D.C.C. § 49-05-06. The Company respectfully requests that the Commission authorize, on an interim basis, an interim rate increase of \$8.245 million, or 12.25 percent, to be effective November 1, 2021.

II. Effective Date

The date of the submission of this Petition is September 1, 2021. The Petition is submitted as part of the Company’s Notice of Change in Rates for Gas Service (Notice). Pursuant to N.D.C.C. § 49-05-06, Xcel Energy requests that, should the Commission suspend the operation of the general rate schedules that accompany the Notice, the proposed interim rates be made effective on November 1, 2021. N.D.C.C. § 49-05-06(2) provides that if the change in final rates is suspended and interim rates are requested, the Commission “shall order that the interim rates take effect no later than sixty (60) days after the initial filing date and without a public hearing.” If the interim rate amounts are in excess of the final rates approved by

the Commission, the interim rates will be subject to refund plus reasonable interest at a rate to be determined by the Commission.

III. Description and Need for Interim Rates

Xcel Energy is entitled to interim relief based on the Notice and its supporting testimony and schedules along with the supporting schedules attached to this Petition. The proposed interim rate increase applies to all of Xcel Energy's approximately 60,000 retail gas customers in the State of North Dakota. Interim rates are needed because a significant portion of the increased cost of service reflected in the Company's general rate Notice will be incurred before the anticipated effective date of the general rate increase, assuming the Commission suspends the rates filed with the Notice. Without interim rate relief, Xcel Energy would be unable recover its increased costs of service while the rates were suspended.

Schedules attached to this filing support the interim revenue deficiency of \$8.245, or 12.25 percent, for the Company's North Dakota gas utility operation (exclusive of separately collected revenues related to franchise fees or gross earnings taxes imposed by local governmental units). As required by N.D.C.C. § 49-05-06, and as indicated in Schedules 2 and 3 accompanying this Petition, the Company has removed from the interim rate revenue requirement changes in rates not previously approved by the Commission including, chamber of commerce dues, charitable contributions, economic development donations, an income tax tracker, and long-term incentive compensation.

The return on equity (ROE) requested for interim rates is 10.5 percent, which is the same as requested in the Notice.¹ In the settlement of Case No. PU-06-525 (approved by the Commission on June 13, 2007), the parties agreed to a 10.75 percent ROE. The ROE requested here is, therefore, less than that previously approved ROE; however, the Company's request is in the public interest as the use of the previously-approved 10.75 percent ROE would result in higher interim rates for customers than is sought in this Petition. The Company's request is also consistent with Commission precedent, as the Commission has previously approved interim rates calculated using a lower ROE than the ROE from the prior rate case.²

In addition, the interim rate revenue requirement has been adjusted to reflect the effect of the other interim adjustments on cash working capital and on net operating losses.

These interim rates have been calculated to be consistent with the Settlement Agreement approved by the Commission in Case No. PU-18-156.³ Namely, the Company recognizes the expense of amortized Fargo manufactured gas plant (MGP) remediation costs; however, the savings resulting from the Tax Cuts and

¹ Case No. PU-06-525, SETTLEMENT AGREEMENT (04/24/07), p. 6, approved in ORDER ADOPTING SETTLEMENT (06/13/07).

² Case No. PU-17-398, ORDER ON INTERIM RATES (12/20/17), p. 1 (“Commission Advocacy Staff comments state that [applicant] used a lower rate of return on equity used by [applicant] in its 2018 test year rate request. Advocacy Staff comments state that [applicant’s] interim increase complies with [N.D.C.C. §] 49-05-06(2). Recognizing that strict adherence to the statutory language will result in higher interim rates, the Commission finds that [applicant’s] interim increase is acceptable and should be approved.”).

³ Case No. PU-18-156, SETTLEMENT AGREEMENT (08/27/18), approved in ORDER ON SETTLEMENT (11/8/18).

Jobs Act are used to offset those costs.⁴ Further, consistent with the TCJA Settlement, the Company's base rate Cost of Service Study recognizes the removal of Fargo MGP remediation costs from base rate Cost of Service Study and their recovery through the Cost of Gas (COG) Rider upon implementation of final rates. In light of the structure envisioned by the TCJA Settlement, the Fargo MGP remediation costs are included in the Alternative Petition for Interim Rates which accounts for the higher deficiency for interim rate purposes than that requested by the Company in this Case.

The test year for the Company's Notice and this Alternative Petition for Interim Rates is the calendar year ending 2022. This request is consistent with N.D.C.C. § 49-05-04.1 and § 49-05-06(2), which allow utilities to file rate cases using future test years and seek interim rates based on the projected expenses and rate base for that future year. This request is also consistent with Commission precedent in which the Commission approved interim rates for natural gas service based on future test years.⁵ The revenue requirement study in the rate Notice shows an annual test year deficiency in revenue of \$8.245 million, or 12.25 percent, under present rates. Present rates, as referred to in this Petition, are the rates authorized by the Commission in its final order approving the settlement agreement in Case No. PU-06-525.

⁴ Id. at ¶¶ 1-2. Paragraphs 3 and 4 also contain requirements applicable to how those items are and are not to be reflected in final rates, and the proposed final rates sought in the Notice and its supporting schedules and testimony comply with those requirements.

⁵ Case No. PU-13-803, ORDER ON INTERIM RATES (10/09/13) (approving interim rate increase beginning on Nov. 17, 2013, using 2014 test year); Case No. PU-17-295, ORDER ON INTERIM RATES (09/06/17) (approving interim rate increase beginning on Sept. 19, 2017, using 2018 test year); Case No. PU 16-666, Order on Interim Rates (11/30/16) (approving interim rate increase beginning on Dec. 13, 2016, using 2017 test year).

IV. Interim Rate Schedules

The following rate schedules are proposed to be effective on an interim basis on November 1, 2021, subject to refund:

<u>Schedule:</u>	<u>Sheet No:</u>
• Residential Service	5-1
• Commercial and Industrial Firm Service	5-2
• Small Commercial and Industrial Interruptible Service	5-4
• Large Commercial and Industrial Interruptible Service	5-6
• Interim Rate Surcharge Rider	5-18

The rate schedules containing proposed interim rates are provided in Volume 1 in legislative and regular formats. No changes have been made in the existing rate design for purposes of establishing interim rates. To provide the additional interim increase of \$8.245 million, on an annualized basis, a uniform 35.20 percent “surcharge” would be applied during the interim period to non-gas revenues currently being recovered from each customer class (i.e., Delivery Service, Basic Service, and Distribution Charge revenues). This “surcharge” results in an overall rate increase of 12.25 percent when the cost of gas is accounted for.

V. Supporting Schedules and Workpapers

The following interim rate schedules are included in support of this Interim Rate petition:

- Schedule 1: Interim revenue deficiency summary;
- Schedule 2: Interim operating income bridge schedule and operating income summary under present and proposed interim rates;
- Schedule 3: Interim rate base bridge schedule;
- Schedule 4: Summary of interim capitalization and cost of capital;
- Schedule 5: Interim jurisdictional cost of service study;
- Schedule 6: Interim rate increase percent by customer class.

VI. Interim Bills/Customer Notice

Xcel Energy proposes to include rate information in customer bills beginning on November 1, 2021, including an informational memo in customer bills to communicate to customers that their bill reflects an increase associated with the Company's interim rate request.

VII. Surety for Refund

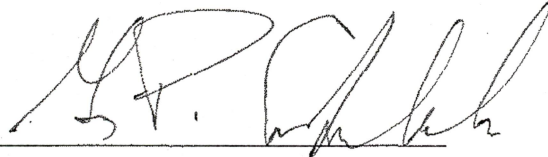
Pursuant to N.D.C.C. § 49-05-06(3), the Company respectfully requests that the Commission not require a bond to secure any projected refund. The statutes make such a requirement discretionary. Xcel Energy submits as part of this Petition an Agreement and Undertaking regarding the Company's commitment to refund any interim rates determined by the Commission to be in excess of final rates. These commitments are sufficient to secure any required refund.

VIII. Conclusion

Xcel Energy hereby submits this Alternative Petition for Interim Rates. If the Commission suspends the operation of the rate schedules listed in the Notice under N.D.C.C. § 49-05-06, the Company respectfully requests that the Alternative Petition for Interim Rates be promptly considered and accepted by the Commission, so that interim rate schedules can be effective on November 1, 2021, sixty days after filing. Interim revenues would be subject to refund pending final Commission action on the general rate increase Notice.

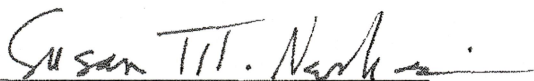
Dated: August 24, 2021

Respectfully submitted,

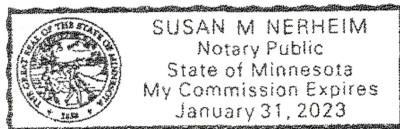
By: 

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

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



Notary Public



STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

In the Matter of the Application of)
Northern States Power Company for) Case No. PU-21-____
Authority to Increase Rates for Natural Gas)
Service in North Dakota)
)

AGREEMENT AND UNDERTAKING

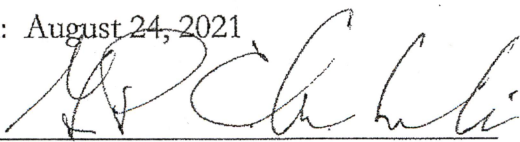
Northern States Power Company, doing business as Xcel Energy (Xcel Energy or Company), in conjunction with the Alternative Petition for Interim Rates filed with the North Dakota Public Service Commission (Commission), makes the following unqualified agreement concerning refunding any portion of the interim rate increase in natural gas rates determined by the Commission to be in excess of final rates.

Pursuant to North Dakota Century Code § 49-05-06(4), Xcel Energy hereby agrees and undertakes to refund to its natural gas customers in North Dakota the amount, if any, collected during the interim rate period in excess of final rates, plus reasonable interest at the rate determined by the Commission, computed from the effective date of the interim rates through the date of refund.

In addition, Xcel Energy agrees to keep such records of sales and billings under the proposed interim rates as will be necessary to compute any potential refund.

This Agreement and Undertaking is made pursuant to authority granted by the Board of Directors of the Company.

Dated: August 24, 2021

By: 

Greg P. Chamberlain
Regional Vice President, Regulatory & Government Affairs
Northern States Power Company (Minnesota)

Northern States Power Company, a Minnesota corporation
Gas Utility - State of North Dakota
2022 Test Year
Revenue Deficiency Summary - Interim Rate Petition
(\$000's)

Case No. PU-21-_____
 Exhibit____(Interim Rate Petition)
 Schedule 1, Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>General Rate Application</u>	<u>Change</u>	<u>Interim Rate Petition</u>
1	Average Rate Base	\$124,227	-\$119	\$124,108
2	Total Available for Return	\$3,919	-\$905	\$3,013
3	Overall Rate of Return (Line 2 / Line 1)	3.15%	-0.72%	2.43%
4	Required Rate of Return	7.45%	0.00%	7.45%
5	Operating Income Requirement (Line 1 x Line 4)	\$9,255	-\$9	\$9,246
6	Income Deficiency (Line 5 - Line 2)	\$5,336	\$896	\$6,233
7	Gross Revenue Conversion Factor	1.32284	\$0	1.32284
8	Revenue Deficiency (Line 6 x Line 7)	\$7,059	\$1,186	\$8,245
9	Proposed Increase to Other Service Charges	-	\$0	-
10	Deficiency Recovered by Retail Rate Increase	\$7,059	\$1,186	\$8,245
11	Retail Related Revenue Under Present Rates	\$67,303		
12	Percentage Increase to Retail (Line 10 / Line 11)	10.49%		
13	Percentage Interim Increase to Retail (Line 10 / Line 11)	12.25%		

Northern States Power Company, a Minnesota corporation
 Gas Utility - State of North Dakota
 2022 Test Year
 Operating Income - Interim Rate Petition
 (\$000's)

Case No. PU-21-_____
 Exhibit_____(Interim Rate Petition)
 Schedule 2, Page 1 of 2

Line No.	Description	General Rate Application Present Rates	Chamber of Commerce Dues	Donations Removal	Economic Development Donations	Incentive Environmental	Incentive Time-Based	Income Tax Tracker	MGP Amortization	Net Operating Loss	Cash Working Capital Adjustment	Interim Rate Petition Present Rates
Operating Revenues												
1	Retail	\$67,303										\$67,303
2	Weather Impact Net Margin Adjustment	0										\$0
3	Other Operating	550										\$550
4	Total Operating Revenues	\$67,853	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67,853
Expenses												
Operating Expenses:												
5	Purchased Gas	\$43,934										\$43,934
6	Gas Production & Storage	\$635							1,250			\$1,885
7	Gas Transmission	\$387										\$387
8	Gas Distribution	\$5,129										\$5,129
9	Customer Accounting	\$1,613										\$1,613
10	Customer Service & Information	\$149										\$149
11	Sales, Econ Dvlp & Other	\$10			(7)							\$2
12	Administrative & General	\$2,508	(2)	(6)		(17)	(11)					\$2,471
13	Total Operating Expenses	\$54,365	(\$2)	(\$6)	(\$7)	(\$17)	(\$11)	\$0	\$1,250	\$0	\$0	\$55,572
14	Depreciation	\$6,892										\$6,892
15	Amortization	\$440						(\$9)				\$431
Taxes:												
16	Property	\$1,587										\$1,587
17	Deferred Income Tax & ITC	551										\$551
18	Federal & State Income Tax	(184)	1	2	2	4	3	2	(305)	0	0	(\$455)
19	Payroll & Other	263										\$263
20	Total Taxes	\$2,237	\$1	\$2	\$2	\$4	\$3	\$2	(\$305)	\$0	\$0	\$1,946
21	Total Expenses	\$63,934	(\$2)	(\$5)	(\$6)	(\$13)	(\$8)	(\$7)	\$945	\$0	\$0	\$64,840
22	AFUDC	\$0										\$0
23	Total Operating Income	\$3,919	\$2	\$5	\$6	\$13	\$8	\$7	(\$945)	(\$0)	(\$0)	\$3,013

Note: Revenues reflect calendar month sales

Calculation of Revenue Requirements

Rate Base	\$124,227	-	-	-	-	-	-	(23)	-	(93)	(3)	\$124,108
Required Operating Income	\$9,255	-	-	-	-	-	-	(2)	-	(7)	(0)	\$9,246
Operating Income	\$3,919	2	5	6	13	8	7	945		(0)	(0)	\$3,013
Revenue Deficiency	\$5,336	(2)	(5)	(6)	(13)	(8)	(7)	(945)		(6)	(0)	\$6,233
Revenue Requirements	\$7,059	(2)	(6)	(7)	(17)	(11)	(11)	1,250		(9)	(0)	\$8,245

Northern States Power Company, a Minnesota corporation
Gas Utility - State of North Dakota
2022 Test Year
Operating Income with Proposed Increase - Interim Rate Petition
(000's)

Case No. PU-21-_____
Exhibit_____(Interim Rate Petition)
Schedule 2, Page 2 of 2

<u>Line No.</u>	<u>Description</u>	<u>Interim Rate Petition Present Rates</u>	<u>Interim Rate Increase</u>	<u>Interim Rate Petition Proposed Rates</u>
<u>Operating Revenues</u>				
1	Retail	\$67,303	\$8,245	\$75,548
2	Interdepartmental	\$0		0
3	Other Operating	\$550		550
4	Total Operating Revenues	<u>\$67,853</u>	<u>\$8,245</u>	<u>\$76,098</u>
<u>Expenses</u>				
Operating Expenses:				
5	Purchased Gas	\$43,934		\$43,934
6	Gas Production & Storage	\$1,885		1,885
7	Gas Transmission	\$387		387
8	Gas Distribution	\$5,129		5,129
9	Customer Accounting	\$1,613		1,613
10	Customer Service & Information	\$149		149
11	Sales, Econ Dvlp & Other	\$2		2
12	Administrative & General	\$2,471		2,471
13	Total Operating Expenses	<u>\$55,572</u>	<u>\$0</u>	<u>\$55,572</u>
14	Depreciation	\$6,892	\$0	\$6,892
15	Amortization	\$431		\$431
Taxes:				
16	Property	\$1,587		\$1,587
17	Deferred Income Tax & ITC	\$551		551
18	Federal & State Income Tax	(\$455)	2,012	1,557
19	Payroll & Other	\$263		263
20	Total Taxes	<u>\$1,946</u>	<u>\$2,012</u>	<u>\$3,958</u>
21	Total Expenses	<u>\$64,840</u>	<u>\$2,012</u>	<u>\$66,852</u>
22	AFUDC	\$0	\$0	\$0
23	Total Operating Income	<u>\$3,013</u>	<u>\$6,233</u>	<u>\$9,246</u>

Note: Revenues reflect calendar month sales.

Northern States Power Company, a Minnesota corporation
Gas Utility - State of North Dakota
2022 Test Year
Rate Base - Interim Rate Petition
(\$000's)

Case No. PU-21-_____
 Exhibit_____(Interim Rate Petition)
 Schedule 3, Page 1 of 1

<u>Line No.</u>	<u>Description</u>	<u>General Rate Application Present Rates</u>	<u>Income Tax Tracker</u>	<u>Net Operating Loss</u>	<u>Cash Working Capital</u>	<u>Interim Rate Petition Present Rates</u>
1	Utility Plant in Service	\$222,855				\$222,855
2	Less: Reserve for Depreciation	\$82,973				\$82,973
3	Net Utility Plant in Service	\$139,882	\$0		-	\$139,882
4	Utility Plant Held for Future Use	\$0	\$0			\$0
5	Construction Work in Progress	\$188	\$0			\$188
6	Less: Accumulated Deferred Income Taxes	\$19,783		\$93		\$19,875
7	Cash Working Capital	\$648			(3)	\$645
	Other Rate Base Items					
8	Materials and Supplies	\$150				\$150
9	Fuel Inventory	2,098				2,098
10	Non-Plant Assets & Liabilities	1,463				1,463
11	Prepayments and Other Working Capital	(419)	(23)			(442)
12	Total Other Rate Base Items	\$3,292	(\$23)	\$0	\$0	\$3,269
13	Total Average Rate Base	\$124,227	(\$23)	(\$93)	(\$3)	\$124,108

Northern States Power Company, a Minnesota corporation
Gas Utility - State of North Dakota
2022 Test Year
Summary of Capitalization and Cost of Capital - Interim Rate Petition
(\$000's)

Case No. PU-21-_____
 Exhibit_____(Interim Rate Petition)
 Schedule 4, Page 1 of 1

<u>Capitalization:</u>	<u>Amount /1</u> <u>(A)</u>	<u>Percent</u> <u>of Total</u> <u>Capitalization</u> <u>(B)</u>	<u>Cost of</u> <u>Capital</u> <u>(C)</u>	<u>Weighted</u> <u>Cost of</u> <u>Capital</u> <u>(D)</u>
<u>PROPOSED TEST YEAR YEAR 2022</u>				
Long-Term Debt	\$6,904,800	47.03%	4.10%	1.93%
Short-Term Debt	<u>\$63,830</u>	<u>0.43%</u>	1.09%	<u>0.00%</u>
Long-Term and Short-Term Debt	\$6,968,630	47.46%	4.07%	1.93%
Net Common Equity	<u>\$7,713,791</u>	<u>52.54%</u>	10.50%	<u>5.52%</u>
Total Capitalization	<u>\$14,682,421</u>	<u>100.00%</u>		<u>7.45%</u>

/1 All are average balances; long term and short term debt based on 12 month averages, common equity based on thirteen month balances.

Northern States Power Company, a Minnesota corporation
Gas Utility - State of North Dakota
2022 Test Year
Jurisdictional Cost of Service - Interim Rate Petition
(\$000's)

Case No. PU-21-_____
Exhibit ____ (Interim Rate Petition)
Schedule 5, Page 1 of 4

NSPM - 00 Complete Revenue Requirements by Jurisdiction, Yr 1	2022		
	Total Company	ND Gas	Other
Composite Income Tax Rate			
State Tax Rate	4.31%	4.31%	4.31%
Federal Statutory Tax Rate	21.00%	21.00%	21.00%
<u>Federal Effective Tax Rate</u>	<u>20.09%</u>	<u>20.09%</u>	<u>20.09%</u>
Composite Tax Rate	24.40%	24.40%	24.40%
Revenue Conversion Factor (1/(1-Composite Tax Rate))	1.322837	1.322837	1.322837
Weighted Cost of Capital			
Active Rates and Ratios Version	Interim	Interim	Interim
Cost of Short Term Debt	1.09%	1.09%	1.09%
Cost of Long Term Debt	4.10%	4.10%	4.10%
Cost of Common Equity	10.50%	10.50%	10.50%
Ratio of Short Term Debt	0.43%	0.43%	0.43%
Ratio of Long Term Debt	47.03%	47.03%	47.03%
Ratio of Common Equity	52.54%	52.54%	52.54%
Weighted Cost of STD			
Weighted Cost of LTD	1.93%	1.93%	1.93%
Weighted Cost of Debt	1.93%	1.93%	1.93%
<u>Weighted Cost of Equity</u>	<u>5.52%</u>	<u>5.52%</u>	<u>5.52%</u>
Required Rate of Return	7.45%	7.45%	7.45%
Rate Base			
Plant Investment	2,025,108	222,855	1,802,253
<u>Depreciation Reserve</u>	<u>793,837</u>	<u>82,973</u>	<u>710,864</u>
Net Utility Plant	1,231,271	139,882	1,091,389
CWIP	3,373	188	3,186
Accumulated Deferred Taxes	219,895	19,875	200,020
DTA - NOL Average Balance	(882)		(882)
DTA - State Tax Credit Average Balance			
DTA - Federal Tax Credit Average Balance	-	-	-
Total Accum Deferred Taxes	219,013	19,875	199,138
Cash Working Capital	(5,202)	645	(5,847)
Materials and Supplies	1,331	150	1,181
Fuel Inventory	17,532	2,098	15,434
Non-plant Assets and Liabilities	12,975	1,463	11,512
Customer Advances	(1,566)	(1,340)	(226)
Customer Deposits	(374)	(42)	(331)
Prepays and Other	4,603	523	4,080
<u>Regulatory Amortizations</u>	<u>417</u>	<u>417</u>	<u>0</u>
Total Other Rate Base Items	29,715	3,914	25,802
Total Rate Base	1,045,346	124,108	921,238

Operating Revenues

Retail	567,419	67,303	500,117
Interdepartmental			
<u>Other Operating Rev - Non-Retail</u>	<u>6,315</u>	<u>550</u>	<u>5,764</u>
Total Operating Revenues	573,734	67,853	505,881

Expenses

Operating Expenses:

Fuel			
Deferred Fuel			
Variable IA Production Fuel			
<u>Purchased Energy - Windsource</u>			
Purchased Gas	318,027	43,934	274,093
Production - Fixed			
Production - Fixed IA Investment			
Production - Fixed IA O&M			
Production - Variable			
Production - Variable IA O&M			
<u>Production - Purchased Demand</u>	<u>0</u>	<u>0</u>	<u>0</u>
Production Total			
Regional Markets			
Transmission IA			
Transmission			
Distribution			
Gas Production & Storage	6,270	1,885	4,385
Gas Transmission	3,294	387	2,908
Gas Distribution	41,033	5,129	35,904
Customer Accounting	14,801	1,613	13,188
Customer Service & Information	17,425	149	17,276
Sales, Econ Dvlp & Other	(37)	2	(40)
<u>Administrative & General</u>	<u>24,034</u>	<u>2,471</u>	<u>21,563</u>
Total Operating Expenses	424,848	55,572	369,276
Depreciation	59,720	6,892	52,829
Amortization	658	431	227

Taxes:

Property Taxes	23,188	1,587	21,600
ITC Amortization	(107)	(0)	(107)
Deferred Taxes	3,505	551	2,954
Deferred Taxes - NOL			
Less State Tax Credits deferred			
Less Federal Tax Credits deferred			
Deferred Income Tax & ITC	3,399	551	2,848
Payroll & Other Taxes	2,937	263	2,674
Total Taxes Other Than Income	29,523	2,401	27,122

Income Before Taxes

Total Operating Revenues	573,734	67,853	505,881
less: Total Operating Expenses	424,848	55,572	369,276
Book Depreciation	59,720	6,892	52,829
Amortization	658	431	227
<u>Taxes Other than Income</u>	<u>29,523</u>	<u>2,401</u>	<u>27,122</u>
Total Before Tax Book Income	58,985	2,558	56,427

<u>Tax Additions</u>			
Book Depreciation	59,720	6,892	52,829
Deferred Income Taxes and ITC	3,399	551	2,848
Nuclear Fuel Burn (ex. D&D)			
Nuclear Outage Accounting			
Avoided Tax Interest	917	30	887
<u>Other Book Additions</u>	<u>23</u>	<u>23</u>	-
Total Tax Additions	64,059	7,495	56,564
<u>Tax Deductions</u>			
Total Rate Base	1,045,346	124,108	921,238
Weighted Cost of Debt	<u>1.93%</u>	<u>1.93%</u>	<u>1.93%</u>
Debt Interest Expense	20,175	2,395	17,780
Nuclear Outage Accounting			
Tax Depreciation and Removals	79,550	9,612	69,938
NOL Utilized / (Generated)			
<u>Other Tax / Book Timing Differences</u>	<u>(791)</u>	<u>(88)</u>	<u>(703)</u>
Total Tax Deductions	98,934	11,919	87,015
<u>State Taxes</u>			
State Taxable Income	24,110	(1,866)	25,976
State Income Tax Rate	<u>4.31%</u>	<u>4.31%</u>	<u>4.31%</u>
State Taxes before Credits	1,039	(80)	1,120
<u>Less State Tax Credits applied</u>			
Total State Income Taxes	1,039	(80)	1,120
<u>Federal Taxes</u>			
Federal Sec 199 Production Deduction			
Federal Taxable Income	23,071	(1,785)	24,856
Federal Income Tax Rate	<u>21.00%</u>	<u>21.00%</u>	<u>21.00%</u>
Federal Tax before Credits	4,845	(375)	5,220
<u>Less Federal Tax Credits</u>			
Total Federal Income Taxes	4,845	(375)	5,220
Total Taxes			
Total Taxes Other than Income	29,523	2,401	27,122
Total Federal and State Income Taxes	5,884	(455)	6,339
Total Taxes	35,407	1,946	33,461
Total Operating Revenues	573,734	67,853	505,881
Total Expenses	520,633	64,840	455,793
AFDC Debt			
AFDC Equity			
Net Income	53,101	3,013	50,087
<u>Rate of Return (ROR)</u>			
Total Operating Income	53,101	3,013	50,087
<u>Total Rate Base</u>	<u>1,045,346</u>	<u>124,108</u>	<u>921,238</u>
ROR (Operating Income / Rate Base)	5.08%	2.43%	5.44%

Return on Equity (ROE)

Net Operating Income	53,101	3,013	50,087
Debt Interest (Rate Base * Weighted Cost of Debt)	(20,175)	(2,395)	(17,780)
Earnings Available for Common	32,926	618	32,308
<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	<u>549,225</u>	<u>65,206</u>	<u>484,019</u>
ROE (earnings for Common / Equity)	5.99%	0.95%	6.67%

Revenue Deficiency

Required Operating Income (Rate Base * Required Return)	77,878	9,246	68,632
<u>Net Operating Income</u>	<u>53,101</u>	<u>3,013</u>	<u>50,087</u>
Operating Income Deficiency	24,777	6,233	18,545
Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.322837	1.322837	1.322837
<u>Revenue Deficiency (Income Deficiency * Conversion Factor)</u>	<u>32,777</u>	<u>8,245</u>	<u>24,532</u>

Total Revenue Requirements

Total Retail Revenues	567,419	67,303	500,117
<u>Revenue Deficiency</u>	<u>32,777</u>	<u>8,245</u>	<u>24,532</u>
Total Revenue Requirements	600,196	75,548	524,648

Northern States Power Company
 Gas Utility - North Dakota
 Interim Rate Increase Calculations

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<u>Class</u>	<u>Item</u>	<u>Unit</u>	<u>Quantity</u>	<u>Unit Margin</u>	<u>Current Margin</u>	<u>Interim Increase *</u>	<u>Margin Increase</u>
Residential - with space heating	Cust	Bill	621,727	\$18.48	\$11,489,515		
	Comm	Thm	<u>39,690,789</u>	<u>\$0.00000</u>	<u>\$0</u>		
	Total				\$11,489,515	\$4,044,432	35.20%
Commercial with space heating	Cust	Bill	109,101	\$30.00	\$3,273,030		
	Comm	Thm	64,949,321	\$0.10800	\$7,014,527		
	Comm	Discount	<u>7,242,210</u>	<u>-\$0.06125</u>	<u>-\$443,570</u>		
	Total				\$9,843,987	\$3,465,189	35.20%
Sm Interruptible	Cust	Bill	758	\$75.00	\$56,850		
	Comm	Thm	<u>5,699,135</u>	<u>\$0.08800</u>	<u>\$501,524</u>		
	Total				\$558,374	\$196,554	35.20%
Large Interruptible	Cust	Bill	300	\$275.00	\$82,500		
	Comm	Thm	29,939,839	\$0.05120	\$1,532,920		
	Comm	Discount	<u>12,763,099</u>	<u>-\$0.01089</u>	<u>-\$139,038</u>		
	Total				\$1,476,382	\$519,702	35.20%
Retail Total	N / A	N / A	N / A	N / A	\$23,368,258	\$8,225,877	35.20%
Rate Total	N / A	N / A	N / A	N / A	\$23,368,258	\$8,225,877	35.20%
Late Pay @	0.2308%	N / A	N / A	N / A	\$0	\$18,986	N / A
Other Op Rev	N / A	N / A	N / A	N / A	\$0	\$0	N / A
Total Rev	N / A	N / A	N / A	N / A	\$23,368,258	\$8,244,863	35.28%

* Total interim increase was adjusted to reflect an increase in late payment revenues and then allocated to class based on current margin contribution.

Northern States Power Company
Gas Utility - North Dakota
Interim Rate Increase
Dollars in thousands (\$000s)

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(1)	Interim Revenue Deficiency	\$8,244,863
(2)	Late Pay Increase	\$18,986
(3)	Interim Revenue Deficiency Net of Late Pay Revenue Inc	\$8,225,877
(4)	Present Revenue Under Present Rates	\$67,302,687
(5)	less Fuel Cost Revenues	\$43,934,429
(6)	Present Base Rate Revenues	\$23,368,258
(7)	Interim Increase - % Retail Total Revenue - (1) / (4)	12.25%
(8)	Interim Increase - % Retail Base Rate Revenue - (3) / (6)	35.20%