



Public Service Commission
State of North Dakota

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September 25, 2018

Darrell Nitschke
Executive Director
ND Public Service Commission
600 E. Boulevard Ave. Dept. 408
Bismarck, ND 58505-0480

Via Hand Delivery

Re: Case No. PU-18-155
Northern States Power Company
Tax Reform Effects – Electric Utility
Rates

Dear Mr. Nitschke:

Enclosed is a copy of the Staff Update On Tax Reform to be filed in the above captioned case.

Best Regards,

John Schuh
Legal Counsel

Enclosure

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Staff Update on Tax Reform

Public Service Commission
John Schuh, Legal Counsel

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Northern States Power Company
Tax Reform Effects – Electric Utility
Rates**

Case No. PU-18-155

STAFF UPDATE ON TAX REFORM

On December 29, 2017, Commission Staff filed a Request to Initiate Investigation into Effects of Tax Reform and for Accounting Treatment. One January 10, 2018, the Commission approved an Order Initiating Investigation.

On April 20, 2018, Staff filed its Initial Review and Comments Regarding Rate Impact and Accounting Treatment. Staff's comments provided explanations and recommendations to provide a clear and accessible path for the Commission and Companies to proceed. Staff also stated its intention to have a Staff resolution with the Companies filed by the "end of September 2018" or recommend procedural steps to address outstanding issues. In subsequent meetings, Commissioners expressed concern of the proceedings being drawn-out. Staff also expressed its intention to attempt to have a filing for each non-rate case utility by mid-September.

For Montana-Dakota Utilities Co. – Electric, Staff filed a settlement agreement on August 10, 2018 in Case No. PU-18-89. Staff filed a settlement agreement with Northern States Power Company (NSP) – Gas on August 27, 2018 in Case No. PU-18-156. The only outstanding filing for a company outside of a rate case is NSP – Electric.

Staff is providing this filing to update the Commission prior to the last regular commission meeting before the "end of September" deadline. Staff and the Company have negotiated a settlement in principle. The key settlement principles are as follows:

1. A refund of \$9.6 million in 2018.
2. 2-year rate case moratorium (2019-2020), with the Company being allowed to file for interim rates effective January 1, 2021.
3. A reduction of ROE to 9.85 with the Company returning 100% of earnings over this amount.
4. Staff agrees to modify the renewable rider to allow recovery of non-ND based wind projects.
5. This agreement will be contingent upon the Commission approving the advanced determination of prudence of the 1,550 MW Wind Generation in Case No. PU-17-120 and Dakota Range in Case No. PU-17-372.

Following the drafting and filing of this agreement, Staff will follow-up with a memorandum providing further explanation and will be available to provide follow-up to commission requests for information.

Dated: September 25, 2018



John M. Schuh
Staff Counsel