



Public Service Commission
State of North Dakota

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9 January 2019

Timothy Dawson, Director
Office of Administrative Hearings
2911 North 14th Street – Suite 303
Bismarck, ND 58503

Re:
Northern States Power Company
Tax Reform Effects - Electric Utility
Rates

Case No. PU-18-155

Dear Mr. Dawson:

Enclosed is a request for an Administrative Law Judge for the captioned case. The public hearing is scheduled to begin 20 March 2019 at 9:00 a.m. CDT in the Commission hearing room, State Capitol, 12th Floor, Bismarck, North Dakota. A copy of the Notice is enclosed.

The Administrative Law Judge will serve as a procedural law judge and the hearing will be electronically recorded.

If you have any questions, please contact me. Thank you.

Best regards,

Illona A. Jeffcoat-Sacco
General Counsel

enclosures

c: w/encl. via e-mail only

Dave Sederquist (dave.sederquist@xcelenergy.com)

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REQUEST FOR ADMINISTRATIVE LAW JUDGE--APPEAL, APPLICATION, OR PETITION
NORTH DAKOTA OFFICE OF ADMINISTRATIVE HEARINGS
 SFN 17819 (Rev. 06-2007)

Name of Agency, Board, or Commission
 North Dakota Public Service Commission

The above named agency, board, or commission requests designation of an administrative law judge from the Office of Administrative Hearings for the Northern States Power Company, Tax Reform Effects, Electric Utility, Rates, PSC Case No. PU-18-155

(e.g., application of [name], appeal of [name], petition of [name]). Authority for the administrative action is found in North Dakota Century Code Title 49 (North Dakota Century Code and/or North Dakota Administrative Code).

Please attach related documents and correspondence.

The administrative action is more fully described as follows:
 A settlement was filed in response to the commission's investigation re the 2017 Tax Cuts and Jobs Act (PU-17-490). The commission wants a hearing on whether the Settlement is just and reasonable.

It requests designation of an administrative law judge (please check one):

- To conduct the hearing and issue recommended findings of fact, conclusions of law, and order.
- To serve as a procedural administrative law judge only (no recommended decision). The agency head will be present at the hearing as required by NDCC 28-32-31(5). See NDCC 54-57-04.
- To conduct the hearing, issue findings of fact, conclusions of law, and a final order.

PLEASE MAKE A REQUEST FOR AN ADMINISTRATIVE LAW JUDGE AT LEAST ONE MONTH BEFORE THE HEARING.

Please list parties, including the agency if it is a Party, and Representation [attorney (or other)] if known, or Agency Contact:
 (Attach separate list if necessary.)

AGENCY See attached	Address	Telephone Number
Representation	Address	Telephone Number
PARTY	Address	Telephone Number
Representation	Address	Telephone Number
PARTY	Address	Telephone Number
Representation	Address	Telephone Number

Additional Comments
 A copy of the Notice is enclosed

(For agencies required to use OAH, notice of hearing will be issued by the administrative law judge, unless a procedural administrative law judge is requested. Other requesting agencies and agencies requesting a procedural administrative law judge should first contact OAH about scheduling a hearing. If notice has already been issued, attach a copy of the notice.)

Typed or Printed Name and Title of Requesting Person Illona A. Jeffcoat-Sacco, General Counsel	Date 1/9/2019
Signature of Requesting Person <i>x Illona A. Jeffcoat Sacco</i>	Telephone Number (701) 328-2407

Attachment
 Request for ALJ
 9 January 2019

Re:
 Northern States Power Company
 Tax Reform Effects - Electric Utility
 Rates

Case No. PU-18-155

AGENCY	Address	Telephone Number
North Dakota Public Service Commission	600 E. Blvd. Ave. Dept. 408 Bismarck, ND 58505-0480	701-328-2400
Representation Illona A. Jeffcoat-Sacco PSC Advisory Counsel	Address Same as above	Telephone Number 701-328-2407
Representation John Schuh Advocacy Staff Counsel	Address Same as above	Telephone Number 701-328-2421
PARTY Northern States Power Company	Address 414 Nicollet Mall 7th Floor Minneapolis, MN 55401	Telephone Number 612-330-5532
David Sederquist Sr. Consultant, Regulation & Finance	Xcel Energy P O Box 2747 Fargo, ND 58108-2747	701-241-8632
Regulatory Records, Records Specialist	Xcel Energy 414 Nicollet Mall - 7th Floor Minneapolis, MN 55401	612-330-5532
Representation Zeviel Simpser	Address Briggs & Morgan 2200 IDS Center 80 South 8th Street Minneapolis, MN 55402-2157	Telephone Number 218-739-8200

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Northern States Power Company
Tax Reform Effects - Electric Utility
Rates

Case No. PU-18-155

CORRECTED NOTICE OF HEARING

January 9, 2019

A **public hearing** is scheduled to begin **March 20, 2019 at 9:00 a.m. CDT** in the Commission hearing room, State Capitol, 12th Floor, Bismarck, North Dakota 58505.

On January 10, 2018, in Case No. PU-17-490, the Commission opened an investigation into the effects of federal tax reform, H.R. 1, Tax Cuts and Jobs Bill Act of 2017 (TCJA), on North Dakota regulated utilities, and required jurisdictional utilities to file information on the impact, supporting calculations, and the appropriate regulatory accounting treatment.

On October 1, 2018, Public Service Commission Advocacy Staff (Advocacy Staff) filed a Settlement Agreement between NSP and Advocacy Staff, proposing to resolve the issue of how the benefits of the TCJA will be provided to NSP's electric customers.

The issue to be considered in this matter is whether the Settlement Agreement is just and reasonable and should be approved.

The Tax Cuts and Jobs Act of 2017 (TCJA) impacts NSP's cost of providing electric service, including a reduction in the income tax rate from 35 percent to 21 percent, the creation of plant (protected) excess deferred income taxes (EDIT), and the creation of non-plant (unprotected) EDIT. The net result of these TCJA impacts is a decrease in Xcel Energy's most recent Test Year cost of service equal to approximately \$9.6 million.

The Settlement Agreement provides that \$9,763,400 will be refunded to all NSP customers of record in 2018 within 90 days of approval. The refund will be made in a single bill credit or payment and will be allocated to customer classes based on each class' most recent revenue allocation approved by the Commission. NSP indicated it would not object if the Commission orders this refund prior to acting on the Settlement Agreement and the Commission has so ordered.

The Settlement Agreement provides that, in lieu of making additional TCJA-related refunds beyond 2018, NSP agrees to a base rate moratorium for 2019 and 2020. Specifically, NSP agrees not to file another general rate increase prior to November 1, 2020 with new rates not in effect prior to January 1, 2021. Additionally, in its next general rate case, NSP's Test Year costs of service would reflect the cost savings of the TCJA.

The Settlement Agreement provides that NSP's existing Renewable Energy Rider (RER) would be expanded to include Company-owned renewable energy resources located outside of North Dakota for which NSP has received an Advanced Determination of Prudence (ADP) from the Commission. Thus for ADPs granted for 1,850 MW of wind projects in Case Nos. PU-17-120 and PU-17-372, the Settlement Agreement provides that NSP could recover the costs of the owned wind investments (as well as other future company-owned renewable energy investments that receive an ADP from the Commission) in the RER as of their in-service date.

The Settlement Agreement establishes an earnings sharing mechanism during the 2019 and 2020 base rate moratorium. Specifically, in the event NSP's annual weather normalized earnings during either of fiscal years 2019 or 2020 exceed a Return on Equity (ROE) of 9.85 percent, NSP will refund to customers 100 percent of the weather-normalized revenue contributing to the excess earnings. Customers will not be charged for weather-normalized earnings below 9.85 percent.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400; or Relay North Dakota, 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials, please notify the Commission at least 24 hours in advance.

PUBLIC SERVICE COMMISSION

		
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Julie Fedorchak Commissioner	Brian Kroshus Chairman	Randy Christmann Commissioner