



VIA ELECTRONIC FILING AND U.S. MAIL

August 27, 2018

Darrell Nitschke, Executive Secretary
North Dakota Public Service Commission
Dept. 0408, State Capitol
600 East Boulevard
Bismarck, ND 58505-0480

Re: SETTLEMENT AGREEMENT
EFFECTS OF TAX CUT AND JOBS ACT OF 2017 ON NATURAL GAS RATES
(Case Nos. PU-17-490, PU-18-156)

Dear Mr. Nitschke:

Attached is a Settlement Agreement reached between Northern States Power Company, a Minnesota corporation operating in North Dakota ("Xcel Energy" or the "Company") and the Advocacy Staff of the North Dakota Public Service Commission (collectively, the "Parties") in the above referenced matter.

The Settlement Agreement represents a joint proposal to confer the benefits of the 2017 Tax Cut and Jobs Act (TCJA) to Xcel Energy's natural gas customers in North Dakota as well as provide a path to fund the Company's final manufactured gas plant (MGP) remediation project in the state.

More specifically, the Settlement Agreement directs the Company to begin amortizing the costs of the remediation in 2018 without increasing natural gas rates. The savings resulting from the TCJA beginning in 2018 will be retained by the Company to approximately offset the MGP amortization expense. In the event the Company files a future rate case in North Dakota, the TCJA savings will be incorporated into the overall Test Year, thereby reducing overall revenue requirements, and the MGP amortization will then be recoverable via the Cost of Gas Rider until the balance of project costs has been fully amortized.

The Settlement Agreement benefits customers by reducing the level of MGP remediation costs ultimately recoverable in rates and by deferring such recovery in rates to a future point in time. The Agreement also provides regulatory efficiency by deferring the need to develop, review, and implement new rates.

For these reasons, we respectfully request the Commission to approve the attached Settlement Agreement, as it is consistent with the public interest, and a timely and reasonable means of conferring the benefits of the TCJA to our North Dakota natural gas customers.

Please contact us with any questions.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style.

David Sederquist

Sr. Regulatory Consultant, Xcel Energy
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cc: Jack Schuh
Victor Schock