

Service Date: February 6, 2018

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF the Application of) REGULATORY DIVISION
Montana-Dakota Utilities Co. for Authority to)
Establish Increased Rates For Natural Gas)
Service in the State of Montana) DOCKET NO. D2017.9.79

NOTICE OF COMMISSION ACTION

PLEASE TAKE NOTICE that the Commission held a business meeting on December 27, 2017, to discuss a conference report for H.R. 1, An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (2017 Tax Act). This report passed through both chambers of the United States Congress on December 20, 2017.¹ This 2017 Tax Act, the first major reform of federal taxation since the 1980s, was signed into law by the President on December 22, 2017, and is effective for tax year 2018. The 2017 Tax Act affects business income tax in at least two ways which will impact investor-owned utilities and their consumers: it reduces the corporate Federal Income Tax (FIT) rate from 35% to 21%, and creates an excess deferred tax reserve which must be normalized for the benefit of customers.

At this business meeting, the Commission initiated a docket investigating the FIT reform impacts on public utility revenue requirements and directed NorthWestern Energy's electric and gas utilities, Montana-Dakota Utilities (MDU) electric and gas utilities, and Energy West Montana/Cut Bank Gas Co. (EWM/CBG) to record on their books as a deferred liability, in an appropriate account, the estimated reduction in FIT resulting from the 2017 Tax Act. *See* Not. of Comm'n Action, Docket N2017.12.94 (Dec. 28, 2017). The Commission directed these utilities to file a proposal to address the effect of the 2017 Tax Act, including any financial information that is sufficient to establish a revenue requirement which reflects prospectively any possible

¹ <https://www.congress.gov/bill/115th-congress/house-bill/1/all-actions?overview=closed#tabs>

impacts of the 2017 Tax Act, as well as financial information that will support any proposals for future investment or expense programs which might offset any possible rate reduction, no later than March 31, 2018.

At a regularly scheduled work session on January 9, 2018, the Commission found good cause exists to waive Mont. Admin. R. 38.5.106, thereby permitting MDU gas operations to record the estimated reduction in FIT as a deferred liability and make an appropriate adjustment to rates due to the 2017 Tax Act. *See* Mont. Admin. R. 38.5.102(3). Accordingly, the Commission modifies Procedural Order 7573, by striking sections (d) – (l) of ¶ 4, and substituting the following:

- (d) February 16, 2018: Final day for the Commission to identify additional issues, and final day for discovery to intervenors on their response testimony.
- (e) February 23, 2018: Final day for MDU to file supplemental testimony and financial information addressing the 2017 Tax Act issues raised in this Notice.
- (f) March 5, 2018: Final day for discovery to MDU on supplemental testimony and for intervenors to respond to discovery on their response testimony.
- (g) March 16, 2018: Final day for MDU to respond to discovery on supplemental testimony and to file rebuttal testimony.
- (h) March 23, 2018: Final day for intervenors to file supplemental testimony regarding 2017 Tax Act issues and for discovery to MDU on its rebuttal testimony.
- (i) March 28, 2018: Final day for discovery to intervenors related to supplemental testimony.
- (j) March 30, 2018: Final day for MDU to respond to discovery related to its rebuttal testimony.
- (k) April 4, 2018: Final day for intervenors to respond to discovery related to their supplemental testimony
- (l) April 11, 2018: Final day for MDU and intervenors to file pre-hearing memoranda including identification of data responses to be moved into the evidentiary record.
- (m) April 18, 2018: Final day for MDU and intervenors to object to data responses identified on April 4, 2018.
- (n) April 26, 2018: Hearing commences and continues from day-to-day as necessary.

BY THE MONTANA PUBLIC SERVICE COMMISSION

BRAD JOHNSON, Chairman
TRAVIS KAVULLA, Vice Chairman
ROGER KOOPMAN, Commissioner
BOB LAKE, Commissioner
TONY O'DONNELL, Commissioner