

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

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|-----------------------------|---|----------|
| IN THE MATTER OF DEFERRED |) | |
| TREATMENT OF THE FINANCIAL |) | GE20- |
| EFFECTS OF COVID-19 AND THE |) | |
| CREATION OF REGULATORY |) | PETITION |
| ASSETS |) | |
| |) | |

COMES NOW, the Petitioners filing jointly for permission to create a regulatory asset for purposes of tracking and accounting for expenses and savings relative to COVID-19.

I. **Parties.**

The Parties to this docket are Northern States Power DBA as Xcel Energy (Xcel), MidAmerican Energy (MidAmerican), NorthWestern Energy (NorthWestern), Otter Tail Power Company (Otter Tail), and Montana-Dakota Utilities (Montana-Dakota). Xcel, and Otter Tail provide electric service in South Dakota. MidAmerican, Montana-Dakota, and NorthWestern provide both gas and electric service.

II. **COVID-19.**

The Coronavirus (COVID-19) pandemic of 2020 has required a response from the petitioners to customers, vendors, and employees consistent with public health and economic slowdown considerations. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 a pandemic. On March 13, 2020 South Dakota Governor Kristi Noem declared a state of emergency and issued Executive Order 2020-04. Also, on March 13, 2020, President Trump declared the COVID-19 pandemic a national emergency.

Subsequent Executive Orders from Governor Noem have refined guidance to the public concerning response to and limiting exposure from this pandemic.

As operators of critical utility services, the Applicants' utmost priority remains the continuous provision of safe, reliable, and affordable services to our customers in these uncertain times. To do so, the Applicants are undertaking extraordinary actions in a manner consistent with State and Federal public health guidance and directives, such as the Executive Orders and incurring extra costs outside of the usual course of business. Due to these unforeseen and unprecedented events, and in expectation that ongoing and continued pandemic-related actions will be needed to ensure continued safe and reliable service during and after this pandemic, the Applicants respectfully file this Application, seeking Commission authorization for each of the Applicants to track incremental expenses incurred as a result of COVID-19, defer such expenses, and record those expenses into a regulatory asset.

Examples of such costs include:

- Specific operational responses to the pandemic. Some companies are sending two trucks to sites instead of having personnel ride together. If an employee were to be infected, the company would likely use sequestration to keep plants and system operations shifts working.
- Personal protective equipment in the form of masks, shields, gloves, booties, and garments,
- Bad debt expense,

- Administrative and financing costs associated with arrearages and uncollectible accounts,
- Technology to continue business operations from remote locations,
- Training for employees,
- Legal and regulatory expenses to determine and communicate responses
- Other as of now undetermined impacts.

These costs derive from measures taken to ensure the health, safety and welfare of our customers and employees. Additional costs and related reduced revenues have also been borne by complying with additional government and regulatory responses to the virus, including shut-downs.

III. The Commission has the authority to approve deferred accounting and amortization of unusual and non-recurring expenses that were not contemplated when setting the current rates. By doing so, the Commission allows a utility to designate unusual and infrequent costs as regulatory assets that will be amortized over future accounting periods. SDCL § 49-34A-7 states that the Commission shall designate a system of accounts kept by public utilities, and ARSD § 20:10:13:48 states that “all statements, schedules, and working papers shall be prepared in accordance with the classifications set forth in the commission’s orders and in the FERC uniform system of accounts” The companies seek approval under these provisions for deferred accounting treatment to allow for the recognition of the costs associated with the response to COVID-19 as a regulatory asset beginning from the date the emergency was declared, March 13, 2020.

IV. The costs associated with the companies' response to COVID-19 are above and beyond both what the companies have budgeted for in normal utility operations and that which was reflected in the costs of service that were used to set current rates. Rather than expense these costs as they occur, we believe these one-time extraordinary expenditures are most appropriately deferred to a regulatory asset. We do not feel that actions taken to recover the costs should necessarily drive each company into a general rate case. Additionally, some Petitioners are under moratoria due to previously filed rate cases, which might be seen as further complicating matters.

We do not think it necessarily efficient that staff and the Commission are forced into eight rate cases if costs are not allowed to be deferred. The costs of filing a rate case in each case might make for inefficiencies which could not be gained back for the rate payers or the companies.

Petitioners would prefer and suggest that each Company submit a separate filing including justification for the deferred amount ultimately to be recovered along with a proposed recovery mechanism addressing the Company's individual circumstances in order to achieve an outcome for each, which makes regulatory and economic sense.

WHEREUPON the Petitioners request that the Commission consider this Petition at its earliest opportunity and provide, in its order the authorization to track and defer the financial effects of COVID-19 and, for regulatory guidance and a pathway forward.

Dated this 1 day of May 2020.

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(SIGNATURE PAGES TO FOLLOW)

Dated this ____ day of May 2020.

NORTHERN STATES POWER DBA XCEL ENERGY

BY: /s/ Steve Kolbeck
ITS: South Dakota Principal Manager

(SIGNATURE PAGES TO FOLLOW)

Dated this 1 day of May 2020.

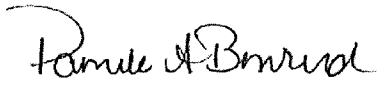
MIDAMERICAN ENERGY COMPANY

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Dated this 1st day of May 2020.

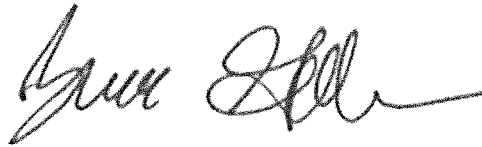
NORTHWESTERN ENERGY

BY: 
ITS: Director, Government and Regulatory Affairs

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Dated this _1st___ day of May 2020.

OTTER TAIL POWER COMPANY

A handwritten signature in black ink, appearing to read "Bruce Gerhardson". The signature is fluid and cursive, with a long horizontal stroke at the end.

BY: Bruce Gerhardson
ITS: Vice President, Regulatory Affairs

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Dated this 1st day of May 2020.

MONTANA-DAKOTA UTILITIES

BY: *Garret Senger*

ITS: Executive Vice President, Regulatory Affairs