

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PUBLIC) ORDER APPROVING SETTLEMENT AGREEMENT
UTILITIES COMMISSION INVESTI-)
GATION INTO THE EFFECTS OF) (F-3647-1)
THE 1986 TAX REFORM ACT ON)
SOUTH DAKOTA UTILITIES.)

On October 22, 1986, President Reagan signed into law the Tax Reform Act of 1986 (TRA-86). Subsequently, on October 29, 1986, the Public Utilities Commission Staff (Staff) requested information from Minnegasco, Inc. concerning the cost of service effects of the Tax Reform Act of 1986 on Minnegasco's jurisdictional utility operations. On December 22, 1986, Minnegasco made its initial filing in this docket based on the twelve months ending September 30, 1986.

On June 18, 1987, Staff filed a Motion requesting the Public Utilities Commission (Commission) to require Minnegasco to make a formal filing with the Commission which would reflect the effects of the Tax Reform Act of 1986 and TRA-86 associated adjustments. The Commission granted this Motion in its Interim order issued June 26, 1987. Accordingly, Minnegasco filed its position on July 27, 1987.

The Interim Order presented four TRA-86 options for South Dakota regulated utilities. Minnegasco selected the second alternative, which allowed it to file limited adjustments relating to the TRA.

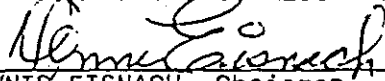
As a result of informal negotiations between Minnegasco and Staff, the two parties reached a Settlement Agreement in this docket. The Commission has carefully reviewed the Stipulation and Settlement Agreement in this docket and finds that it properly establishes just and reasonable rates and therefore should be approved. It is therefore

ORDERED, that the Stipulation and Settlement Agreement between Staff and Minnegasco be and hereby is approved upon the terms and conditions set forth therein; and it is

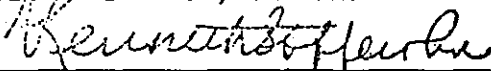
FURTHER ORDERED, that the Stipulation and Settlement Agreement reached between Minnegasco and Staff in this matter be and the same hereby is incorporated as if fully set forth herein.

Dated at Pierre, South Dakota, this 25th day of May, 1988.

BY ORDER OF THE COMMISSION:



DENNIS EISNACH, Chairman



KENNETH STOFFERAHN, Commissioner



JAMES A. BURG, Commissioner

(OFFICIAL SEAL)