

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Northern States Power Company
Tax Reform Effects – Electric Utility
Rates

Case No. PU-18-155

AFFIDAVIT OF SERVICE BY REGULAR AND ELECTRONIC MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Geralyn R. Schmaltz deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **26th** day of **September, 2018**, she deposited in the United States Mail, Bismarck, North Dakota, **two** envelopes by first class mail, fully prepaid containing a copy of:

- **Staff Update On Tax Reform**

The envelopes were addressed as follows:

Zeviel T. Simpser
Attorney for Northern States Power Co.
Briggs and Morgan, P. A.
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

Dave Sederquist
Sr. Consultant, Regulation & Finance
Xcel Energy
PO Box 2747
Fargo, ND 58102

Geralyn R. Schmaltz further deposes and says that on the **26th day of September, 2018**, she electronically mailed one copy of the same.

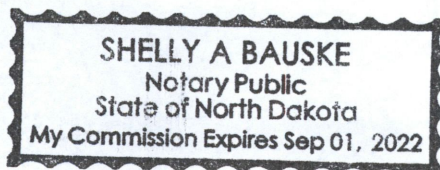
The electronic mail was addressed as follows:

regulatory.records@excelenergy.com

The addresses shown are the respective addressee's last reasonably ascertainable post office and electronic mail addresses.

Subscribed and sworn to before me
this **26th day of September, 2018**.

SEAL



Geralyn R. Schmaltz

Shelly A. Bauske
Notary Public

7 PU-18-155 Filed: 9/26/2018 Pages: 3
Affidavit of Service, Reg. and E-mail Staff Update on
Tax Reform

Public Service Commission

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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.

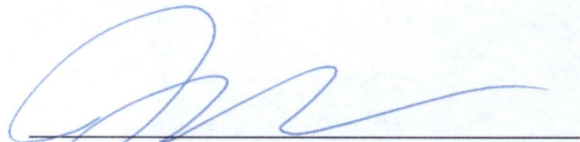
For Montana-Dakota Utilities Co. – Electric, Staff filed a settlement agreement on August 10, 2018 in Case No. PU-18-89. Staff filed a settlement agreement with Northern States Power Company (NSP) – Gas on August 27, 2018 in Case No. PU-18-156. The only outstanding filing for a company outside of a rate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

A handwritten signature in blue ink, appearing to read 'John M. Schuh', is written over a horizontal line.

John M. Schuh
Staff Counsel