

EL96-010



MONTANA-DAKOTA

UTILITIES CO

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7400

May 31, 1996

RECEIVED

JUN 11 1996

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol
Pierre, SD 57501-5070

Re: Updated Cogeneration Rates

Dear Mr. Bullard:

In accordance with South Dakota Codified Laws, Chapter 49-34A, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith requests Commission approval to revise its Occasional Power Purchase Non-Time Differentiated Rate 95, Short-Term Power Purchase Time Differentiated Rate 96 and Long-Term Power Purchase Time Differentiated Rate 97. This filing is made in compliance with the Commission's Order No. F-3365 and in accordance with the Special Terms and Conditions of these tariffs which state that the rate schedules will be reviewed annually and revised upon the Commission's approval.

The methodology used in developing the proposed rates is identical to that used in developing the rates currently on file. The proposed energy payments for Rates 95, 96 and 97 were generated by Montana-Dakota's production costing model (ProSim) and reflect a test year of July 1996 through June 1997. The capacity payments are based on the Mid-Continent Area Power Pool purchase rates. Included as Attachment A is the data used to support the proposed energy payments and monthly capacity payments. Workpapers depicting the calculation of the proposed metering charges are provided in Attachment B and reflect updated meter costs and carrying charges.

Included herein is a second set of the affected tariffs on which Montana-Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and clearly highlighting the new language proposed.

In accordance with the Administrative Rules of South Dakota (ARSD), 20:10:13:39(6), it is noted that the proposed rate changes will not affect any customers since no customers are presently served on any of Montana-Dakota's cogeneration or small

power production rates in South Dakota. Attached as Exhibit A is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:26. In addition, attached as Exhibit B is the "Data Requirements" in accordance with the Commission's Order No. F-3563 which discloses certain information for miscellaneous filings.

The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Exhibit C in a conspicuous place in each business office in its affected electric service territory in South Dakota for at least 30 days before the change becomes effective.

Please refer all inquiries regarding this filing to:

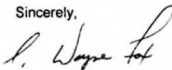
Donald R. Ball
Regulatory Affairs Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

The original and ten (10) copies of this Letter of Transmittal and tariffs have been provided to the South Dakota Public Utilities Commission in accordance with ARSD 20:10:13:27.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



C. Wayne Fox
Vice President
Regulatory Affairs & General Services

Attachment

Report of Tariff Schedule Change

NAME OF UTILITY: Montana-Dakota Utilities Co.
 ADDRESS: 400 North Fourth Street
 Bismarck, ND 58501

Section No.	Class of Service	New Sheet No.
3	Occasional Power Purchase Rate 95	28
3	Short-Term Power Purchase Rate 96	29-29.1
3	Long-Term Power Purchase Rate 97	30-30.1

Change: Rates
 (State part of tariff schedule affected by change, such as: Applicability, availability, rates, etc.)

Reason for Change: Reflect updated metering costs and avoided energy costs

Present Rates
 Proposed Rates
 Approximate annual reduction in revenue N/A
 Approximate annual increase in revenue N/A

Points Affected	Estimated Number of Customers Whose Cost of Service will be:					
	Reduced		Increased		Unchanged	
	# of Customers	Amount in \$	# of Customers	Amount in \$	# of Customers	Amount in \$
All	N/A	N/A	N/A	N/A	N/A	N/A

Include Statement of Facts, expert opinions, documents and exhibits supporting the change requested.

Received: _____

Montana-Dakota Utilities Co.
 (Reporting Utility)

By: _____
 Executive Director
 South Dakota
 Public Utilities Commission

By: C. Wayne Fox, Vice President
 Regulatory Affairs & General Services
 (Name and Title)

DATA REQUIREMENTS
PURSUANT TO DOCKET NO. F-3563

1. Background

The currently effective Rates 95, 96 and 97 were filed on July 3, 1995, and were approved by the Commission on February 14, 1996. The energy payments currently on file for these rates were generated by Montana-Dakota's production costing model (ProSim) for the 12 months ending June 30, 1996. The capacity payments in effect for Rates 96 and 97 are based on the Mid-Continent Area Power Pool (MAPP) purchase rates under which Montana-Dakota may purchase capacity in six-month increments which themselves are based on combustion turbine and base load generation costs. The current monthly capacity payment for Rate 96 reflects a MAPP Schedule H purchase rate. The current monthly capacity payment for Rate 97 reflects a MAPP Schedule B purchase rate. In addition, in accordance with the Commission's Decision and Order (F-3365), the currently effective rate schedules reflect the fact that no capacity payments will be made until capacity can actually be shown to be avoided.

After reviewing the metering charges and energy and capacity payments currently on file for Rates 95, 96 and 97, Montana-Dakota believes that these rate schedules need to be updated to reflect the projected metering costs and the avoided energy and capacity costs for the test year of July 1, 1996 through June 30, 1997. The methodology used in developing the proposed rates is identical to that used in developing the currently effective rates. The meter charges filed reflect updated meter costs and carrying charges.

2. Explanation

A. The proposed rate changes affect all classes of cogeneration and small power production service; however, there are no customers presently on any of Montana-Dakota's cogeneration or small power production rates in South Dakota.

B. The proposed tariff sheets are:

Section No. 3, 13th Revised Sheet No. 28
Occasional Power Purchase Non-Time Differentiated Rate 95

Section No. 3, 13th Revised Sheet No. 29 and 7th Revised Sheet No. 29.1
Short-Term Power Purchase Time Differentiated Rate 96

Section No. 3, 13th Revised Sheet No. 30 and 10th Revised Sheet No. 30.1
Long-Term Power Purchase Time Differentiated Rate 97

- C. The proposed rate changes apply to cogeneration and small power production services with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.
- D. The affected tariffs are applicable to all areas served by Montana-Dakota Utilities Co. in South Dakota.
- E. There are no additional special conditions, limitations, qualifications or restrictions upon the proposed tariffs.

3. Financial Impact

Not applicable since no customers are presently served on Rates 95, 96 or 97.

4. Precedential Effect

None.

On May 31, 1996, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., filed with the South Dakota Public Utilities Commission revised Rates 95, 96, & 97 which affect Montana-Dakota Utilities Co.'s Cogeneration electric customers in South Dakota. The revised rates and South Dakota rules and regulations are available in this office for inspection. Please inquire at the cashier's desk.

OCCASIONAL POWER PURCHASE Rate 95
NON-TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$1.80 per month
Metering charge for three phase service \$6.70 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

1.212¢ per Kwh

(Energy delivered per month to Company is limited to 600 Kwh per month. Delivery in excess of this limit will not be compensated.)

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.

(Continued)

Date Filed June 3, 1996

Effective Date _____

Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

0136-21-8

MONTANA-DAKOTA

STATE OF SOUTH DAKOTA
ELECTRIC RATE SCHEDULE

MONTANA-DAKOTA

MONTANA-DAKOTA

MONTANA-DAKOTA

MONTANA-DAKOTA

SD P.U.C.

Section No. 3

13th Revised

Sheet No. 29

Cancelling 12th Revised

Sheet No. 29

Page 1 of 3

SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating short-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service	\$ 5.80 per month
Metering charge for three phase service	\$16.00 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

SUMMER - April 1 through September 30

ON-PEAKOFF-PEAK

1.338¢ per Kwh

1.079¢ per Kwh

Summer Peak Periods: The On-Peak Period is defined as those hours between 7 a.m. and 11 p.m. Central Time, Monday through Friday in Central Time zones, and between 6 a.m. and 10 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAKOFF-PEAK

1.369¢ per Kwh

1.115¢ per Kwh

Winter Peak Periods: The On-Peak Period is defined as those hours between 8 a.m. and 10 p.m. Central Time, Monday through Friday in Central Time zones, and between 7 a.m. and 9 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

(Continued)

Date Filed: June 3, 1996

Effective Date: _____

Issued By: C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

(Continued)

Page 2 of 3

SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of January, June through September, and December. Such payments are to be based on the capacity cost of combustion turbine peaking generation.

Monthly capacity payment = \$2.44 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of January, June through September, and December. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of January, June through September, and December will be made based on the following formula:

$$MCP = \frac{MCP \text{ per Kw} \times MCF}{.85} \times \text{maximum monthly on-peak demand (Kw)}$$

where: MCP = Monthly Capacity Payment
MCF = Monthly On-Peak Period Capacity Factor

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.

(Continued)

Date Filed June 3, 1996

Effective Date _____

Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating long-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$ 5.80 month
 Metering charge for three phase service \$16.00 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

SUMMER - April 1 through September 30

ON-PEAK

OFF-PEAK

1.3380 per Kwh

1.079c per Kwh

Summer Peak Periods: The On-Peak Period is defined as those hours between 7 a.m. and 11 p.m. Central Time, Monday through Friday in Central Time zones, and between 6 a.m. and 10 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAK

OFF-PEAK

1.369c per Kwh

1.115c per Kwh

Winter Peak Periods: The On-Peak Period is defined as those hours between 8 a.m. and 10 p.m. Central Time, Monday through Friday in Central Time zones, and between 7 a.m. and 9 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

(Continued)

Date Filed June 3, 1996 Effective Date _____

Issued By C. Wayne Fox, Vice President -
 Regulatory Affairs & General Services

(Continued)

Page 2 of 3

LONG-TERM POWER PURCHASE Rate 97TIME DIFFERENTIATED

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of January, June through September, and December. Such payments are to be based on the capacity cost of base load generation.

Monthly capacity payment = \$15.34 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of January, June through September, and December. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of January, June through September, and December will be made based on the following formula:

$$MCP = \frac{MCP \text{ per Kw} \times MCF}{.85} \times \text{maximum monthly on-peak demand (Kw)}$$

where: MCP = Monthly Capacity Payment

MCF = Monthly On-Peak Period Capacity Factor

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.

(Continued)

Date Filed June 3, 1996

Effective Date _____

Issued By: C. Wayne Fox, Vice President
Regulatory Affairs & General Services

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TARIFFS REFLECTING PROPOSED CHANGES

OCCASIONAL POWER PURCHASE Rate 95
NON-TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service ~~\$1.00~~ \$1.80 per month
Metering charge for three phase service ~~\$7.00~~ \$6.70 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

~~1.330~~ 1.212¢ per Kwh

(Energy delivered per month to Company is limited to 600 Kwh per month. Delivery in excess of this limit will not be compensated.)

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.

(Continued)

Date Filed _____ Effective Date _____

Issued By: C. Wayne Fox, Vice President
Regulatory Affairs & General Services

SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating short-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service ~~9-5-80~~ \$ 5.80 per month
Metering charge for three phase service ~~9-16-20~~ \$16.00 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

SUMMER - April 1 through September 30

ON-PEAKOFF-PEAK

~~1-5-80~~ 1.338¢ per Kwh

~~1-21-79~~ 1.079¢ per Kwh

Summer Peak Periods: The On-Peak Period is defined as those hours between 7 a.m. and 11 p.m. Central Time, Monday through Friday in Central Time zones, and between 6 a.m. and 10 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAKOFF-PEAK

~~1-31-77~~ 1.369¢ per Kwh

~~1-1-76~~ 1.115¢ per Kwh

Winter Peak Periods: The On-Peak Period is defined as those hours between 8 a.m. and 10 p.m. Central Time, Monday through Friday in Central Time zones, and between 7 a.m. and 9 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

(Continued)

Date Filed _____

Effective Date: _____

Issued By: C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

**MONTANA-DAKOTA STATE OF SOUTH DAKOTA
ELECTRIC RATE SCHEDULE**

Utilities

Montana-Dakota

Electric Company

South Dakota

SD P.U.C.

Section No. _____

Sheet No. _____

Sheet No. _____

Cancelling _____

(Continued)

Page 2 of 3

SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of January, June through September, and December. Such payments are to be based on the capacity cost of combustion turbine peaking generation.

Monthly capacity payment - ~~\$2.22~~-\$2.44 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of January, June through September, and December. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of January, June through September, and December will be made based on the following formula:

$$MCP = \frac{MCP \text{ per Kw} \times MCF}{.85} \times \text{maximum monthly on-peak demand (Kw)}$$

where: MCP = Monthly Capacity Payment
MCF = Monthly On-Peak Period Capacity Factor

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.

(Continued)

Date Filed _____

Effective Date _____

Issued By: C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating long-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service ~~\$5.40~~ \$ 5.80 month
Metering charge for three phase service ~~\$16.20~~ \$16.00 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

SUMMER - April 1 through September 30

ON-PEAK

OFF-PEAK

~~1.770~~ 1.338¢ per Kwh

~~1.211~~ 1.079¢ per Kwh

Summer Peak Periods: The On-Peak Period is defined as those hours between 7 a.m. and 11 p.m. Central Time, Monday through Friday in Central Time zones, and between 6 a.m. and 10 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAK

OFF-PEAK

~~1.177~~ 1.369¢ per Kwh

~~1.176~~ 1.115¢ per Kwh

Winter Peak Periods: The On-Peak Period is defined as those hours between 8 a.m. and 10 p.m. Central Time, Monday through Friday in Central Time zones, and between 7 a.m. and 9 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

(Continued)

Date Filed _____

Effective Date _____

Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

(Continued)

Page 2 of 3

LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of January, June through September, and December. Such payments are to be based on the capacity cost of base load generation.

Monthly capacity payment = ~~\$14.50~~ \$15.34 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of January, June through September, and December. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of January, June through September, and December will be made based on the following formula:

$$MCP = \frac{MCP \text{ per Kw} \times MCF}{.85} \times \text{maximum monthly on-peak demand (Kw)}$$

where: MCP = Monthly Capacity Payment
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1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.

(Continued)

Date Filed _____ Effective Date _____

Issued By C. Wayne Fox, Vice President
Regulatory Affairs & General Services

South Dakota Lambda 1996

Month	Lambda		Total \$/MWH
	On Peak \$/MWH	Off Peak \$/MWH	
July 1996	13.42	10.70	12.05
Aug. 1996	13.41	10.70	11.98
Sep. 1996	13.09	11.70	12.35
Oct. 1996	13.31	10.75	11.86
Nov. 1996	13.77	10.99	12.13
Dec. 1996	13.36	10.74	11.83
Jan. 1997	13.97	10.82	12.19
Feb. 1997	14.05	11.77	12.72
Mar. 1997	13.66	11.80	12.54
Apr. 1997	14.08	11.10	12.56
May 1997	12.98	10.15	11.49
June 1997	13.29	10.38	11.74
Average	13.53	10.97	12.12
Summer	13.38	10.79	12.03
Winter	13.69	11.15	12.21
Rate 96	Monthly Capacity Payments \$2.44/Kw-month (MAPP Schedule H)		
Rate 97	Monthly Capacity Payments \$15.34/Kw-month (MAPP Schedule B)		

MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA ELECTRIC UTILITY
CALCULATION OF METERING CHARGES
JUNE 1996
RATE 95

METERING CHARGE FOR SINGLE-PHASE SERVICE

ESTIMATED COST OF A SINGLE-PHASE METER INCLUDING INSTALLATION AND TESTING	\$103.00
ANNUAL CARRYING COST RATE FOR CAPITAL	<u>13.503%</u>
ANNUAL CARRYING COST PER METER	\$13.91
ANNUAL O&M EXPENSE PER SINGLE-PHASE METER (\$0.64x12)	<u>\$7.68</u>
TOTAL ANNUAL COST OF METER	\$21.59
MONTHLY CUSTOMER CHARGE	<u>\$1.80</u>

METERING CHARGE FOR THREE-PHASE SERVICE

ESTIMATED COST OF A THREE-PHASE METER INCLUDING INSTALLATION AND TESTING	\$465.00
ANNUAL CARRYING COST RATE FOR CAPITAL	<u>13.503%</u>
ANNUAL CARRYING COST PER METER	\$62.79
ANNUAL O&M EXPENSE PER THREE-PHASE METER (\$1.46x12)	<u>\$17.52</u>
TOTAL ANNUAL COST OF METER	\$80.31
MONTHLY CUSTOMER CHARGE	<u>\$6.69</u>

MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA ELECTRIC UTILITY
CALCULATION OF METERING CHARGES
JUNE 1996
RATES 96 & 97

METERING CHARGE FOR SINGLE-PHASE SERVICE

ESTIMATED COST OF A SINGLE-PHASE TOD DEMAND METER INCLUDING INSTALLATION AND TESTING	\$302.00
ANNUAL CARRYING COST RATE FOR CAPITAL	<u>15.503%</u>
ANNUAL CARRYING COST PER METER	\$46.82
ANNUAL O&M EXPENSE PER SINGLE-PHASE TOD METER (\$0.64x12x3)	<u>\$23.04</u>
TOTAL ANNUAL COST OF METER	\$69.86
MONTHLY CUSTOMER CHARGE	<u>\$5.82</u>

METERING CHARGE FOR THREE-PHASE SERVICE

ESTIMATED COST OF A THREE-PHASE TOD DEMAND METER INCLUDING INSTALLATION AND TESTING	\$901.00
ANNUAL CARRYING COST RATE FOR CAPITAL	<u>15.503%</u>
ANNUAL CARRYING COST PER METER	\$139.68
ANNUAL O&M EXPENSE PER THREE-PHASE TOD METER (\$1.46x12x3)	<u>\$52.56</u>
TOTAL ANNUAL COST OF METER	\$192.24
MONTHLY CUSTOMER CHARGE	<u>\$16.02</u>

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE REQUEST BY) ORDER APPROVING TARIFF
MONTANA-DAKOTA UTILITIES COMPANY TO) REVISIONS
REVISE ITS COGENERATION TARIFFS)
EL96-010

On June 3, 1996, Montana-Dakota Utilities Company (Montana-Dakota), filed with the Public Utilities Commission (Commission) a proposed revision to its cogeneration tariffs, specifically its Occasional Power Purchase Non-Time Differentiated Rate 95, Short-Term Power Purchase Time Differentiated Rate 96, and Long-Term Power Purchase Time Differentiated Rate 97.

Section No. 3, Thirteenth Revised Sheet No. 28, cancelling the Twelfth Revised Sheet No. 28

Section No. 3, Thirteenth Revised Sheet No. 29, cancelling the Twelfth Revised Sheet No. 29

Section No. 3, Seventh Revised Sheet No. 29.1, cancelling the Sixth Revised Sheet No. 29.1

Section No. 3, Thirteenth Revised Sheet No. 30, cancelling the Twelfth Revised Sheet No. 30

Section No. 3, Tenth Revised Sheet No. 30.1, cancelling the Ninth Revised Sheet No. 30.1

At a regularly noticed and scheduled meeting of July 9, 1996, the Commission considered approval of the application. Commission Staff recommended approval.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10 and 49-34A-12. Further, the rates are just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED that Montana-Dakota's revised tariffs as described above are approved, shall be posted by July 15, 1996, and shall be effective for service rendered after August 14, 1996.

Dated at Pierre, South Dakota, this 17th day of July, 1996.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By Alexander Karch

Date 7/18/96

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Kenneth Stofferahn
KENNETH STOFFERAHN, Chairman

James A. Burg
JAMES A. BURG, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Butte, Montana
59702-2000

July 23, 1996

Mr. William Bullard, Jr.
South Dakota Public Utilities
Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501

Re: Docket No. NG96-010
Docket No. EL96-010

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits the tariffs approved in the above referenced dockets reflecting the effective dates of such tariffs.

The Contract with Deviations tariff approved in Docket No. NG96-010 reflects an effective date of May 15, 1996 pursuant to the Commission's Order dated June 3, 1996. Also enclosed is a copy of the executed service agreement with Morris, Inc.

The revised cogeneration tariffs approved in Docket No. EL96-010 reflect an effective date of service rendered on and after August 14, 1996 pursuant to the Commission's Order dated July 17, 1996.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,

Donald R. Ball
Regulatory Affairs Manager

Attachments

cc: D. Schulz

LIST OF GAS CONTRACTS WITH DEVIATIONS

<u>Name and Location of Customer</u>	<u>Type or Class of Service</u>	<u>Execution and Expiration Dates</u>	<u>Most Comparable Regular Tariff Schedule No.</u>	<u>Contract Differences</u>
Horizon, Inc. Rapid City Airport	Firm Commercial	10-27-92 to 10-27-97	Rate 120	Surcharge Payment Option
B & L Aviation, Inc. Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Surcharge Payment Option
Rapid City Regional Airport, Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Payment Surcharge Option
West Jet Air Center Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Surcharge Payment Option
Budget AVIS National Car Wash Rapid City Airport	Firm Commercial	10-30-92 to 10-30-97	Rate 120	Surcharge Payment Option
HPD, Inc. Thrifty Car Rental Rapid City Airport	Firm Commercial	11-2-92 to 11-2-97	Rate 120	Surcharge Payment Option
Air Vantage Rapid City Airport	Firm Commercial	11-10-92 to 11-10-97	Rate 120	Surcharge Payment Option
Overland West, Inc. Hertz Rent-a-Car Rapid City Airport	Firm Commercial	11-16-92 to 11-16-97	Rate 120	Surcharge Payment Option
SD National Guard Rapid City Airport	Firm Commercial	11-19-92 to 11-19-97	Rate 120	Surcharge Payment Option
J. Geoffrey Slingsby Rapid City Airport	Firm Commercial	12-14-92 to 12-14-97	Rate 120	Surcharge Payment Option
Morris, Inc.	Firm Commercial	4-19-96 to 4-18-00	Rate 66	Rate/ Minimum Bill

Date Filed July 24, 1996

Effective Date: Service rendered on and
after May 15, 1996

Issued By: C. Wayne Fox, Vice President -
 Regulatory Affairs & General Services



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
701.222.7900

April 16, 1996

Mr. Milt Morris, Owner
Morris Inc.
Fort Pierre, SD 57532

LETTER AGREEMENT

THIS AGREEMENT, made this 16th day of April, 1996 is by and between MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., a Delaware corporation, 400 North Fourth Street, Bismarck, North Dakota 58501, hereinafter called "Montana-Dakota", and MORRIS INC., Fort Pierre, South Dakota, 57532 hereinafter called "Morris".

WHEREAS, Morris desires to receive firm natural gas service from Montana-Dakota's distribution facilities for its asphalt operation located at East Highway 34, Pierre, South Dakota 57501 during the period March 15 through November 15 for the term of this agreement; and *M.M. May 19, 96 JH 5-22-96*

WHEREAS, Morris has and will retain a portable mixing plant operation and functional alternate fuel equipment to be used if the plant were moved and not accessible to natural gas service from Montana-Dakota.

NOW, THEREFORE, the parties hereto enter into a Letter Agreement with the following terms and conditions for natural gas service to Morris located in Pierre, South Dakota:

1. Morris agrees to convert its asphalt mixing plant and purchase a minimum of 40,000 dekatherms (dk) of natural gas from Montana-Dakota, based on an estimated use of 10,000 dk annually, during the term of this Agreement. In the event that this minimum amount is not used and billed during the term of this Agreement, Morris agrees to pay Montana-Dakota the applicable natural gas commodity rate (excluding the cost of gas supply) set forth in Paragraph 3 below and in effect at the time this Agreement expires, multiplied by the difference between the minimum 40,000 dk and the actual dekatherms billed.
2. Montana-Dakota agrees to provide full requirements natural gas service to the facility identified in Paragraph 1 above at a rate equal to the propane

Milt Morris
April 16, 1996

Page 2

equivalent price determined in accordance with Paragraph 3 below plus the monthly base rate applicable under Rate 66.

3. Both Morris and Montana-Dakota agree to establish an equivalent natural gas commodity rate each year, during the term of this Agreement, equal to the alternate fuel propane price available to Morris. This commodity rate will be established in accordance with the following provisions:
 - a) Morris shall provide Montana-Dakota a minimum of two bona fide alternate fuel propane bids for its traditional seasonal asphalt propane requirements.
 - b) The equivalent propane price shall be equal to the sum of the average of the two bid prices plus any negotiated natural gas premium amount multiplied by a factor of 10.95. $\{(Average\ propane\ price + negotiated\ natural\ gas\ premium) \times 10.95\}$
 - c) In no event shall the price charged under this Agreement be less than the cost of gas supply plus 32.1¢ per dk where the cost of gas supply is defined as the Rate 66 cost of gas exclusive of any transportation charges.
4. Morris agrees to provide, at no cost to Montana-Dakota, the necessary equipment and labor for digging and backfilling the trench for Montana-Dakota's service line to Morris.
5. Both parties agree the term of this Agreement shall be for a four year period commencing when natural gas service is available to the Morris facilities and subject to paragraph 7 below.

OCASIONAL POWER PURCHASE Rate 95
NON-TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$1.80 per month
Metering charge for three phase service \$6.70 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

1.212¢ per Kwh

(Energy delivered per month to Company is limited to 600 Kwh per month. Delivery in excess of this limit will not be compensated.)

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.

(Continued)

Date Filed June 3, 1996 Effective Date: Service rendered on and after August 14, 1996

Issued By: C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

**MONTANA-DAKOTA**

UTILITIES CO.

A Division of M&E Energy, Inc.

44 North Main Street

Butte, Montana 59701

**STATE OF SOUTH DAKOTA
ELECTRIC RATE SCHEDULE**

SD P.U.C.

Section No. 313th RevisedSheet No. 29Cancelling 12th RevisedSheet No. 29

Page 1 of 3

SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating short-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$ 5.80 per month
 Metering charge for three phase service \$16.00 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

SUMMER - April 1 through September 30

ON-PEAKOFF-PEAK

1.338¢ per Kwh

1.079¢ per Kwh

Summer Peak Periods: The On-Peak Period is defined as those hours between 7 a.m. and 11 p.m. Central Time, Monday through Friday in Central Time zones, and between 6 a.m. and 10 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAKOFF-PEAK

1.369¢ per Kwh

1.115¢ per Kwh

Winter Peak Periods: The On-Peak Period is defined as those hours between 8 a.m. and 10 p.m. Central Time, Monday through Friday in Central Time zones, and between 7 a.m. and 9 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

(Continued)

Date Filed June 3, 1996Effective Date Service rendered on and after
August 14, 1996

Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

Docket No. EL96-010

STATE OF SOUTH DAKOTA
ELECTRIC RATE SCHEDULE

SD P.U.C.

Section No. 37th RevisedSheet No. 29.1Cancelling 6th RevisedSheet No. 29.1

(Continued)

Page 2 of 3

SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of January, June through September, and December. Such payments are to be based on the capacity cost of combustion turbine peaking generation.

Monthly capacity payment - \$2.44 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of January, June through September, and December. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of January, June through September, and December will be made based on the following formula:

$$MCP = \frac{MCP \text{ per Kw} \times MCF}{.85} \times \text{maximum monthly on-peak demand (Kw)}$$

where: MCP - Monthly Capacity Payment

MCF - Monthly On-Peak Period Capacity Factor

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.

(Continued)

Date Filed June 3, 1996Effective Date: Service rendered on and afterAugust 14, 1996

Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

Docket No. EL96-010

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MONTANA-DAKOTA

UTILITIES CO.

2000 1st FLOOR, HEAVENLY PLAZA

44 SOUTH GARDEN

BUTTE, MONTANA 59701

**STATE OF SOUTH DAKOTA
ELECTRIC RATE SCHEDULE**

SD P.U.C. Section No. 3
13th Revised Sheet No. 30
Cancelling 12th Revised Sheet No. 30

Page 1 of 3

LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating long-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

RATE:

Metering charge for single phase service \$ 5.80 month
Metering charge for three phase service \$16.00 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

SUMMER - April 1 through September 30

ON-PEAK

OFF-PEAK

1.338¢ per Kwh

1.079¢ per Kwh

Summer Peak Periods: The On-Peak Period is defined as those hours between 7 a.m. and 11 p.m. Central Time, Monday through Friday in Central Time zones, and between 6 a.m. and 10 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAK

OFF-PEAK

1.369¢ per Kwh

1.115¢ per Kwh

Winter Peak Periods: The On-Peak Period is defined as those hours between 8 a.m. and 10 p.m. Central Time, Monday through Friday in Central Time zones, and between 7 a.m. and 9 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

(Continued)

Date Filed June 3, 1996 Effective Date: Service rendered on and after August 14, 1996

Issued By: C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

(Continued)

Page 2 of 3

LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of January, June through September, and December. Such payments are to be based on the capacity cost of base load generation.

Monthly capacity payment - \$15.34 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of January, June through September, and December. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of January, June through September, and December will be made based on the following formula:

$$MCP = \frac{MCP \text{ per Kw} \times MCF}{85} \times \text{maximum monthly on-peak demand (Kw)}$$

where: MCP = Monthly Capacity Payment
MCF = Monthly On-Peak Period Capacity Factor

ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

SPECIAL TERMS AND CONDITIONS:

1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and sales to the Company.

(Continued)

Date Filed June 3, 1996Effective Date Service rendered on and afterAugust 14, 1996

Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services