



UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street

Bismarck, ND 58501

(701) 222-7900

December 13, 2018

Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol  
Pierre, SD 57501

Re: In the Matter of Staff's Request to Investigate the  
Tax Cuts and Jobs Act on South Dakota Utilities  
Montana-Dakota Supplement to December 3, 2018 Submittal  
Docket No. GE17-003

Montana-Dakota Utilities Co., a Division of MDU Resources Group Inc. (Montana-Dakota), herewith provides supplemental information regarding the December 3, 2018 filing made by Montana-Dakota. Montana-Dakota provided an estimated rate reduction to be effective January 1, 2019 for both gas and electric operations in mid-September 2018. The estimates were \$300,000 and \$250,000 for gas and electric operations, respectively. The Company's update submitted December 3, 2018 provided the actual reductions to rates to be \$339,252 for gas operations and \$76,419 for electric operations. The previously provided estimate for gas operations was in line with the Company's estimate whereas the estimate for electric operations was considerably less.

The mid-September estimate for electric operations was based on a revenue requirements model that was found to contain an error when the December update was prepared. The model should have excluded all revenue, expenses, and rate base components related to the Infrastructure and Transmission riders. The accumulated deferred income taxes associated with the Infrastructure rider were inadvertently left in the model which resulted in an understatement of the rate base. The understated rate base produced a lower revenue requirement overstating the estimated cost of service reduction originally provided.

If you have any questions regarding these comments, please contact me, at (701) 222-7856 or [tamie.aberle@mdu.com](mailto:tamie.aberle@mdu.com).

Sincerely,

A handwritten signature in blue ink that reads 'Tamie A. Aberle'.

Tamie A. Aberle

Director of Regulatory Affairs

Attachments

cc: B. Koenecke