

Service Date: January 22, 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 Joint Application        ) REGULATORY DIVISION  
for Approval to Change and Establish Natural    )  
Gas Delivery Service Rates for Energy West    ) DOCKET NO. D2017.9.80  
Montana, Inc. and Cut Bank Gas Company        )

**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.<sup>1</sup> 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* Notice 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 impacts of the 2017 Tax Act, as well as financial information that will support any

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

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 EWM/CBG 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) (2017). Accordingly, the Commission modifies Procedural Order 7575 as follows:

- (a) January 25, 2018: Final day for discovery to Joint Applicants related to their initial testimony.
- (b) February 8, 2018: Final day for Joint Applicants to respond to discovery. *See* Procedural Order 7575 ¶ 9 (establishing “rolling” discovery).
- (c) February 22, 2018: Final day for intervenor testimony and for Joint Applicants to file supplemental testimony and financial information addressing the 2017 Tax Act issues raised in this Notice.
- (d) March 8, 2018: Final day for the Commission to identify additional issues.\*
- (e) March 9, 2018: Final day for discovery to intervenors on intervenor testimony, and to Joint Applicants on supplemental testimony.
- (f) March 23, 2018: Final day for intervenors and Joint Applicants to respond to discovery.
- (g) April 6, 2018: Final day for Joint Applicants to file rebuttal testimony. Final day for intervenors to file cross-intervenor response testimony and response testimony to Joint Applicants’ supplemental testimony.
- (h) April 13, 2018: Final day for discovery to Joint Applicants and intervenors related to rebuttal and cross-intervenor response testimony, and related to response testimony to the supplemental testimony.
- (i) April 20, 2018: Final day for Joint Applicants and intervenors to respond to discovery related to rebuttal and cross-intervenor response testimony, and to respond to discovery related to response testimony to the supplemental testimony.
- (j) April 24, 2018: Final day for Joint Applicants to file rebuttal testimony to intervenors’ response testimony to the supplemental testimony
- (k) April 27, 2018: Final day for discovery to Joint Applicants related to rebuttal testimony to intervenors’ response testimony to the supplemental testimony.

- (l) May 1, 2018: Final day for Joint Applicants to respond to discovery related to rebuttal testimony to intervenors' response testimony to the supplemental testimony.
- (m) May 4, 2018: Final day for Joint Applicants and intervenors to file pre-hearing memoranda including identification of data responses to be moved into evidentiary record. *See* Procedural Order 7575 ¶¶ 20–22.
- (n) May 7, 2018: Final day for Joint Applicants and intervenors to object to data responses identified on May 4, 2018. *Id.*
- (o) May 9, 2018: Hearing commences and continues day-to-day as necessary.

\*If the Commission identifies additional issues it will issue a modified procedural order and schedule, likely changing some of deadlines (f) through (n).

BY THE MONTANA PUBLIC SERVICE COMMISSION

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