



EL 96-020



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AUG 26 1996

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

August 23, 1996

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

Northern States Power Company
South Dakota

Jim Wilcox, Manager
Community & Government Relations
500 West Russell Street
P.O. Box 988
Sioux Falls, SD 57101-0988
Telephone (605) 339-8350 fax 339-8204
email James C Wilcox@nspco.com

FAX Received AUG 26 1996

Dear Mr. Bullard

Docket EL94-008 approved on June 16, 1994 and approved as amended on April 10, 1995 authorized NSP and John Morrell & Company to enter into a "Contract with Deviations." Part of that contract provided for John Morrell to lease NSP distribution facilities making them eligible for a transmission transformed discount roughly equivalent to 3% of their annual billing.

Because NSP is formulating plans to upgrade our distribution system voltage to 34.5KV this contract and the lease arrangement requires some modification. Further, in Docket EL96-017 NSP is requesting approval to implement a high load factor discount that also could benefit John Morrell.

These two issues have led NSP and John Morrell to execute the enclosed new service agreement. In summary, that agreement exchanges John Morrell's transmission transformed rate discount (eliminating their need for a distribution facilities lease) for the high load factor discount. The net effect of this will benefit John Morrell by about an additional 1% per year.

NSP believes this arrangement is a win-win situation for both John Morrell and NSP as John Morrell will gain from the high load factor discount and NSP is able to clarify our ability to reconfigure our distribution system as needed.

NSP respectfully requests the Commission consider and approve our request for a modification to the Contract with Deviations with John Morrell.

If anyone has any questions, please call me at 339-8350.

Sincerely,

Jim Wilcox

c. Mike Hanson

Electric Service Agreement

THIS AGREEMENT, Made this 13th day of August, 1996, by and between NORTHERN STATES POWER COMPANY, a Minnesota Corporation, hereinafter called the "Company," and JOHN MORRELL AND COMPANY, hereinafter called the "Customer," engaged in the business of pork and sheep processing.

WITNESSETH That the parties hereto, each in consideration of the agreements of the other, agree as follows

1 **KIND OF SERVICE** Company agrees to supply and Customer agrees to accept electric service in the form of three phase four wire alternating current at a nominal frequency of 60 Hertz and at a nominal voltage of 13,800wye/7,970 Volts normally from the NSP Sioux Falls Substation feeder numbers 63 and 71 and 4,160wye/2,400 Volts from the NSP Morrell Substation feeder numbers 1, 2 and 3 for Customer's use solely for the operation of electric equipment now installed or to be installed by Customer on the property known as the John Morrell Plant at 1400 North Weber Avenue, Sioux Falls, South Dakota

2 **CAPACITY COMMITMENT** Company agrees to provide and keep available throughout the term of this Agreement for Customer's use at the above location 23,359 kilovolt-amperes of capacity limited to 7719 kVA on SFS-63, 8248 kVA on SFS-71, 2464 kVA on MOR-01, 2464 kVA on MOR-02, and 2464 kVA on MOR-03. Company also agrees to provide additional capacity upon reasonable notice from Customer specifying the additional amount of capacity and the date same will be required. Reasonable notice shall be construed as meaning ample time in which Company can provide such additional capacity in its system as may be necessary.

3 **ANNUAL MINIMUM CHARGE** In consideration of the above capacity commitment and its investment in facilities to serve Customer, Customer agrees that if the total net payments during any contract year hereunder, in accordance with the RATE below, amount to less than a minimum charge of \$934,579.00 per year, the difference between such minimum charge and said total net payment shall be included in the bill for the last month of said year and Customer agrees to pay same as a charge for service rendered.

4 **TERM** This Agreement shall commence at 12:01 A.M. on September 25th, 1996, and shall continue for a period ending at 12:01 A.M. on June 16th, 2004, and, if not then terminated by at least six months prior written notice by either party, shall continue further until so terminated, provided, that in the event Company continues to supply electric service to Customer at this location subsequent to the termination hereof, the demands billed Customer during the eleven months preceding such termination shall be used in applying the rate during the first eleven months of such continued supply of electric service. This Agreement may not be reinstated for the same service within 12 months of the termination date unless the monthly demand minimums, subsequent to the termination date, have been satisfied.

5 RATE The rate to be applied to electric service delivered to customer pursuant to this agreement will be as stated in the Large General Time of Day Service (Primary voltage) rate tariff GT814, GT815 (SDPUC No. 1, Section Number 3, Sheet numbers 39 and 39.1) as approved by the South Dakota Public Utilities Commission. A copy of the present form of this tariff is attached and is incorporated herein by reference.

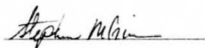
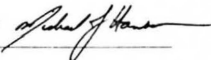
6 PAYMENT OF BILLS All bills are payable at Company's office on or before the tenth day succeeding the date bill is rendered for service supplied by Company in the preceding billing period.

7 ADDITIONAL TERMS AND CONDITIONS The service hereunder shall be supplied for Customer's use subject to the General Rules and Regulations of Company on file with the South Dakota Public Utilities Commission as they now exist or may hereafter be changed. A copy of such rules and regulations is available from the Company. This agreement is also subject to section(s) See attached appearing under the heading "Additional Terms and Conditions" on the reverse side of or attached to this Agreement. Customer agrees to use electrical service only as herein stated and will not assign this Agreement except upon written consent of Company. In addition, various facilities agreements between the Company and the Customer in effect now and as may be added or expire during the term of this agreement are attached for information and may be amended as necessary without modification to the body of this agreement.

NORTHERN STATES POWER COMPANY

JOHN MORRELL & COMPANY

By



Title

General Manager and Chief Executive

Vice President and General Manager

Date August 13, 1996

Facilities Charges in Effect

1 Transformers, Switches and facilities (1986) In consideration of Company's installation and maintenance of additional facilities consisting of a) The relocation of 13.8 kV feeder line and a new breakdown switch b) The second 13.8 kV meter point c) Two 1500 kVA transformers at 480wye/277 Volts d) Two 1500 kVA transformers at 4,160wye/2,400 Volts e) Switch and feed point to Customer owned 2,500 kVA transformer, Customer agrees to pay to Company the sum of \$2,146.18 per month in addition to and with each monthly billing during the term hereof (Ending in September 1996)

2 Transformers, Poles and facilities (1990) In consideration of Company's installation and maintenance of additional facilities consisting of a) Two 2,000 kVA transformers at 480wye/277 Volts along with the necessary primary cable and terminal poles, Customer agrees to pay to Company the sum of \$1,481.10 per month in addition to and with each monthly billing during the term hereof (Ending in June 2000)

ADDITIONAL TERMS AND CONDITIONS

1 **TERMINATION OF EXISTING ELECTRIC SERVICE AGREEMENT** This Electric Service Agreement (when it becomes effective as provided in section 4 of this agreement) terminates the electric service agreement dated April 6th, 1994 existing between the Company and the Customer

2 **TERM OF AGREEMENT** This Agreement shall commence with the first billing period following the issuance of an order approving this agreement by the South Dakota Public Utilities Commission. It is expected that this approval will occur in September 1996 to be effective on September 25, 1996 or soon thereafter

3 **ECONOMIC DEVELOPMENT DISCOUNT** The Company agrees to reduce the Customer's billing rate by 10% from the standard tariff rate then in effect each month over the first 5 years of the term of this agreement effective June 16th 1994. Beginning in year 6, the discount will decline by 2% per year until the discount is phased out in the tenth year of this agreement (i.e. the discount will be 10% in years 1 through 5. The discount will be 8% in year 6, 6% in year 7, 4% in year 8, 2% in year 9 and 0% in year 10.) The billing will be computed normally each month with the discount applied prior to the application of sales and use taxes.

June 16, 1994 to June 16, 1999 discount is 10%

June 16, 1999 to June 16, 2000 discount is 8%

June 16, 2000 to June 16, 2001 discount is 6%

June 16, 2001 to June 16, 2002 discount is 4%

June 16, 2002 to June 16, 2003 discount is 2%

June 16, 2003 to June 16, 2004 discount is 0%

4 **METERING** The transfer of power and energy between NSP and the Customer shall be measured at the Customer's distribution voltage by metering equipment consisting of a totalizing recording 15-minute integrated demand watt-hour meter and a var-hour meter or by digital metering equipment of equivalent capability. Meters and associated metering equipment shall be provided, owned, and maintained by NSP. The Customer shall provide and install a meter enclosure at a suitable location and provide and install conduit and supports for metering transformers. The metering transformers and color code metering wire, provided by NSP, shall be installed by the Customer

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY)	ORDER APPROVING
NORTHERN STATES POWER COMPANY FOR)	CONTRACT WITH
APPROVAL OF A CONTRACT WITH)	DEVIATIONS
DEVIATIONS)	EL96-020

On August 26, 1996, the Public Utilities Commission (Commission) received a filing by Northern States Power Company (NSP) for approval of a Contract with Deviations with John Morrell & Company (Morrell). The Contract exchanges Morrell's transmission transformed rate for the high load factor discount thus eliminating their need for a distribution facilities lease. NSP filed the following tariff sheet for Commission approval:

Section No. 4, 3rd Revised Sheet No. 4, cancelling 2nd Revised Sheet No. 4

On September 11, 1996, at its regularly scheduled meeting, the Commission considered the request for approval of the Contract with Deviations. Commission staff recommended approval.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A, specifically, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-11. Further, the Commission finds that NSP's request for approval of a Contract with Deviations is just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED, that the request seeking approval of a Contract with Deviations is in the public interest and is hereby granted. It is further

ORDERED, that the above-referenced tariff sheet is effective for service rendered on and after the date of this Order. It is further

ORDERED, that this Order shall be effective on the date of issuance.

Dated at Pierre, South Dakota, this 16th day of September, 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 <u><i>William Kiebo</i></u>
Date <u>9/17/96</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Kenneth Stofferahn
KENNETH STOFFERAHN, Chairman

James A. Burg
JAMES A. BURG, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner



Northern States Power Company
South Dakota

Jim Wilcox, Manager
Community & Government Relations
500 West Russell Street
P. O. Box 988
Sioux Falls, SD 57101-0988
Telephone (605) 339-8350

October 7, 1996

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

RECEIVED
OCT 11 1996
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: In the Matter of the Filing by Northern States Power Company for
Approval of a Contract with Deviations
Docket No. EL96-020

Dear Mr. Bullard:

Enclosed for your current copy of Northern States Power Company's South Dakota electric rate book is the following revised tariff page reflecting modifications approved by the South Dakota Public Utilities Commission as a result of the Company's request for approval of changes to the Contract With Deviations on file with the Commission for John Morrell & Company (Morrell):

Section 4, 3rd Revised Sheet No. 4

On August 26, 1996, NSP filed a petition to revise the Morrell contract in conjunction with the request for approval of the new Energy Use Credit. The revisions removed some provisions which deviate from the standard electric service agreement. The attached Contract with Deviations tariff sheet now references this change to the contract.

The Commission approved the Company's request on September 16, 1996, under Docket No. EL96-020. The effective date is the order date. The revised contract has an implementation date of September 25, 1996.

If you have any questions regarding this matter, please contact me at (605) 339-8350.

Sincerely,

Jim Wilcox
Manager, Community & Government Relations

encl.

cc Michael J. Hanson, NSP-SD
Joyce V. Gutkowski, NSP-MN

NORTHERN STATES POWER COMPANY (MINNESOTA)
Minneapolis, Minnesota 55401
South Dakota Electric SDPUC No. 1

Section No: 4
3rd Revised Sheet No: 4
Cancelling 2nd Revised Sheet No: 4

CONTRACTS WITH DEVIATIONS

Name of Customer: John Morrell and Company

Location: 1400 North Weber Avenue,
Sioux Falls, South Dakota

Class of Service: Commercial

Execution Date: August 13, 1996

C

Expiration Date: June 16, 2004

Comparable Regular Tariff: General Time-of-Day Service

Contract Differences: Contract recognizes difference due to economic desire to keep the plant operating in South Dakota. Contract initially approved June 16, 1994, was revised September 25, 1996, to a more standard electric service agreement.

N

N

Date Filed: 8-26-96

By: Michael J. Hanson
General Manager & Chief Executive

Effective: 9-16-96

SDPUC Docket No. EL96-020

Order Date: 9-16-96