

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-3647-3)
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 Northern States Power Company (NSP) concerning the cost of service effects of the Tax Reform Act of 1986 on NSP's jurisdictional utility operations. On December 31, 1986, NSP made its initial filing in this docket. Subsequently, NSP filed revisions on May 18, 1987 based on the twelve months ending December 31, 1986.

On June 18, 1987, Staff filed a Motion requesting the Public Utilities Commission (Commission) to require Company 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, NSP filed its position on July 15, 1987.

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

As a result of informal negotiations between NSP 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 reached between Staff and NSP 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 NSP and Staff in this matter be and the same hereby is incorporated as if fully set forth herein.

Dated at Pierre, South Dakota, this 14th day of August, 1987.

BY ORDER OF THE COMMISSION:


DENNIS EISNACH, Chairman


KENNETH STOFFERAHN, Commissioner


JAMES A. BURG, Commissioner

(OFFICIAL SEAL)