



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

June 2, 2002

RECEIVED

JUN 03 2003

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Ms. Debra Elofson
Executive Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol
Pierre, SD 57501-5070

Re: Updated Cogeneration Rates

Dear Ms. Elofson:

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 when necessary.

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 2003 through June 2004. Noticeable decreases are reflected in this year's energy payments due to the construction of a second Combustion Turbine (CT) in Glendive, Montana. The capacity payments are based on the Mid-Continent Area Power Pool purchase prices and reflects the change in MAPP Schedule B Allocations Rate ("MAPP's Penalty Costs") effective May 1, 2003. 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
Asst. Vice President – Regulatory Affairs
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,



Donald R. Ball
Asst. Vice President – Regulatory Affairs

Attachment

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 \$ 1.70 per month
 Metering charge for three phase service \$ 6.55 per month

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

1.356¢ 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, 2003

Effective Date: _____

Issued By: Donald R. Ball, Asst. Vice President – Regulatory Affairs

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 \$ 5.45 per month
 Metering charge for three phase service \$11.00 per month

R
R

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

1.495¢ per Kwh

1.208¢ per Kwh

R
R

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

1.510¢ per Kwh

1.266¢ per Kwh

R
R

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)

(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 = \$ 7.50 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.

Date Filed: June 3, 2003

Effective Date: _____

Issued By: Donald R. Ball, Asst. Vice President – Regulatory Affairs

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	\$ 5.45 per month	R
Metering charge for three phase service	\$11.00 per month	R

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

1.495¢ per Kwh

OFF-PEAK

1.208¢ 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

1.510¢ per Kwh

OFF-PEAK

1.266¢ 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, 2003

Effective Date: _____

Issued By: Donald R. Ball, Asst. Vice President - Regulatory Affairs

(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 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.
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, 2003

Effective Date: _____

Issued By: Donald R. Ball, Asst. Vice President - Regulatory Affairs

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 ~~\$1.80~~ \$ 1.70 per month
Metering charge for three phase service ~~\$7.20~~ \$ 6.55 per month

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

~~1.524¢~~ 1.356¢ 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: Donald R. Ball, Asst. Vice President – Regulatory Affairs

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 ~~\$ 5.75~~ \$ 5.45 per month
 Metering charge for three phase service ~~\$ 11.70~~ \$ 11.00 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

~~1.793~~ 1.495¢ per Kwh

~~1.270~~ 1.208¢ 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

~~1.872~~ 1.510¢ per Kwh

~~1.283~~ 1.266¢ 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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Date Filed: _____

Effective Date: _____

Issued By: Donald R. Ball, Asst. Vice President - Regulatory Affairs

(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 = ~~\$4.00~~ \$ 7.50 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:

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

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.

Date Filed: _____

Effective Date: _____

Issued By: Donald R. Ball, Asst. Vice President - Regulatory Affairs

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 ~~\$ 5.75~~ \$ 5.45 per month
 Metering charge for three phase service ~~\$11.70~~ \$11.00 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

~~1.793~~ 1.495¢ per Kwh

~~1.270~~ 1.208¢ 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

~~1.872~~ 1.510¢ per Kwh

~~1.283~~ 1.266¢ 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: Donald R. Ball, Asst. Vice President - Regulatory Affairs

(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 = ~~\$7.50~~\$14.50 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:

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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.
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(Continued)

Date Filed: _____

Effective Date: _____

Issued By: Donald R. Ball, Asst. Vice President - Regulatory Affairs

South Dakota Lambda 2003

<u>Month</u>		Lambda		
		On-Peak \$/MWh	Off-Peak \$/MWh	Total \$/MWh
July	2003	14.75	12.33	13.52
Aug.	2003	15.14	12.44	13.66
Sep.	2003	14.60	11.88	13.21
Oct.	2003	14.86	12.26	13.38
Nov.	2003	14.87	12.92	13.68
Dec.	2003	15.04	12.21	13.43
Jan.	2004	15.30	12.81	13.84
Feb.	2004	15.23	12.48	13.59
Mar.	2004	15.30	13.27	14.15
Apr.	2004	14.91	12.35	13.60
May	2004	14.90	11.52	13.05
June	2004	15.39	11.97	13.64
Average		15.02	12.37	13.56
Summer		14.95	12.08	13.45
Winter		15.10	12.66	13.68

Rate 96 Monthly Capacity Payments
\$7.50/kW-Month [*Estimated* for MAPP Schedule J]

Rate 97 Monthly Capacity Payments
\$14.50/kW-Month [*Projected* for MAPP Schedule B Allocation]

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
CALCULATION OF METERING CHARGES
RATE 95
JUNE 2003**

Metering Charge for Single Phase Service

Estimated Cost of a Single Phase Meter Including Installation and Testing	\$94.00
Annual Carrying Cost Rate for Capital	<u>13.394%</u>
Annual Carrying Cost Per Meter	\$12.59
Annual O&M Expense Per Single Phase Meter (\$0.64*12)	<u>7.68</u>
Total Annual Cost of Meter	<u>\$20.27</u>
Monthly Customer Charge	<u>\$1.69</u>

Metering Charge for Three Phase Service

Estimated Cost of a Three Phase Meter Including Installation and Testing	\$455.00
Annual Carrying Cost Rate for Capital	<u>13.394%</u>
Annual Carrying Cost Per Meter	\$60.94
Annual O&M Expense Per Three Phase Meter (\$1.46*12)	<u>17.52</u>
Total Annual Cost of Meter	<u>\$78.46</u>
Monthly Customer Charge	<u>\$6.54</u>

**MONTANA-DAKOTA UTILITIES CO.
ELECTRIC UTILITY - SOUTH DAKOTA
CALCULATION OF METERING CHARGES
RATE 96
JUNE 2003**

Metering Charge for Single Phase Service

Estimated Cost of a Single Phase TOD Demand Meter Including Installation and Testing	\$276.00
Annual Carrying Cost Rate for Capital 1/	<u>15.394%</u>
Annual Carrying Cost Per Meter	\$42.49
Annual O&M Expense Per Single Phase TOD Meter (\$0.64*12*3) 2/	<u>23.04</u>
Total Annual Cost of Meter	<u><u>\$65.53</u></u>
Monthly Customer Charge	<u><u>\$5.46</u></u>

Metering Charge for Three Phase Service

Estimated Cost of a Three Phase TOD Demand Meter Including Installation and Testing	\$515.00
Annual Carrying Cost Rate for Capital 1/	<u>15.394%</u>
Annual Carrying Cost Per Meter	\$79.28
Annual O&M Expense Per Three Phase TOD Meter (\$1.46*12*3) 2/	<u>52.56</u>
Total Annual Cost of Meter	<u><u>\$131.84</u></u>
Monthly Customer Charge	<u><u>\$10.99</u></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 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: Donald R. Ball
 Assistant Vice President - Regulatory Affairs
 (Name and Title)

DATA REQUIREMENTS
PURSUANT TO DOCKET NO. F-3563

1. Background

The currently effective Rates 95, 96 and 97 were filed on June 4, 2002, and were approved by the Commission on July 26, 2002. 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, 2003. 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, 2003 through June 30, 2004. 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, 20th Revised Sheet No. 28
Occasional Power Purchase Non-Time Differentiated Rate 95

Section No. 3, 20th Revised Sheet No. 29 and 13th Revised Sheet No. 29.1
Short-Term Power Purchase Time Differentiated Rate 96

Section No. 3, 20th 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 3, 2003 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 cashier's desk.

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of May 29, 2003 through June 4, 2003

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3705

ELECTRIC

EL03-019 In the Matter of the Filing by Montana-Dakota Utilities Co. for Approval of Tariff Revisions.

Application by Montana-Dakota Utilities Co. for approval to update 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. Pursuant to Commission Order and tariffed terms and conditions, these rates are reviewed annually and revised when necessary. The rates proposed were developed using the same methodology as was used for the rates currently on file.

Staff Analyst: Dave Jacobson
Staff Attorney: Karen Cremer
Date Docketed: 06/03/03
Intervention Deadline: 06/20/03

EL03-020 In the Matter of the Filing by Xcel Energy for Approval of the Inclusion of Financial Incentives in its Fuel Clause.

Application by Xcel Energy (Xcel) for approval to continue flowing the costs and effects of its hedging transactions for years 2002 and 2003 through its fuel clause pursuant to the terms and conditions ordered in Docket EL99-021. The Commission's decision in Docket EL99-021 approved Xcel's proposal to flow the costs and effects of hedging transactions through Xcel's fuel clause with conditions, including recurring annual approval and biannual reporting requirements. Xcel neglected to obtain approval to continue inclusion of its hedging activity in its fuel clause for the year 2002 and now requests that approval and also approval for 2003. Xcel is also requesting that the reporting requirement be revised to now be annual instead of biannual.

Staff Analyst: Dave Jacobson
Staff Attorney: Kelly Frazier
Date Docketed: 06/03/03
Intervention Deadline: 06/20/03

TELECOMMUNICATIONS

TC03-090 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and Midcontinent Communications.

On May 30, 2003, the Commission received a Filing of End Office with Local Tandem

Functionality Amendment to Agreement between Qwest Corporation (Qwest) and Midcontinent Communications (f/k/a Midco Communications "Midco"). According to the parties, the Amendment is an amendment to the negotiated agreement reached between the parties which was approved by the Commission effective May 5, 1999, in Docket TC99-023. The amendment is made in order to add End Office with Local Tandem Functionality language to the Agreement, stating that to the extent Qwest is using a specific end office to deliver limited tandem switching functionality to itself, a wireless service provider, another CLEC, or another ILEC, it will arrange the same trunking for the CLEC. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than June 19, 2003. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier

Date Docketed: 05/30/03

Initial Comments Due: 06/19/03

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**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. FOR) REVISIONS
APPROVAL OF TARIFF REVISIONS) EL03-019**

On June 3, 2003, Montana-Dakota Utilities Co. (MDU), filed with the Public Utilities Commission (Commission) proposed revisions 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, 20th Revised Sheet No. 28, cancelling 19th Revised Sheet No. 28

Section 3, 20th Revised Sheet No. 29, cancelling 19th Revised Sheet No. 29

Section 3, 13th Revised Sheet No. 29.1, cancelling 12th Revised Sheet No. 29.1

Section 3, 20th Revised Sheet No. 30, cancelling 19th Revised Sheet No. 30

Section 3, 14th Revised Sheet No. 30.1, cancelling 13th Revised Sheet No. 30.1

At its regularly scheduled meeting of July 1, 2003, 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 14th day of July, 2003.

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>Debra K. Kolbo</i></u>
Date: <u>7/16/03</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

RECEIVED

JUL 23 2003

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

July 22, 2003

Ms. Pam Bonrud
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 E. Capitol
Pierre, SD 57501

Re: Tariffs Reflecting Effective Dates
Docket No. EL03-019

Dear Ms. Bonrud:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits the following tariff sheets reflecting the effective date of July 14, 2003, pursuant to the Commission's Order approving the rates in the above-referenced docket:

- Section No. 3, 20th Revised Sheet No. 28, Section No. 3, 20th Revised Sheet No. 29, Section No. 3, 13th Revised Sheet No. 29.1, Section No. 3, 20th Revised Sheet No. 30 and Section No. 3, 14th Revised Sheet No. 30.1.

The original and 10 copies of this letter and tariff have been provided to the South Dakota Public Utilities 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,

Tamie A. Aberle
Pricing and Tariff Manager

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 \$ 1.70 per month
Metering charge for three phase service \$ 6.55 per month

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

1.356¢ 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, 2003

Effective Date: Effective with service rendered on and after July 14, 2003

Docket No. EL03-019

Issued By: Donald R. Ball, Asst. Vice President - Regulatory Affairs

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 \$ 5.45 per month
 Metering charge for three phase service \$11.00 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

1.495¢ per Kwh

1.208¢ 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

1.510¢ per Kwh

1.266¢ 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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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 = \$ 7.50 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.

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	\$ 5.45 per month
Metering charge for three phase service	\$11.00 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

<u>ON-PEAK</u>	<u>OFF-PEAK</u>
1.495¢ per Kwh	1.208¢ 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

<u>ON-PEAK</u>	<u>OFF-PEAK</u>
1.510¢ per Kwh	1.266¢ 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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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 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.
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.

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