



Public Service Commission State of North Dakota

COMMISSIONERS

Randy Christmann
Sheri Haugen-Hoffart
Julie Fedorchak

600 East Boulevard Avenue Dept. 408
Bismarck, ND 58505-0480
Web: www.psc.nd.gov
Phone: 701-328-2400
ND Toll Free: 1-877-245-6685
Fax: 701-328-2410
TDD: 800-366-6888 or 711

December 20, 2024

Executive Secretary
North Dakota Public Service Commission
600 E. Blvd. Ave. Dept. 408
Bismarck, ND 58505-0480

Re: Northern States Power Company
2025 Electric Rate Increase
Application

Case No. PU-24-376

Northern States Power (NSP) filed for an electric rate increase on December 2, 2024. The Company used a 2025 projected test year to calculate its interim rate relief request of \$27,371,168 in increased revenue collections or an overall increase in revenue collections (excluding riders) of 11.88%. This equates to an average \$11.36 per month net increase for residential customers using 875 kWh.

Staff finds OTP's interim rate request in compliance with the laws and rules governing interim rate increases. The following is Staff's analysis.

Staff reviewed the Commission's last rate case order (PU-20-441) and the NSP's current interim rate request for compliance with the laws and rules governing interim rate increases. The applicable section of law reads:

49-05-06. Hearing by commission on proposed change of rates.

2. Notwithstanding that the commission may suspend a filing and order a hearing, a public utility may file for interim rate relief as part of its general rate increase application and filing. If interim rates are requested, the commission shall order that the interim rate schedule take effect no later than sixty days after the initial filing date and without a public hearing. The interim rate schedule must be calculated using the proposed test year cost of capital, rate base, and expenses, except that the schedule must include:

a. A rate of return on common equity for the public utility equal to that authorized by the commission in the public utility's most recent rate proceeding;

b. Rate base or expense items the same in nature and kind as those allowed by a currently effective commission order in the public utility's most recent rate proceeding; and

c. No change in existing rate design.

3. In ordering an interim rate schedule, the commission may require a bond to secure any projected refund required by subsection 4. The terms of the bond, including the amount and surety, are subject to the commission's approval.

4. As ordered by the commission, the utility shall promptly refund to persons entitled thereto all interim rate amounts collected by the public utility in excess of the final rates approved by the commission plus reasonable interest at a rate to be determined by the commission.

NSP calculated its interim rates by using the currently approved return on equity of 9.50%. The interim increase contains rate base and expenses that are the "same in nature and kind" as allowed by the Commission in NSP's last rate case order.

NSP's proposed interim rates do not change the existing rate design, and the interim increase is proposed to be the same for all customer classes.

Even though the Commission may require a bond to ensure a refund if the Commission does not find in NSP's favor, Staff believes the financial security of NSP is sufficient as to not require a bond.

In summary, Staff believes that NSP's interim rate request complies with the laws and rules and should be approved for use on or after February 1, 2025.

Sincerely,

A handwritten signature in blue ink, appearing to read 'AR', followed by a horizontal flourish.

Adam Renfandt
Public Service Commission
Advocacy Staff

c: Alex Nisbet