

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the ) Application No. NG-0095.1/  
Commission, on its own motion, ) PI-213  
seeking to investigate the )  
effect of the Tax Cut and Jobs )  
Act of 2017 upon rates set by ) ORDER  
Nebraska's natural gas public )  
utilities. )  
)  
NorthWestern Corporation d/b/a )  
NorthWestern Energy ) Entered: September 5, 2018

BY THE COMMISSION:

On March 20, 2018, the Nebraska Public Service Commission opened a docket seeking to investigate the effects of the federal Tax Cuts and Jobs Act of 2017 ("TCJA"), Public Law No. 115-97, upon all natural gas public utilities subject to the Commission's jurisdiction under the State Natural Gas Regulation Act, NEB. REV. STAT. §§ 66-1801 - 66-1868. After the opening of this docket, the Public Advocate, the City of Grand Island, and the City of Kearney each filed petitions for formal intervention in this matter. Each of these petitions was granted. The City of North Platte also filed a petition for intervention and was designated as an informal intervenor.

In an order dated April 26, 2018, the Commission divided this matter into three subdockets to enable the Commission to address each jurisdictional utility individually. NG-0095.1 is the subdocket designated to address Northwestern Corporation d/b/a Northwestern Energy ("NorthWestern"). Subdockets NG-0095.2 and NG-0095.3, which relate to the two Black Hills entities, were resolved separately in a Commission order dated June 19, 2018.

EVIDENCE

All parties to the above-captioned subdocket had an opportunity to review the order opening the docket and the filings of the parties, and to conduct discovery. The cities were offered the services of the Public Advocate in reviewing this docket but chose to negotiate independently.

On July 20, 2018, NorthWestern filed a stipulation ("Stipulation") reached with the cities of Grand Island, Kearney,

and North Platte ("the Cities").<sup>1</sup> This stipulation set forth a plan of action to assess whether NorthWestern received an income tax liability or benefit due to the TCJA. Under this plan, NorthWestern will provide to the Cities, no later than March 1, 2019, a calculation, along with supporting documentation, of the effect of the TCJA on NorthWestern's retail natural gas operations in the cities using NorthWestern's actual financial numbers for 2018. NorthWestern committed to meet with representatives of the Cities to discuss its calculations no later than March 29, 2019. Following this meeting, NorthWestern and the Cities will submit to the Commission a joint filing reporting the results of NorthWestern's calculation, whether any refund is due to customers, and the manner in which NorthWestern's customers will receive the benefit of any refund to which they may be entitled. This filing will be submitted to the Commission no later than April 30, 2019.

Pursuant to the stipulation, NorthWestern presented the terms of the stipulation to the Commission on August 21, 2018, during the Commission's weekly public meeting. The Commission and its staff were given the opportunity to ask questions and discuss the agreement with representatives of NorthWestern and its counsel. Counsel for the Cities did not attend the presentation.

#### FINDINGS AND OPINION

Pursuant to the State Natural Gas Regulation Act, Neb. Rev. Stat. § 66-1801 *et seq.*, the Commission has "full power, authority, and jurisdiction to regulate natural gas public utilities and may do all things necessary and convenient for the exercise of such power, authority, and jurisdiction." Neb. Rev. Stat. § 66-1804(1). The Act further provides that these powers are to be "liberally construed." Neb. Rev. Stat. § 66-1804(2). The Commission's powers, authority, and jurisdiction, including with regard to general rate filings and rate principles, are further outlined in state regulations at 291 Neb. Admin. Code, Chapter 9, Sections 4 and 5.

The Commission has reviewed the evidence presented in this matter and finds that the parties to the above-captioned subdocket are in agreement as to the handling of any benefit to be realized by NorthWestern pursuant to the enactment of the TCJA. The Commission finds that the agreement between the parties is reasonable and in accordance with Nebraska law and Commission regulations and procedures.

<sup>1</sup> The Stipulation will be attached to this Order as Exhibit 1.

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The Commission further finds that the stipulation only relates to any benefit realized by NorthWestern during the year 2018. The stipulation does not address any benefit realized by NorthWestern during 2019, or any subsequent years, prior to NorthWestern filing an application for its next general rate case with the Commission. It is the expectation of the Commission that NorthWestern shall continue to evaluate the effects of the TCJA on its rates each year going forward, unless and until NorthWestern files an application with the Commission for a general rate proceeding. The Commission further expects that NorthWestern will communicate such findings and conclusions to the Cities and the Commission in a manner similar to that prescribed by the stipulation for 2018.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the stipulation and agreement filed by NorthWestern and the Cities in this docket be approved and made effective as of the date of this order.

IT IS FURTHER ORDERED that NorthWestern and the Cities follow the schedule set forth in the stipulation for the sharing of calculations, meetings, and filings with the Commission.

IT IS FURTHER ORDERED that NorthWestern continue to communicate with the Cities and the Commission as to NorthWestern's calculations relating to the effect of the federal Tax Cuts and Jobs Act on NorthWestern's revenue and any resulting customer benefit in any years subsequent to 2018, until NorthWestern files its next general rate case in Nebraska.

IT IS FURTHER ORDERED that should unforeseen issues in the enactment of the terms of the stipulation, or other relevant issues deriving from the enactment of the federal Tax Cuts and Jobs Act, arise, that the parties shall contact the Commission and seek guidance as to how to proceed.

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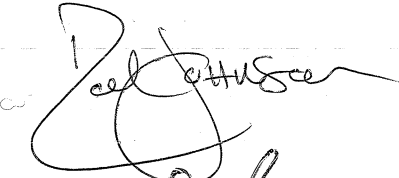
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ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 5th  
day of September, 2018.

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COMMISSIONERS CONCURRING:



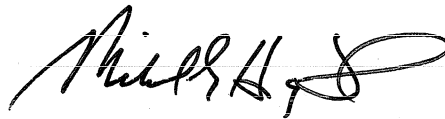
//s//Frank E. Landis

//s//Mary Ridder



Chair

ATTEST:



Executive Director