

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Public Service Commission**  
**Rate Impact and Accounting Treatment**  
**Investigation**

**Case No. PU-17-490**

**ORDER INITIATING INVESTIGATION**

**January 10, 2018**

**Preliminary Statement**

On December 22, 2017, President Donald Trump signed H.R. 1, Tax Cuts and Jobs Bill Act of 2017 (Tax Reform), which amends the Internal Revenue Code to reduce tax rates and modify policies effective starting January 1, 2018.

On December 29, 2017, Public Service Commission Advocacy Staff filed with the Commission a Request to Initiate Investigation into the effects of the Tax Reform and for accounting treatment to record the impacts of the Tax Reform.

**Discussion**

Advocacy Staff requests that the Commission initiate an investigation to obtain information from investor-owned rate-regulated utilities regarding the impact of the Tax Reform.

Advocacy Staff also requests that, beginning January 1, 2018, jurisdictional investor-owned public utilities be required to apply regulatory accounting treatment, including the use of regulatory assets and liability accounts, to record the impacts of the Tax Reform.

The Commission believes the Tax Reform will reduce corporate income tax rates, including tax obligations of North Dakota public utilities, including from 35% to 21% to the top income bracket, beginning in the 2018 tax year. This tax reduction may provide an opportunity to reduce the rates to North Dakota public utility customers. Accordingly, the Commission finds it in the public interest to direct the public utilities to use regulatory accounting treatment to record the impact of the Tax Reform.

**Order**




The Commission orders:

1. An investigation is initiated to determine the effect of the Tax Reform on Great Plains Natural Gas Co.; Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.; Northern States Power Company; and Otter Tail Power Company.

2. Great Plains Natural Gas Co.; Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.; Northern States Power Company; and Otter Tail Power Company shall apply the appropriate regulatory accounting treatment, including the use of regulatory assets and liability accounts, to record the impact of the Tax Reform beginning January 1, 2018, for Commission consideration.

3. By February 15, 2018, Great Plains Natural Gas Co.; Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.; Northern States Power Company; and Otter Tail Power Company shall each file information in this investigation regarding the impact of the Tax Reform with supporting calculations, and shall file comments regarding the appropriate regulatory accounting treatment.

**PUBLIC SERVICE COMMISSION**

		
<b>Brian Kroshus</b> Commissioner	<b>Randy Christmann</b> Chairman	<b>Julie Fedorchak</b> Commissioner