

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF STAFF'S REQUEST)	
TO INVESTIGATE THE EFFECTS OF THE)	STIPULATION & JOINT
TAX CUT AND JOBS ACT ON SOUTH)	REQUEST
DAKOTA UTILITIES)	
		GE 17-003

Commission Staff (Staff) of the South Dakota Public Utilities Commission (Commission) and Otter Tail Power Company (OTP) request the Commission to issue an Order adopting the settlement of Tax Cut and Jobs Act (TCJA) issues approved by the Commission in Docket No. EL18-021¹ (Rate Case Docket) and to close this Docket (TCJA Docket) with respect to OTP.

The Commission opened the TCJA Docket in December 2017 to investigate the effect the TCJA will have on South Dakota utilities and to order utilities to provide comments on the effect of the TCJA. OTP filed Initial Comments on February 1, 2018. OTP commenced the Rate Case Docket on April 20, 2018. On February 15, 2019 Staff and OTP entered in to a Settlement Stipulation in the Rate Case Docket which among other things resolved any outstanding issues in the TCJA Docket. Specifically, Section 7(c) of the Settlement Stipulation provides the following:

c. Tax Cuts and Jobs Act. The Parties agree that the Company has fully addressed any obligations it may have under the federal Tax Cuts and Jobs Act in Docket No. GE17-003 and in this proceeding, and that no additional reductions or refunds relating to Tax Cuts and Jobs Act will be made, including reductions or refunds for the period prior to commencement of interim rates. The Parties agree to enter a Stipulation requesting the Commission to close Docket No. GE17-003 with respect to OTP.

Staff's Memorandum Supporting Settlement Stipulation explained the basis for the Settlement:

¹ *In the Matter of the Application of Otter Tail Power Company for Authority to Increase Its Electric Rates, EL18-021.*

The Parties agree this rate case fully addresses the Company's obligations regarding the TCJA in Docket GE17-003. The adjustments described above ensure rates are developed based on the 21% federal corporate tax rate and the appropriate excess deferred income taxes are returned to customers. Such adjustments are effective upon the date interim rates went into effect. No adjustment or refund was required for the time period prior to the commencement of interim rates due to the unique financial position of the Company in relation to how its base rates were set in Docket EL10-011. Specifically, the Company's base rates included significant PTCs. Adjusting the rates determined in Docket EL10-011 to reflect the 21% tax rate would have resulted in an increase, or surcharge, to customers. The Settlement appropriately addresses the TCJA. No further actions are required in Docket GE17-003, other than to close the docket with respect to OTP.²

On March 6, 2019 the Commission issued its Order approving the Settlement Stipulation in the Rate Case Docket.

Based on the foregoing, Staff and OTP request the Commission to issue an Order adopting the settlement of Tax Cut and Jobs Act (TCJA) approved by the Commission in Docket No. EL18-021 and to close this Docket with respect to OTP.

Dated this 29th day of March, 2019.



Kristen N. Edwards
Staff Attorney
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501
Phone: (605) 773-3201
Kristen.edwards@state.sd.us



Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56538
Phone: (281) 739-8956
cstephenson@otpc.com

² Staff Memorandum Supporting Settlement Stipulation, p. 17, February 21, 2019.