

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PUBLIC)
UTILITIES COMMISSION INVESTI-)
GATION INTO THE EFFECTS OF)
THE 1986 TAX REFORM ACT ON)
SOUTH DAKOTA UTILITIES.)

ORDER APPROVING TARIFFS

(F-3647-6)

On October 22, 1986, President Reagan signed into law the Tax Reform Act of 1986 (TRA-86). Subsequently, the Public Utilities Commission Staff (Staff) investigated the cost of service effects of the Tax Reform Act of 1986 on Montana-Dakota Utilities Company's (MDU) jurisdictional utility operations.

As a result of informal negotiations between MDU and Staff, the two parties reached a settlement agreement in this docket. The Commission approved the Settlement Agreement by Order dated June 20, 1988. Pursuant to that Order, MDU filed the following tariffs applicable to its electric consumers in South Dakota:

Section No. 3

6th Revised Sheet Nos. 1, 6, 10, 12, 14, 19, 23 and 26
7th Revised Sheet Nos. 3, 5 and 21
2nd Revised Sheet Nos. 5.3, 7, 15, and 15.1
5th Revised Sheet Nos. 14.1 and 16
9th Revised Sheet Nos. 24 and 25

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

1. MDU 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 MDU and no further proceedings in this docket are necessary.
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 June 20, 1988, are designed to implement a July 1, 1987 decrease in MDU's electric 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

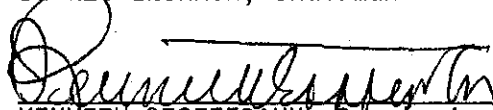
ORDERED, that MDU's proposed tariffs be and are hereby approved, effective July 1, 1988.

Dated at Pierre, South Dakota, this 30th day of June, 1988.

BY ORDER OF THE COMMISSION:



DENNIS EISNACH, Chairman



KENNETH STOFFERAHN, Commissioner



JAMES A. BURG, Commissioner

(OFFICIAL SEAL)