

**BEFORE THE PUBLIC SERVICE COMMISSION
OF NORTH DAKOTA**

**Montana-Dakota Utilities Co.
2017 Natural Gas Rate Increase
Application**

Case No. PU-17-295

**ADVOCACY STAFF'S RESPONSE TO
MONTANA DAKOTA UTILITIES COMPANY'S APPLICATION AND NOTICE OF CHANGE IN
NATURAL GAS RATES- INTERIM RATE UPDATE TO REFLECT TAX CUTS AND JOBS ACT**

I. Background

On September 6, 2017, the Commission issued an Order on Interim Rates which approved Montana-Dakota Utilities Company's (Montana-Dakota) request for interim rates to increase annual revenue collections of \$4.6 million, subject to refund of the amount collected in excess of the final rates approved by the Commission.¹ On December 22, 2017, the Tax Cut and Jobs Act of 2017 (Tax Reform) was signed by President Trump reducing tax rates and modifying policies. On February 14, 2018, Montana-Dakota filed an Application and Notice of Change in Natural Gas Rates – Interim Rate Update to Reflect Tax Cuts and Jobs Act.

II. Description

Due to Tax Reform reducing the corporate income tax rate from 35 percent to 21 percent, Montana-Dakota's application seeks to reduce interim rate increase from 12.486 percent to 7.357 percent, reducing the interim revenue increase from \$4,561,074 to \$2,687,424 (approximately a 1.9 million reduction). Montana-Dakota provided supporting schedules reflecting the change.

As the Commission is aware, Advocacy Staff (Staff) requested and was granted an order initiating investigation into the effects of Tax Reform and accounting treatment.² Although Montana-Dakota and Staff are still evaluating the impacts of Tax Reform, Montana-Dakota believes that the magnitude of the tax change and the delay in hearing make a reduction appropriate on the interim. Staff agrees that Montana-Dakota's proposal is appropriate until the benefits of the Tax Reform are fully evaluated through the current pending rate case or Case No. PU-17-490. To communicate the interim rate reduction, the Commission may propose an informational statement to be included in customer bills.

III. Conclusion


Having reviewed Montana-Dakota's application, Staff believes Montana-Dakota's request to update interim rates to reflect Tax Reform is appropriate.

¹ Case No. PU-17-295, Doc. No. 27; N.D.C.C. § 49-05-07(4).

² Case No. PU-17-490, Doc. No. 1 and 4

Dated: February 21, 2018

Respectfully Submitted on Behalf of
Advocacy Staff,



John M. Schuh
Special Assistant Attorney General
600 E. Boulevard Ave, Dept. 408
Bismarck, ND 58505-0480
jschuh@nd.gov