

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PUBLIC ) ORDER ESTABLISHING PROCEDURAL  
UTILITIES COMMISSION INVESTI- ) SCHEDULE AND ORDER FOR AND  
GATION INTO THE EFFECTS OF ) NOTICE OF HEARING  
THE 1986 TAX REFORM ACT ON )  
SOUTH DAKOTA UTILITIES. ) (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) filed a Motion requesting the Public Utilities Commission (Commission) to require Montana-Dakota Utilities Co. (MDU) 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, MDU filed its position on July 16, 1987.

The Interim Order presented four TRA-86 options for South Dakota regulated utilities. MDU selected the second alternative for its electric operations, which allowed it to file limited adjustments relating to the TRA. For its natural gas operations the Company selected the fourth alternative which allowed it to reach a Stipulation with Staff regarding further proceedings in this docket.

The Commission finds that to date the parties have failed to demonstrate sufficient progress in resolving the TRA impact on rates. Considering the Commission's responsibility to assure that only fair and reasonable rates are charged to South Dakota ratepayers and further considering that the TRA has been in effect for almost one year, the Commission finds that the parties may continue to consider limited adjustments related to the TRA only until June 26, 1988. If the parties fail to resolve the TRA impact on rates as of that date, the Commission will proceed to a hearing limited solely to the revenue requirement effect of the Tax Reform Act of 1986.

In the event that this docket proceeds to a hearing, the impact of the TRA will be based upon data filed on July 15, 1987, unless the Company can justify a different test year. The following procedural schedule sets forth dates of receipt for prefiled testimony. The prefiled testimony will be limited solely to the issue of the impact of the corporate tax rate reduction on rates.

In order to facilitate final action in this investigation, the Commission now finds that a procedural schedule must be established. The Commission finds that MDU should file testimony and supporting exhibits on or before June 3, 1988 in this proceeding for both its electric and natural gas operations and that the Commission Staff should file its direct testimony and exhibits on June 17, 1988. Hearings will be held on June 27 and 28, 1988. Following the hearing, initial briefs should be due on July 18, 1988, and reply briefs should be due on August 1, 1988.

The hearings will be conducted pursuant to SDCL 1-26 in order to take additional testimony regarding the issue of whether MDU's natural gas and electric rates are currently unjust and unreasonable considering SDCL 49-34A. If the Commission finds, as a result of proceedings within the above-entitled docket, that MDU's rates are currently unjust and unreasonable pursuant to SDCL 49-34A-6, it may order that MDU's rates be reduced within either its natural gas or electric operations or within both operations. As required by SDCL 49-34A-11, the burden of proof will be upon MDU to show that its currently effective rates are reasonable.

The hearing in this case shall be an adversary proceeding. A party has the right at the hearing to be present and to be represented by a lawyer. These and other due process rights will be forfeited if they are not exercised at the hearing. The decision based on the hearing may be appealed to the Circuit Court and the State Supreme Court as provided by law. It is therefore

ORDERED, that the procedural schedule in this matter shall be as follows:


MDU prefiled direct testimony	June 7, 1988
Staff prefiled direct testimony	June 17, 1988
Formal evidentiary hearing	June 27-28, 1988
Simultaneous initial briefs	July 18, 1988
Simultaneous reply briefs	August 1, 1988

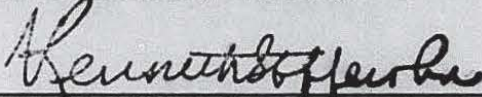
and it is

FURTHER ORDERED, that the Commission shall commence its hearing in the above-entitled matter at 10 o'clock A.M., CDT, on June 27, 1988, at a place to be posted at the offices of the Public Utilities Commission, 500 East Capitol Avenue, Pierre, South Dakota.

Dated at Pierre, South Dakota, this 27th day of May, 1988.

BY ORDER OF THE COMMISSION:

  
DENNIS EISNACH, Chairman

  
KENNETH STOFFERAHN, Commissioner

  
JAMES A. BURG, Commissioner

(OFFICIAL SEAL)

CERTIFICATE OF SERVICE

I hereby certify that I am an employee of the Public Utilities Commission and that I have this day served the foregoing and attached document upon all parties of record in this proceeding, by mailing a copy thereof, properly addressed, to each such party, to-wit:

C. Wayne Fox, Vice President-Regulatory Affairs, Montana-Dakota Utilities Co., 400 North 4th Street, Bismarck, ND 58501

(15)  
Donald R. Ball, Montana-Dakota Utilities Co., 400 North 4th Street, Bismarck, ND 58501

Robert G. Towers, Chesapeake Regulatory Consultants, 188 Duke of Gloucester Street, Annapolis, MD 21401

Diane  
Mary  
Greg  
Bob  
Dave  
Harlan  
Betty  
Jody  
Geoff  
Marilyn  
Minutes

Dated at Pierre, South Dakota, this 27th day of May, 1988.

Leticia C. Oahr