

Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Victor Schock, Director of Public Utilities JS

Date: January 3, 2024

Re: Northern States Power Company, 2024 Natural Gas Rate Increase, Application, Case No. PU-23-367

On December 29, 2023, Northern States Power Company (NSP) filed an application to increase its Natural Gas base rates in North Dakota.

It is worth noting that NSP is proposing to increase the residential basic service charge from approximately \$22.25 to \$25 per month and add a distribution charge at a rate of \$0.06155 per therm. The Commission has not used a volumetric component to allow NSP to recover the fixed portion of their cost since its 2004 natural gas rate case.

The primary drivers of the increase request as laid out by NSP are: capital investments in its gas distribution system in North Dakota, investments in its peaking plants, and general and intangible capital investments including information technology, fleet modernization and improvements to facilities.

The chart below provides a summary of the interim and full rate increase request.

NSP 2024 Natural Gas Rate Increase	
Date Filed	12/29/2023
Test Year	2024
Retail Natural Gas Customers	63,000
Requested ROE	10.20%
Currently Authorized ROE	9.80%
Last Nat Gas Rate Case	PU-21-381
Last Nat Gas Increase authorized	7.55%
Interim Rates Effective Date	3/1/2024
Commission's Deadline for final rates (49-05-06 (1))	8/1/2024

Breakdown	Interim	Full Request
2024 Revenue at current rates	\$90,459,000	\$90,459,000
Requested Increase	\$7,889,000	\$8,463,000
2024 Revenue at requested rates	\$98,348,000	\$98,922,000
% Increase	8.77%	9.40%
Interim Rate Surcharge	25.74%	
Monthly bill impact to Residential	\$5.73	\$6.75