

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PUBLIC)	ORDER APPROVING TARIFFS
UTILITIES COMMISSION INVESTI-)	<u>AND CLOSING DOCKET</u>
GATION INTO THE EFFECTS OF)	
THE 1986 TAX REFORM ACT ON)	(F-3647-9)
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 Northwestern Public Service Company (NWPS) concerning the cost of service effects of the Tax Reform Act of 1986 on NWPS' jurisdictional utility operations. On March 31, 1987, NWPS made its initial filing in this docket based on the twelve months ending December 31, 1985.

On June 18, 1987, Staff filed a motion requesting the Public Utilities Commission (Commission) to require NWPS 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, 1986. Accordingly, NWPS filed its position on July 27, 1987.

The Interim Order presented four TRA-86 options for South Dakota regulated utilities. NWPS selected the third alternative, which allowed it to file tariffs reflecting the per books effect of the TRA.

As a result of informal negotiations between NWPS and Staff, the two parties reached a Settlement Agreement in this docket. The Commission approved the Settlement Agreement by Order dated September 1, 1987. Pursuant to that Order, Company filed the following tariffs applicable to its natural gas and electric consumers in South Dakota:

Electric

Section No. 3

- 10th Revised Sheet No. 1
- 5th Revised Sheet No. 2
- 7th Revised Sheet No. 3
- 6th Revised Sheet No. 4
- 12th Revised Sheet No. 5
- 11th Revised Sheet No. 9
- 9th Revised Sheet No. 11
- 8th Revised Sheet No. 12
- 10th Revised Sheet No. 14
- 9th Revised Sheet No. 15
- 8th Revised Sheet No. 23
- 7th Revised Sheet No. 28
- 8th Revised Sheet No. 32

Electric (continued)

Section No. 5

5th Revised Sheet No. 4

Natural Gas

Section No. 3

13th Revised Sheet No. 1
2nd Revised Sheet No. 2.1
2nd Revised Sheet No. 4.1
2nd Revised Sheet No. 3.1
2nd Revised Sheet No. 5.1
2nd Revised Sheet No. 6.1
2nd Revised Sheet No. 7.1

The Commission has carefully reviewed the tariff sheets and finds as a matter of fact:

1. Company has formally presented its position on the TRA-86 to the Commission.

2. The Commission has fully reviewed the impact of the TRA-86 on Company and no further proceedings in this docket are necessary. Therefore, the docket in this matter should be closed.

3. The impact of the Tax Reform Act should be reflected for all service rendered on and after July 1, 1987.

4. The Company's filed tariffs, along with the customer refund proposal approved on September 1, 1987, are designed to implement a July 1, 1987 decrease in customer's rates.


The Commission concludes as a matter of law that pursuant to SDCL 49-34A-6, the Public Utilities Commission must regulate all rates in a manner that requires the public to pay only just and reasonable rates for service rendered. It is therefore

ORDERED, that Company's proposed tariffs be and are hereby approved, effective September 1, 1987; and it is

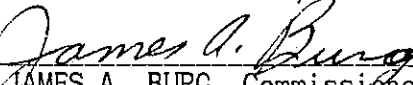
FURTHER ORDERED, that the docket in this matter be and hereby is closed.

Dated at Pierre, South Dakota, this ____ day of September, 1987.

BY ORDER OF THE COMMISSION:


DENNIS EISNACH, Chairman


KENNETH STOFFERAHN, Commissioner


JAMES A. BURG, Commissioner

(OFFICIAL SEAL)