

Frequently Asked Questions about the PUC's Federal Tax Reform and Jobs Act docket

Jan. 23, 2018

What is the South Dakota Public Utilities Commission doing about this federal tax reduction to corporations?

The PUC opened a docket requesting information from the investor-owned utilities it regulates to determine the effect the revised Tax Reform and Jobs Act will have on each of them. In most cases, the PUC anticipates that the tax cut that was effective Jan. 1, 2018, will reduce corporate taxes. The commission plans to ensure these savings are passed on to customers of regulated electric and natural gas utilities.

How are the investor-owned utilities' corporate taxes handled currently?

Regulated utilities pass the costs of federal income taxes through to ratepayers.

What investor-owned utilities are regulated by the PUC?

The PUC regulates the state's investor-owned electric and natural gas utilities and these include Black Hills Energy, Montana-Dakota Utilities, MidAmerican Energy, NorthWestern Energy, Otter Tail Power, Xcel Energy, and the South Dakota Intrastate Pipeline Company.

When will this docket or the work be completed so consumers can see the savings in their bills?

The PUC staff working on the new docket anticipate that analyzing the tax reduction effect on each regulated utility will be a complex and time-consuming process. There are a variety of methods to address the tax change and the best method for each utility will differ. The commission initially discussed this new docket and the necessary process during a Dec. 29, 2017, ad hoc meeting. PUC staff are working with each utility individually to determine a process and timeline to handle each specific case. Each utility will file comments by Feb. 1, 2018, about how the change in federal taxes may affect its cost of service and possible ways to reflect the effects of the tax change in rates. The analysis will be more work-intensive for some utilities than others, and the PUC staff plans to have the utility cases completed within two years. Because of the multitude of changes in the tax code, it is vital that the utilities and PUC staff take the necessary time to fully understand these changes. The utilities have been required to set aside the tax savings beginning Jan. 1, 2018.

Can I access information in the docket?

This docket can be viewed on the PUC's website at www.puc.sd.gov, Commission Actions, Commission Dockets, Gas & Electric Dockets, 2017 Gas & Electric Dockets, GE17-003 - In the Matter of Staff's Request to Investigate the Effects of the Tax Cuts and Jobs Act on South Dakota Utilities. The documents that are not filed confidentially are available for anyone to read.