



ZEV SIMPSER
Partner
(612) 492-6129
simpser.zev@dorsey.com

August 19, 2024

**VIA FEDERAL EXPRESS AND
ELECTRONIC MAIL**

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

Re: Settlement Agreement
Natural Gas Rate Increase Application
Case No. PU-23-367
OAH File No. 20240006

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy, respectfully submits an original and seven (7) copies of the Supplemental Testimony of Allen D. Krug offered in support of the Settlement Agreement filed on August 15, 2024 in the above-noted case.

79 PU-23-367 Filed 09/05/2024 Pages: 22
NSP Exhibit 17 - Supplemental Testimony of Allen D.
Krug (Policy) Supporting Settlement Agreement

Northern States Power Company

50 South Sixth Street | Suite 1500 | Minneapolis, MN | 55402-1498 | T 612.340.2600 | F 612.340.2868 | dorsey.com

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Please contact me at (612) 492-6129 or simpser.zev@dorsey.com or Alex Nisbet at (701) 241-8632 or alex.j.nisbet@xcelenergy.com if you have any questions regarding this filing.

Very truly yours,

DORSEY & WHITNEY LLP



Zev Simpson

ZS/tjb

Enclosure

cc: **VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Hope L. Hogan, Administrative Law Judge (w/encl.)

John M. Schuh, Advisory Counsel, Public Service Commission (w/encl.)

Brian Johnson, Special Assistant Attorney General (w/encl.)

Victor Schock, Public Service Commission (w/encl.)

Christopher C. Hanson, Public Service Commission (w/encl.)

John B. Coffman, Attorney for AARP (w/encl.)

David Tschider, Attorney for AARP (w/encl.)

Supplemental Testimony
Allen D. Krug

Before the North Dakota Public Service Commission
State of North Dakota

In the Matter of the Application of Northern States Power Company
For Authority to Increase Rates for Natural Gas Service in North Dakota

Case No. PU-23-367
Exhibit___(ADK-2)

Supplemental Policy Testimony Supporting Settlement Agreement

August 19, 2024

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1 **I. INTRODUCTION**

2

3 Q. PLEASE STATE YOUR NAME AND TITLE.

4 A. My name is Allen D. Krug. I am Associate Vice President, State Regulatory
5 Policy for Northern States Power Company – Minnesota (NSP or Xcel Energy
6 or the Company).

7

8 Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS MATTER?

9 A. Yes. I provided Direct Testimony on December 29, 2023.

10

11 Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY IN THIS
12 PROCEEDING?

13 A. The purpose of my testimony is to support the Settlement Agreement that the
14 Company, Advocacy Staff of the North Dakota Public Service Commission
15 (Advocacy Staff), and AARP (collectively, the Parties) submitted to the
16 Commission on August 14, 2024.

17

18 Q. ARE ANY OTHER COMPANY WITNESSES PROVIDING SUPPLEMENTAL
19 TESTIMONY IN SUPPORT OF THE SETTLEMENT AGREEMENT?

20 A. No. However, Company Witnesses Benjamin C. Halama, Christopher J.
21 Barthol, and Martha E. Hoschmiller will be present at the hearing to answer
22 questions the Commission may have regarding revenue requirement (Company
23 Witness Halama), the class cost of service study (Company Witness Barthol),
24 and revenue apportionment and rate design (Company Witness Hoschmiller).

1 Q. DO YOU HAVE ANY INITIAL COMMENTS YOU WOULD LIKE TO MAKE REGARDING
2 THE PARTIES' SETTLEMENT?

3 A. I would like to start by drawing attention to the limited scope of the Parties'
4 disagreements even prior to entering into settlement discussions. The
5 consultants who filed testimony on behalf of Advocacy Staff (Advocacy Staff's
6 Consultants) and the Company agreed on the need for a rate increase and on
7 the vast majority of the issues in this case. Importantly, the Advocacy Staff's
8 Consultants investigated and recognized the appropriateness of the capital
9 investments the Company has made, including in our gas distribution system
10 and gas peaking plants. For its part, AARP took no position on issues other
11 than class cost of service study (CCOSS), revenue apportionment, and rate
12 design. The limited number of issues about which the Parties' disagreed
13 facilitated settlement and allowed for a relatively simple Settlement Agreement.
14

15 Q. PLEASE PROVIDE A GENERAL SUMMARY OF THE SETTLEMENT AGREEMENT.

16 A. The Settlement Agreement sets an agreed-upon overall revenue requirement for
17 the 2024 test year and the authorized return on equity (ROE) and capital
18 structure. It also resolves the issues in this matter related to CCOSS, revenue
19 apportionment, and rate design. The Parties each compromised and arrived at
20 an agreed-upon outcome that will allow the Company an opportunity to earn a
21 reasonable rate of return on capital invested to serve its natural gas customers
22 in North Dakota, while also taking account of Advocacy Staff concerns
23 regarding certain aspects of the revenue requirement the Company presented in
24 Direct Testimony and Advocacy Staff's and AARP's positions with regard to
25 CCOSS, revenue apportionment, and rate design.
26

27 Q. PLEASE DESCRIBE HOW YOUR TESTIMONY IS ORGANIZED.

1 A. I present the rest of my testimony in the following sections:

- 2 • Summary of Revenue Requirement Portions of the Settlement
- 3 Agreement;
- 4 • Summary of CCOSS, Revenue Apportionment, and Rate Design
- 5 Portions of the Settlement Agreement;
- 6 • The Settlement is Just and Reasonable; and
- 7 • Conclusion

8

9 **II. SUMMARY OF REVENUE REQUIREMENT PORTION OF**

10 **SETTLEMENT AGREEMENT**

11

12 Q. WHAT IS THE PURPOSE OF THIS PORTION OF YOUR TESTIMONY?

13 A. In this section, I provide an overview of the revenue requirement portions of
14 the Settlement. I discuss the overall test year revenue requirement agreed to by
15 the Parties and the adjustments that were made to the revenue requirement
16 presented by the Company in its Direct Testimony to arrive at that figure. I also
17 discuss how the agreed-upon increase in revenue requirement relates to the
18 positions taken by the Parties in testimony.

19

20 Q. WHAT IS THE AGREED-UPON TEST YEAR REVENUE REQUIREMENT IN THE
21 SETTLEMENT AGREEMENT?

22 A. The Settlement Agreement provides for an overall 2024 test year revenue
23 requirement of \$97.337 million, which represents a revenue requirement
24 increase of \$7.348 million.

25

26 Q. HOW DID THE PARTIES DETERMINE THE REVENUE REQUIREMENT AMOUNT IN
27 THE SETTLEMENT AGREEMENT?

1 A. As shown in Table 1 of the Settlement Agreement, the Parties began with the
2 increase that the Company proposed in Direct Testimony and then deducted
3 various adjustments from that figure to arrive at the agreed-upon overall
4 amount. In some cases, the adjustments represent an acceptance of another
5 party's position with regard to specific items, in others the adjustment is a
6 compromise between the Company's position and that of Advocacy Staff
7 and/or AARP. There is also an adjustment made based on the discovery of an
8 error the Company made in determining its rate base. I describe these
9 adjustments in more detail below.

10

11 Q. HOW DOES THE AGREED-UPON REVENUE REQUIREMENT COMPARE TO THE
12 REVENUE REQUIREMENT RECOMMENDATIONS THE PARTIES PRESENTED IN
13 TESTIMONY?

14 A. In Direct Testimony, the Company sought an increase of \$8.463 million so the
15 agreed-upon figure represents a decrease of \$1.115 million. Advocacy Staff's
16 Consultants recommended an increase of \$6.344 million in their Direct
17 Testimony, which is \$1.004 million lower than the amount provided for in the
18 Settlement Agreement.

19

20 AARP did not propose specific adjustments to the Company's revenue
21 requirement request or recommend an overall revenue requirement figure in its
22 testimony.

23

24 Q. WHAT CAPITAL STRUCTURE AND RETURN ON EQUITY WERE USED TO
25 DETERMINE THE REVENUE REQUIREMENT FIGURE IN THE SETTLEMENT
26 AGREEMENT?

1 A. The Parties agreed to the use of the Company's proposed capital structure of
2 52.50 percent common equity, 47.38 percent long-term debt, and 0.12 short-
3 term debt, which is based on NSP's actual capital structure. The Parties also
4 agreed to an ROE of 9.90 percent, which is 0.10 higher than the ROE
5 recommended by Staff's Consultants and 0.30 lower than the ROE proposed
6 by the Company in its Direct Testimony. The Settlement Agreement did not
7 provide for any change in the costs of debt proposed by the Company in Direct
8 Testimony as those figures were accepted by Advocacy Staff's Consultants in
9 their testimony. The agreements regarding ROE and capital structure represent
10 a reasonable compromise between the positions of Advocacy Staff and the
11 Company. The Company's proposed capital structure was accepted, but the
12 ROE figure is much closer to that recommended by Advocacy Staff's consultant
13 than the recommendation of the ROE witness presented by the Company.
14

15 Q. WHAT IS THE RESULT OF THE AGREED-UPON ROE?

16 A. The ROE adjustment results in a \$0.349 million reduction in the revenue
17 requirement.
18

19 Q. WHAT OTHER ADJUSTMENTS DID THE PARTIES AGREE TO?

20 A. The Settlement Agreement also provides for an adjustment to O&M, an
21 adjustment based on removing short-term construction work in-progress
22 (CWIP) from rate base, an adjustment based on removing the relocation project
23 for the Fargo-Moorhead Flood Diversion Project from rate base, the removal
24 of long-term incentive pay, organizational dues, charitable donations, economic
25 development donations, advertising expenses, and staff recognition spending,
26 reduced rate case expenses, and an adjustment based on secondary calculations.
27 Some of these adjustments are the result of accepting Advocacy Staff's position

1 on specific items, others are compromises, and the removal of the relocation
2 work for the flood diversion project is the correction of an error the Company
3 made.

4
5 Q. PLEASE DISCUSS THE O&M ADJUSTMENT.

6 A. The Parties agreed upon a reduction in the Company's test year O&M costs of
7 \$0.179 million. This reduction results in test year O&M expenses that are at the
8 same level as the Company's actual O&M spending for 2022. The total 2022
9 O&M actual spending was \$1.33 million less than our 2023 actual O&M
10 spending and \$0.179 million less than our 2024 test year forecast. As the
11 numbers suggest, the Company has faced inflationary pressure since 2022. To
12 take one example of inflation since 2022, our bargaining unit contracts increased
13 by 6.1 percent in 2023 and then by another 4 percent in 2024. Company witness
14 Halama will be present at the hearing if the Commission wishes to discuss this
15 adjustment and the agreed-upon O&M expense amount.

16
17 Q. WHAT IS THE CWIP ADJUSTMENT?

18 A. The Company had proposed to include short-term CWIP in its rate base. This
19 was consistent with past practice in North Dakota and is appropriate because
20 this form of CWIP involves investments that come into service during the test
21 year. However, Advocacy Staff's Consultants recommended that short-term
22 CWIP not be included in rate base, which was their only proposed adjustment
23 to rate base. As a concession, the Company agreed to this adjustment, which
24 results in a \$0.063 reduction in revenue requirement.

1 Q. PLEASE DISCUSS THE ERROR THE COMPANY MADE WITH REGARD TO THE
2 RELOCATION WORK FOR THE FARGO-MOORHEAD FLOOD DIVERSION
3 PROJECT.

4 A. When the Company was determining capital additions, it included the work
5 done to relocate gas infrastructure in North Dakota that was necessary because
6 of the diversion project. However, unlike most relocation projects, NSP was
7 reimbursed for the cost of the work by the Federal government. The cost of the
8 work should only have been included as an addition to rate base if the
9 reimbursement funds were also accounted for as a reduction. In the Direct
10 Testimony of Company Witness Alicia Berger, the Company referenced its
11 Memorandum of Understanding with the government. Advocacy Staff
12 presumably took that reference to mean that the Company was aware of the
13 issue and had accounted for it correctly. During a public input session on July
14 29 the Commission asked questions about the project. In response to that and
15 follow-up inquiries from Advocacy Staff, the Company looked into the issue
16 and determined that it had made an error. The project had been included as a
17 capital addition, but the reimbursement of those same costs had not been
18 included. The Company determined that a reduction in revenue requirement
19 based on removing the project from rate base is appropriate. Accordingly, the
20 Settlement Agreement contains an adjustment of \$0.296 million, which is the
21 revenue requirement impact of the reduction in rate base.

22

23 Q. IS THE COMPANY TAKING ANY OTHER ACTIONS IN RESPONSE TO THIS
24 MISTAKE?

25 A. Yes. The Company has begun reviewing its internal processes to determine how
26 this error was made and what changes should be made to prevent similar errors
27 from being made in the future. Most relocation projects are not reimbursable,

1 but the Company is planning to add additional documentation to its rate case
2 accounting files to identify the reimbursable projects. The Company also
3 conducted another review of the 2023 and 2024 natural gas projects and verified
4 that no other reimbursable projects were inappropriately included as additions
5 to rate base. The Company apologizes to the Commission and Advocacy Staff
6 for its mistake and thanks them for raising the issue.

7

8 Q. PLEASE DISCUSS THE ADJUSTMENTS FOR LTI, DONATIONS, DUES, ECONOMIC
9 DEVELOPMENT, STAFF RECOGNITION, AND ADVERTISING SPENDING.

10 A. This is a group of adjustments that together result in a \$0.121 million reduction.
11 These specific adjustments were all recommended by Advocacy Staff's
12 Consultants. The Parties agreed that the Company may seek to recover these
13 costs on a prospective basis in its next natural gas rate case. These reductions in
14 expenses are in addition to the O&M adjustment discussed above bringing the
15 Company's overall O&M adjustment to below 2022 levels.

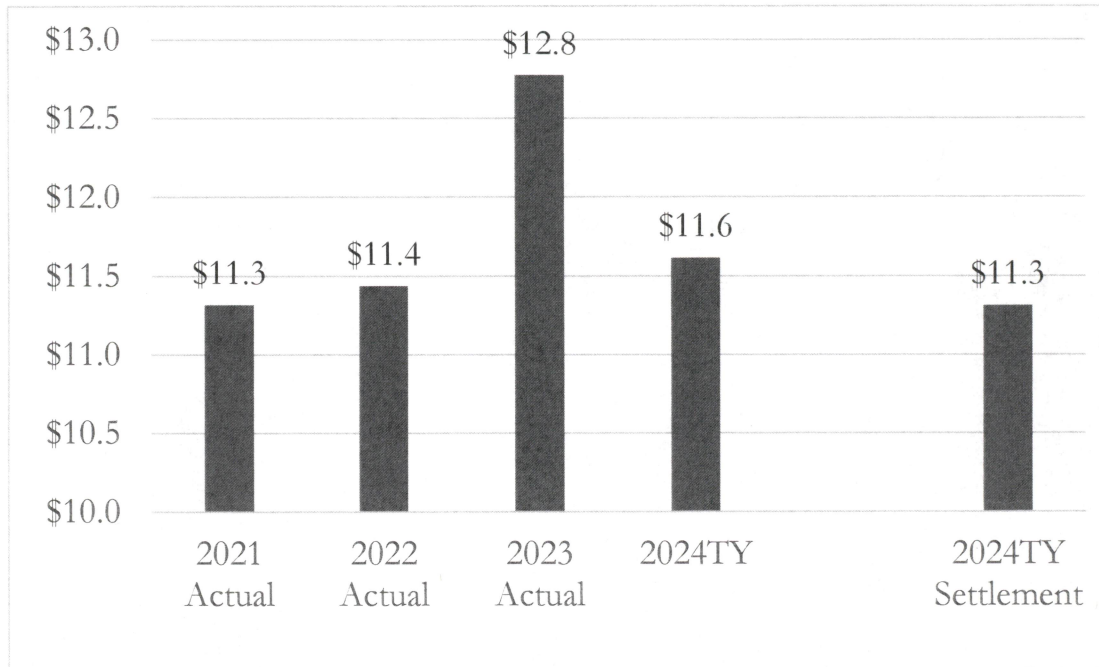
16

17 Q. HOW DOES THE OVERALL O&M TEST YEAR AMOUNT AGREED TO IN THE
18 SETTLEMENT AGREEMENT COMPARE TO ACTUAL O&M SPENDING IN RECENT
19 YEARS?

20 A. The cumulative impact of the \$0.179 million O&M adjustment discussed
21 above and the \$0.121 in adjustments for LTI, donations, dues, economic
22 development, staff recognition, and advertising spending is that the overall
23 O&M test year amount resulting from the Settlement Agreement is below
24 actual O&M costs from 2023 and 2022 and at the same approximate level as
25 actual 2021 O&M. Table 1 compares the 2024 test year total O&M resulting
26 from the Settlement Agreement with the 2024 forecasted test year O&M

1 proposed by the Company in direct testimony and actual total O&M amounts
2 from 2021 to 2023.

3 **Table 1**
4 **North Dakota Gas Jurisdiction Total O&M (\$ mil)**



16
17 Q. HOW DOES THE SETTLEMENT AGREEMENT ADDRESS RATE CASE EXPENSES?

18 A. The Parties agreed that NSP may collect its actual rate case expenses.
19 Specifically, the Company is to collect those expenses over a three-year
20 amortization period. The Parties also recognized that promptly settling this
21 matter will result in rate case expenses that are lower than would otherwise be
22 the case. The Company currently estimates the savings to be at least \$0.100
23 million and that amount is reflected in Table 1 of the Settlement Agreement.

24
25 Q. WHAT ARE THE SECONDARY CALCULATIONS?

26 A. The Company calculated the impact of the various other agreed-upon
27 adjustments to revenue requirement, including payroll taxes, bad debt, the

1 accumulated deferred income taxes (ADIT) and the change in case working
2 capital. In the Settlement Agreement, the Parties agreed to the Company's
3 calculation that these adjustments result in a \$7,000 reduction in the test year
4 revenue requirement.

5
6 Q. DO YOU HAVE OTHER CONTEXT YOU WOULD LIKE TO OFFER REGARDING THE
7 REVENUE REQUIREMENT PORTION OF THE SETTLEMENT AGREEMENT?

8 A. Yes. It is important to understand that the Company's need for this rate case is
9 largely driven by capital investments, as I explained in my Direct Testimony.
10 Advocacy Staff examined the Company's capital additions and conducted
11 discovery on the topic. No party's review of our Capital program caused any
12 particular concern as reflected in only a small capital adjustment related to
13 CWIP. For its part, AARP focused on the class cost of service study, revenue
14 apportionment, and rate design, and did not make a recommendation regarding
15 revenue requirement in the testimony it sponsored. All Parties appear to accept
16 that the Company's capital investments were prudent and necessary for us to
17 continue to be able to provide safe and reliable gas service to our customers.
18 This consensus on capital investments shaped the scope and nature of the
19 Parties' settlement.

20
21 Q. HOW DID THE LACK OF DISPUTES REGARDING CAPITAL ADDITIONS IMPACT
22 THE SETTLEMENT AGREEMENT?

23 A. With only minor adjustments to rate base for short-term CWIP and the
24 correction of the incorrect inclusion of the flood diversion project relocation,
25 the revenue requirement portion of the Settlement Agreement is largely focused
26 on rate of return and adjustments to O&M. The Parties reached reasonable
27 compromises in both those areas with O&M held to slightly below 2022 actual

1 levels, ROE only slightly above the rate recommended by Advocacy Staff's
2 Consultants, and a capital structure that is based on the Company's actual capital
3 structure.

4
5 **III. SUMMARY OF CCOSS, REVENUE APPORTIONMENT, AND**
6 **RATE DESIGN PORTIONS OF SETTLEMENT AGREEMENT**

7
8 Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR SUPPLEMENTAL TESTIMONY?

9 A. In this Section, I provide an overview of the provisions of the Settlement
10 Agreement that cover CCOSS, revenue apportionment, and rate design.

11
12 Q. WHAT DID THE PARTIES AGREE TO IN THE SETTLEMENT AGREEMENT WITH
13 REGARD TO CCOSS, REVENUE APPORTIONMENT, AND RATE DESIGN?

14 A. The Parties agreed to a revenue apportionment set forth in Table 2 of the
15 Settlement Agreement. The Parties also agreed that the amount of the Delivery
16 Services Charge for residential class customers will remain \$22.25 and that a
17 new volumetric Distribution Charge for residential class customers shall be
18 added as the Company had proposed in Direct Testimony. As I noted earlier,
19 Company witnesses Barthol and Hoschmiller will be present at the hearing if
20 the Commission has questions regarding CCOSS, revenue apportionment, and
21 rate design.

22
23 Q. HOW DOES THE REVENUE APPORTIONMENT IN THE SETTLEMENT AGREEMENT
24 COMPARE TO THE RECOMMENDATIONS THE PARTIES MADE IN DIRECT
25 TESTIMONY?

26 A. In the Direct Testimony, the Company had proposed a revenue apportionment
27 that would have resulted in a larger increase for the residential class than the

1 one provided for in the Settlement Agreement. This was based on the results of
2 the Company's CCOSS. For their parts, Advocacy Staff's Consultants and
3 AARP disagreed with how the Company classified distribution mains in its
4 CCOSS and proposed approaches that would have resulted in more of those
5 costs being allocated to non-residential customers. The revenue apportionment
6 set forth in Table 2 of the Settlement Agreement is a compromise between the
7 Parties' positions.
8

9 Q. DO YOU HAVE ANY OTHER COMMENTS REGARDING THE AGREED-UPON CCOSS
10 AND REVENUE APPORTIONMENT?

11 A. Yes. The agreed-upon revenue apportionment does result in a larger percentage
12 increase for the residential class than other customer classes. That moves
13 revenue apportionment closer to cost, which is consistent with the
14 Commission's past expressions of its policy preferences, and it comports with
15 the results of both the Company's own CCOSS and the CCOSS presented by
16 Advocacy Staff's Consultants. Table 2 provides a comparison of the results of
17 the CCOSSs proposed by the Company and Advocacy Staff¹.
18

19 **Table 2**
20 **CCOSS Results Comparison – Deficiency Percentage**

21 Method	Res	Com Firm	Small Int	Large Int	Total
22 Company's Proposed CCOSS	24.53%	1.46%	-13.36%	-8.98%	9.40%
23 Advocacy Staff's Proposed CCOSS	13.47%	9.36%	-9.95%	-4.74%	9.40%

24

¹ The deficiency percentage in Table 2 is associated with the Company's initial deficiency proposed in Direct Testimony.

1 Q. PLEASE DISCUSS HOW THE SETTLEMENT AGREEMENT'S RATE DESIGN
2 PROVISIONS COMPARE TO THE PARTIES' POSITIONS IN DIRECT TESTIMONY?

3 A. In the Direct Testimony, the Company had an increase in the fixed monthly
4 Delivery Services Charge for residential customers from \$22.25 to \$25.00.
5 However, the Settlement Agreement would keep the amount of that charge at
6 \$22.25, which is 11 percent lower than the Company's proposed amount. The
7 addition of a volumetric Distribution Charge for residential customers was
8 recommended by the Company in its Direct Testimony and accepted by both
9 Advocacy Staff and AARP.

10

11 Q. DOES THE SETTLEMENT AGREEMENT STATE THE SPECIFIC AMOUNT OF THE
12 DISTRIBUTION CHARGE FOR RESIDENTIAL CUSTOMERS?

13 A. No. The Settlement Agreement provides that the Company is to determine the
14 amount of the charge based on the agreed-upon revenue requirement, revenue
15 apportionment, and the \$22.25 Delivery Services Charge amount. Within at
16 least thirty days of approval of the Settlement Agreement, the Company will file
17 compliance tariff pages setting forth the revised gas rates.

18

19 Q. THE SETTLEMENT STATES THAT THE FIXED MONTHLY DELIVERY SERVICES
20 CHARGE WILL REMAIN AT \$22.25, WITH THE ADDITION OF A NEW VOLUMETRIC
21 DISTRIBUTION CHARGE FOR RESIDENTIAL CUSTOMERS. WHAT DOES THE
22 COMPANY ESTIMATE THE IMPACT OF THE DISTRIBUTION CHARGE WILL BE TO
23 A RESIDENTIAL CUSTOMER'S BILL?

24 A. We estimate that an average Residential customer would see a \$4.88 increase on
25 their monthly bill due to results of this settlement. Because the Residential
26 Delivery Services Charge will remain the same, this increase will occur in the
27 new Distribution Charge.

1 Q. IN AGREEING TO THE CCOSS, REVENUE APPORTIONMENT, AND RATE DESIGN
2 PORTIONS OF THE SETTLEMENT AGREEMENT, ARE THE PARTIES TAKING
3 POLICY POSITIONS ON THESE ISSUES?

4 A. No. The Settlement Agreement is a compromise. In resolving these (and other)
5 issues in order to settle this specific case, the Parties are not taking policy
6 positions regarding the appropriate CCOSS, revenue apportionment, and rate
7 design. The Company appreciates the willingness of the other Parties to
8 compromise to resolve this case and respects and understands that all Parties,
9 including AARP, are free to argue for their preferred policies and outcomes in
10 future matters.

11

12 IV. THE SETTLEMENT IS JUST AND REASONABLE

13

14 Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR SUPPLEMENTAL TESTIMONY?

15 A. In this Section, I explain why the Settlement Agreement, taken as a whole, will
16 result in a just and reasonable outcome.

17

18 Q. PLEASE SUMMARIZE WHY THE REVENUE REQUIREMENT AGREED TO IN THE
19 SETTLEMENT AGREEMENT IS JUST AND REASONABLE.

20 A. The Company has had to make significant capital additions in recent years. I
21 explained in my Direct Testimony the Company filed this rate case due to
22 material capital investments since the last rate case, particularly investments in
23 our North Dakota gas system and in our gas peaking plants. As a result, the
24 Company is experiencing a revenue shortfall and does not have the opportunity
25 to earn a reasonable rate of return. Staff's Consultants recognized this reality
26 and supported an increase in revenue requirement. Their proposed adjustments
27 were largely focused on O&M and rate of return. The revenue requirement

1 portion of the settlement is a reasonable compromise of the Parties' positions
2 that reflects an underlying consensus regarding the largely capital-driven need
3 for a rate increase. With O&M held at 2022 actual levels, ROE only 0.10 percent
4 above the recommendation of Staff's Consultant, and the inclusion of various
5 adjustments proposed by Staff's Consultants, the Settlement Agreement
6 represents a compromise of the Parties' positions on the contested revenue
7 requirement issues.

8
9 Overall, the revenue requirement sections of the Settlement Agreement are just
10 and reasonable because they give the Company the opportunity to earn a
11 reasonable rate of return while also reducing the amount of NSP's proposed
12 increase so as to limit the impact on customers.

13
14 Q. PLEASE SUMMARIZE WHY THE CCOSS, REVENUE APPORTIONMENT, AND RATE
15 DESIGN ASPECTS OF THE SETTLEMENT AGREEMENT ARE JUST AND
16 REASONABLE.

17 A. The portions of the Settlement Agreement addressing CCOSS, revenue
18 apportionment, and rate design are just and reasonable because they represent
19 a compromise that reflects both the results of the Company's CCOSS and
20 concerns raised by other Parties in testimony regarding impacts on residential
21 class customers.

22 23 **V. CONCLUSION**

24
25 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

26 A. Yes, it does.


STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY)
2024 NATURAL GAS RATE INCREASE)
APPLICATION)
)
)
)

Case No. PU-23-367


**AFFIDAVIT OF
Allen D. Krug**

I, the undersigned, being first duly sworn, depose and say that the foregoing is the Supplemental Testimony Supporting Settlement Agreement of the undersigned, and that such Supplement Testimony to the best of my knowledge, information and belief, is true, correct, accurate and complete, and I hereby adopt said testimony as if given by me in formal hearing, under oath.

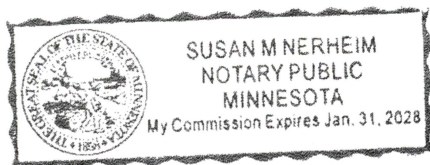


Allen D. Krug

Subscribed and sworn to before me, this 19th day of August, 2024.



Notary Public
My Commission Expires:



<p>Brian Johnson Special Assistant Attorney General North Dakota Public Service Commission 600 E Boulevard Ave., Dept. 408 Bismarck, ND 58505-0060</p>	<p>Victor Schock Public Utility Analyst North Dakota Public Service Commission 600 E Boulevard Ave, Dept 408 Bismarck, ND 58505-0408</p>
<p>Christopher C. Hanson PSC Advocacy Staff 600 East Boulevard Avenue Bismarck, ND 58505</p>	<p>John B. Coffman John B. Coffmann, LLC 871 Tuxedo Blvd. St. Louis, MO 63119-2044</p>
<p>David Tschider Tschider & Smith Law Firm PO Box 754 Bismarck, ND 58501-0754</p>	

Lanai Alexander
Lanai Alexander

Subscribed and sworn before me this 19th day of August, 2024.

Ashley Marie Skwier

Notary Public
Hennepin County, Minnesota

