




**MONTANA-DAKOTA**
**UTILITIES CO.**

A Division of MDU Resources Group, Inc.

 400 North Fourth Street  
 Bismarck, ND 58501  
 (701) 222-7900

May 29, 1998

 RECEIVED  
 June 1 1998  
 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 (ProSym) and reflect a test year of July 1998 through June 1999. The capacity payments are based on the Mid-Continent Area Power Pool purchase prices. 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. Included as Attachment C is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:26. In addition, included as Attachment D 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 Attachment E 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:

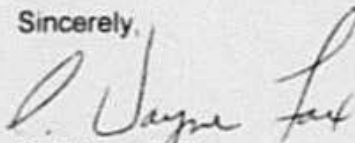
Donald R. Ball  
Regulatory Affairs Manager  
Montana-Dakota Utilities Co.  
400 North Fourth Street  
Bismarck, ND 58501

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

cc: D. Ball





OCCASIONAL POWER PURCHASE Rate 25  
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	\$1.85 per month
Metering charge for three phase service	\$7.70 per month

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

1.231¢ 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:**

- The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
- 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.
- 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 1, 1998 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	\$ 6.10 per month
Metering charge for three phase service	\$14.00 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

1.359¢ per Kwh

1.071¢ 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

1.419¢ per Kwh

1.143¢ 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 1, 1998

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 = \$3.00 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 1, 1998 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	\$ 6.10 per month
Metering charge for three phase service	\$14.00 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

1.359¢ per Kwh

1.071¢ 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

1.419¢ per Kwh

1.143¢ 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 1, 1993

Effective Date:

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

**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	<del>\$1.80</del> \$1.85 per month
Metering charge for three phase service	<del>\$7.50</del> \$7.70 per month

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

~~1.2100~~ 1.2310 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: \_\_\_\_\_

SHORT-TERM POWER PURCHASE Rate 26  
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 ~~\$ 6.05~~ \$ 6.10 per month  
Metering charge for three phase service ~~\$ 17.25~~ \$ 14.00 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

~~1.333¢~~ 1.359¢ per Kwh

~~1.007¢~~ 1.071¢ 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

~~1.379¢~~ 1.419¢ per Kwh

~~1.111¢~~ 1.143¢ 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**

UNITED CO.  
SOUTH DAKOTA ELECTRIC CO.  
MONTANA-DAKOTA ELECTRIC CO.

SD P.U.C. Section No. \_\_\_\_\_  
Sheet No. \_\_\_\_\_  
Sheet No. \_\_\_\_\_

Cancelling \_\_\_\_\_

(Continued)

Page 2 of 3

SHORT-TERM POWER PURCHASE Rate 26  
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 = ~~\$2-16~~ \$3.00 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:

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

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 37  
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 ~~9-6-05~~ \$ 6.10 per month  
Metering charge for three phase service ~~9-6-25~~ \$14.00 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

~~1-3330~~ 1.3590 per Kwh

~~1-0090~~ 1.0710 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

~~1-3790~~ 1.4190 per Kwh

~~1-1110~~ 1.1430 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

## South Dakota Lambda 1998

Month	Lambda		
	On Peak \$/MWh	Off Peak \$/MWh	Total \$/MWh
July 1998	14.17	10.74	12.44
Aug. 1998	13.64	10.65	12.00
Sep. 1998	13.23	11.44	12.32
Oct. 1998	13.65	11.65	12.48
Nov. 1998	14.30	11.20	12.47
Dec. 1998	13.79	10.92	12.16
Jan. 1999	14.36	11.14	12.41
Feb. 1999	14.22	12.18	13.03
Mar. 1999	14.80	11.50	12.73
Apr. 1999	12.86	10.16	11.48
May 1999	13.52	10.42	11.82
June 1999	14.09	10.84	12.43
Average	13.89	11.07	12.31
Summer	13.59	10.71	12.08
Winter	14.19	11.43	12.55
Rate 96	Monthly Capacity Payments \$3.00/kW-Month (MAPP Schedule J)		
Rate 97	Monthly Capacity Payments \$17.84/kW-Month (MAPP Schedule B)		

MONTANA-DAKOTA UTILITIES CO.  
SOUTH DAKOTA ELECTRIC UTILITY  
CALCULATION OF METERING CHARGES  
JUNE 1998  
RATE 95

METERING CHARGE FOR SINGLE-PHASE SERVICE

ESTIMATED COST OF A SINGLE-PHASE METER INCLUDING INSTALLATION AND TESTING	\$106.00
ANNUAL CARRYING COST RATE FOR CAPITAL	<u>13.747%</u>
ANNUAL CARRYING COST PER METER	\$14.57
ANNUAL O&M EXPENSE PER SINGLE-PHASE METER (\$0.64x12)	<u>\$7.68</u>
TOTAL ANNUAL COST OF METER	\$22.25
MONTHLY CUSTOMER CHARGE	<u>\$1.85</u>

METERING CHARGE FOR THREE-PHASE SERVICE

ESTIMATED COST OF A THREE-PHASE METER INCLUDING INSTALLATION AND TESTING	\$543.00
ANNUAL CARRYING COST RATE FOR CAPITAL	<u>13.747%</u>
ANNUAL CARRYING COST PER METER	\$74.65
ANNUAL O&M EXPENSE PER THREE-PHASE METER (\$1.46x12)	<u>\$17.52</u>
TOTAL ANNUAL COST OF METER	\$92.17
MONTHLY CUSTOMER CHARGE	<u>\$7.68</u>



**MONTANA-DAKOTA UTILITIES CO.  
SOUTH DAKOTA ELECTRIC UTILITY  
CALCULATION OF METERING CHARGES  
JUNE 1998  
RATES 96 & 97**

**METERING CHARGE FOR SINGLE-PHASE SERVICE**

ESTIMATED COST OF A SINGLE-PHASE TOD DEMAND METER INCLUDING INSTALLATION AND TESTING	\$319.00
ANNUAL CARRYING COST RATE FOR CAPITAL 1/	<u>15.747%</u>
ANNUAL CARRYING COST PER METER	\$50.23
ANNUAL O&M EXPENSE PER SINGLE-PHASE TOD METER (\$0.64x12x3) 2/	<u>\$23.04</u>
TOTAL ANNUAL COST OF METER	\$73.27
MONTHLY CUSTOMER CHARGE	<u>\$6.11</u>

**METERING CHARGE FOR THREE-PHASE SERVICE**

ESTIMATED COST OF A THREE-PHASE TOD DEMAND METER INCLUDING INSTALLATION AND TESTING	\$733.00
ANNUAL CARRYING COST RATE FOR CAPITAL 1/	<u>15.747%</u>
ANNUAL CARRYING COST PER METER	\$115.43
ANNUAL O&M EXPENSE PER THREE-PHASE TOD METER (\$1.46x12x3) 2/	<u>\$52.56</u>
TOTAL ANNUAL COST OF METER	\$167.99
MONTHLY CUSTOMER CHARGE	<u>\$14.00</u>

- 1/ PER MALCOLM R. KETCHUM'S TESTIMONY (APPENDICES C AND D), FOR AN EPRI RATE DESIGN STUDY, TOPIC 5, TASK FORCE 5, IT WAS INDICATED THAT THE ANNUAL CARRYING COST RATE FOR AN ELECTRIC TOD METER IS 3% HIGHER THAN A CONVENTIONAL METER. WE USED 2%.
- 2/ PER MALCOLM R. KETCHUM'S TESTIMONY (APPENDICES C AND D), FOR AN EPRI RATE DESIGN STUDY, TOPIC 5, TASK FORCE 5, IT WAS INDICATED THAT THE O&M FOR AN ELECTRIC TOD METER WILL BE THREE TIMES GREATER THAN A CONVENTIONAL METER.

## Report of Tariff Schedule Change

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

<u>Section No.</u>	<u>Class of Service</u>	<u>New Sheet No.</u>
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

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 October 15, 1997, and were approved by the Commission on December 1, 1997. The energy payments currently on file for these rates were generated by Montana-Dakota's production costing model (ProSym) for the 12 months ending June 30, 1998. The capacity payments in effect for Rates 96 and 97 are based on the Mid-Continent Area Power Pool (MAPP) purchase prices 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 J purchase price. The current monthly capacity payment for Rate 97 reflects a MAPP Schedule B purchase price. 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, 1998 through June 30, 1999. 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, 15th Revised Sheet No. 28  
Occasional Power Purchase Non-Time Differentiated Rate 95

Section No. 3, 15th Revised Sheet No. 29 and 9th Revised Sheet No. 29.1  
Short-Term Power Purchase Time Differentiated Rate 96

Section No. 3, 15th Revised Sheet No. 30  
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 June 1, 1998 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.**

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY ) ORDER APPROVING TARIFF  
MONTANA-DAKOTA UTILITIES CO., A ) REVISIONS  
DIVISION OF MDU RESOURCES GROUP, INC. )  
FOR APPROVAL OF REVISIONS TO ITS ) EL98-012  
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 )

On June 1, 1998, Montana-Dakota Utilities Company, a Division of MDU Resources Group, Inc., Bismarck, North Dakota (MDU), 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 3, 15th Revised Sheet No. 28 cancelling 14th Revised Sheet No. 28

Section 3, 15th Revised Sheet No. 29 cancelling 14th Revised Sheet No. 29

Section 3, 9th Revised Sheet No. 29.1 cancelling 8th Revised Sheet No. 29.1

Section 3, 15th Revised Sheet No. 30 cancelling 14th Revised Sheet No. 30

At its regularly scheduled meeting of June 30, 1998, 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. Further, the revisions are just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED, that MDU's revised tariffs as described above are approved and shall be effective for service rendered on and after the date of this Order.

Dated at Pierre, South Dakota, this 9th day of July, 1998.

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>Hilmarie Kabis</u>
Date:	<u>7/10/98</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner





# MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street  
Bismarck, ND 58501  
(701) 222-7900

July 27, 1998

RECEIVED

JUL 24 1998

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Mr. Dave Jacobson  
South Dakota Public Utilities  
Commission  
State Capitol Building  
500 East Capitol  
Pierre, SD 57501

Re: Docket No. EL98-012

Dear Mr. Jacobson:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits the tariffs approved in the above referenced docket. The attached tariff sheets reflect an effective date of service rendered on and after July 9, 1998 pursuant to the Commission's Order issued on July 9, 1998.

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,

Tamie A. Aberle  
Rate Administration Supervisor

Attachments



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	\$1.85 per month
Metering charge for three phase service	\$7.70 per month

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

1.231¢ 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 1, 1998

Effective Date Service rendered on and after July 9, 1998

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

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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 \$ 6.10 per month  
Metering charge for three phase service \$14.00 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

1.359¢ per Kwh

1.071¢ 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

1.419¢ per Kwh

1.143¢ 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)

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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 = \$3.00 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)

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 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 \$ 6.10 per month  
Metering charge for three phase service \$14.00 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

1.359¢ per Kwh

1.071¢ 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

1.419¢ per Kwh

1.143¢ 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.

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