

NG 98-004



Northwestern Public Service
33 Third Street SE
Huron, SD 57350-1605
Telephone: (605) 352-8411
Facsimile: (605) 353-8286

May 18, 1998

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

RECEIVED
MAY 19 1998
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

RE: Refund Plan Relating to Kansas Ad Valorem Tax Refunds Received from Northern Natural Gas Company

Dear Mr. Bullard:

During the past several months, Northwestern Public Service Company (Northwestern) has received refunds of Kansas ad valorem taxes from Northern Natural Gas Company (Northern). These refunds are being made pursuant to the FERC Commission's Order in Docket Nos. RP97-369-000, et al. The distribution reflects refunds received by Northern from Producers.

Northern points out in their transmittal letters to the parties that the issues have not been finally resolved in these dockets, and are subject to further FERC Commission action. It is therefore possible that the recipients of the refunds ultimately may have to refund all or a portion of the refund amount, including interest, at some future date.

The purchased gas cost adjustment clause provisions of Section No. 3, Sheet No. 9 of Northwestern's South Dakota Gas Tariff state that any refund received by the Company from a supplier of charges paid and applicable to natural gas purchased for resale shall be refunded to the customer as a reduction in billings over the succeeding twelve month period or other period determined appropriate. Per the currently effective tariff, where a refund exceeds \$300,000 the Company shall file a refund plan before the Commission and the Commission shall determine the method of refund.

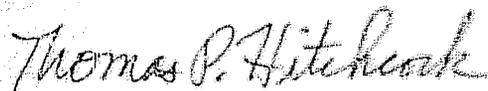
To date, Northwestern has received \$428,751.41 in total Kansas ad valorem tax refunds from Northern. Northwestern's April 30, 1998 unrecovered commodity gas cost true-up balance stands at \$671,516.00. Northwestern seeks Commission approval to net the refund dollars against the current true-up

Mr. William Bullard, Jr.
Page 2

balance, thus spreading the refund to customers, with interest, over a twelve month period. Based on actual 1997 sales, this will have the effect of reducing rates for residential and small commercial customers by \$0.0082 per therm. A typical residential customer using 100 therms will see an \$0.82 per month reduction in their natural gas bill.

Attached, please find copies of each refund's documentation received from Northern. If you have questions about the above proposed plan, or need further data, please contact me at your earliest convenience at 605-301-8235.

Sincerely,
Northwestern Public Service Company



Thomas P. Hitchcock

Enclosures

SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN PUBLIC SERVICE COMPANY
HURON
SOUTH DAKOTA

Section No. 8
Sheet No. 8
Cancelling 5th Revised Sheet No. 8

PURCHASED GAS COST ADJUSTMENT CLAUSE

If the rate authorized to be charged the Company for natural gas purchased by it for resale shall be increased or decreased, whether or not charged under bond, such increase or decrease per therm shall be added to or deducted from the charges set forth in filed rates included herein. In addition, gas cost variances resulting from the purchase of non-traditional gas supplies will be added or deducted from charges set forth in filed rates included herein. Any refund, including interest thereon, received by the Company from a supplier of charges paid and applicable to natural gas purchased for resale shall be refunded to the customer as a reduction in billings over the succeeding twelve month period or other period determined appropriate. However, in a case where a refund exceeds \$300,000, the Company shall file a refund plan before the Commission and the Commission shall determine the method of refund.

Variances in actual gas cost incurred and gas cost recovered through unit sales will be measured monthly. Net revenues collected from settlement of transportation imbalances, over/under delivery charges for imbalances, additional charges collected for imbalances, transportation fuel retention, Rate Nos. 84 and 85 penalties and surcharges, charges for daily balancing service, and any other similar recovery of gas supply related costs will be credited to actual gas cost incurred. In addition, the Company will credit actual gas cost incurred for all recoveries of Gas Demand and Commodity Charges under Rate Nos. 84, 85 and 87, shown on Sheet Nos. 9a and 9b. Resulting under or over cost recoveries will be spread to Rate Nos. 81 and 82 over the last twelve months of the first thirteen month period following the incurrence of the cost recovery variance through re-entry in the Purchased Gas Cost Adjustment calculation in the second month following the incurrence of the cost recovery variance. All accrued over or under variances shall be assessed a carrying charge which shall be the overall rate of return allowed by the Commission in the Company's last general rate filing.

Date Filed: November 21, 1996

Effective Date: November 1, 1996

B. H. Leyendcker
Issued By: Vice President Market Development



Northern Natural Gas
Company
P.O. Box 1330
Owens, MO 64826-0133
(417) 251-7200

April 8, 1998

Re: Northern Natural Gas Company
Distribution of Kansas Ad Valorem Tax Refunds

To: The Party Addressed

Northern Natural Gas Company (Northern) is enclosing a check along with supporting workpapers relating to the refund of Kansas Ad Valorem Taxes. These refunds are being made pursuant to the Commission's Order in Public Service Company of Colorado et al. Docket Nos. RP97-369-000, et al., issued September 10, 1997. This distribution reflects additional refunds received by Northern from Producers.

Schedule No. 1 shows, in detail, the allocation of the refund amounts to the specific jurisdictional customers. The allocation factors are based upon the sales volumes which were taken from each year's F.E.R.C. Form 2. The refund amounts for each specific year were multiplied by the appropriate allocation factor for that year to arrive at the refund amounts applicable to each customer by year. The customer amounts were then added across to arrive at the resulting total.

In accepting this check, please understand that the issues have not been finally resolved in these dockets and are subject to further Commission action. It is therefore possible that the recipients of the refunds ultimately may have to refund all or a part of the refund amount, along with interest, at some future date.

Respectfully submitted,

Mary Kay Miller for

Mary Kay Miller
Vice President, Rates and Certificates

Attachment

h04_08.doc

NORTHERN NATURAL GAS COMPANY
 P.O. Box 1188
 Houston, TX 77251-1188

**ENRON
 CORP**

NORTHWESTERN PUBLIC SERVICE CO
 600 MARKET ST. W
 HURON, SD
 57350-1318

04/06/98

PAGE 1 OF 1

VENDOR NO: 0000394001
 REMITTANCE STATEMENT

VOUCHER NO.	INVOICE DATE	INVOICE NO.	PURCHASE ORDER	AMOUNT		
				GROSS	DISCOUNT	NET
9804000058	04/06/98	KISSNER		51,434.08		51,434.08
REFUNDS PURSUANT TO COMMISSION ORDER DOCKET NOS. R797-187 ET AL. ISSUED SEPTEMBER 10, 1997						
				TOTAL		51,434.08

SPECIAL INSTRUCTIONS:
 OVERNIGHT TO TIM KISSNER - OMA745

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS. CHECK # 15880314

**ENRON
 CORP**

NORTHERN NATURAL GAS COMPANY
 P.O. Box 1188
 Houston, TX 77251-1188

No. 15880314

04-06-98

PAY TO THE ORDER OF NORTHWESTERN PUBLIC SERVICE CO
 600 MARKET ST. W
 HURON, SD
 57350-1318

51,434.08

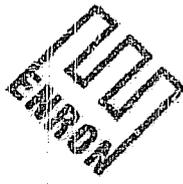
Fifty one thousand six hundred fifty four and 08/100 Dollars

William D. ...

CITIBANK-DELAWARE

THE FACE OF THIS DOCUMENT HAS A BLUE BACKGROUND ON WHITE PAPER • THE BACK CONTAINS AN ARTIFICIAL WATERMARK • HOLD AT AN ANGLE TO SEE

⑈ 6793300318⑈ ⑈ 0311002095⑈ ⑈ 39109951⑈



Mary Kay Miller
Vice President
Rates and Certificates

Northern Natural
Gas Company
An Office of Enbridge

P. O. Box 2000
Chicago, NE 68101-2000
Phone 402-333-7000
Fax 402-333-7000
www.enbridge.com

February 3, 1998

TO: The Party Addressed

RE: Northern Natural Gas Company
Kansas Ad Valorem Tax Refunds

On January 29, 1998, Northern Natural Gas Company (Northern) distributed Kansas ad valorem tax refunds pursuant to the Commission's Order in Public Service Company of Colorado, et al., Docket Nos. RP97-369-000, et al., issued September 10, 1997. The refunds were primarily attributable to refunds paid to Northern by Mobil Oil Corporation (Mobil).

Based on the Commission's January 28, 1998 Order issued in Northern Natural Gas Company, et al., Docket Nos. RP98-39-001, et al., Mobil requested, on February 2, 1998, that Northern stand ready either to return Mobil's refund dollars upon demand or to place such funds in an escrow account. Northern, however, advised Mobil on February 2, 1998, that it had distributed refunds to its jurisdictional customers on January 29, 1998 and, therefore, Northern no longer was in possession of these funds. Northern further advised Mobil that, under the pipeline refund procedures prescribed in the Commission's September 10, 1997 Order, pipelines are required to make refunds to their jurisdictional customers within 30 days after receipt of refunds from producers or pay interest. The Commission's January 28, 1998 Order made no changes in these pipeline refund procedures. Northern received Mobil's check on December 30, 1997 and, thus, under the Commission's established procedures, Northern had to make refunds to its customers by January 29, 1998 or pay interest.

We are sending this letter in order to apprise you of Mobil's position with respect to the refunds.

Very truly yours,

Mary Kay Miller

Natural gas. Electricity. Endless possibilities.



Northern Natural Gas
Company
P.O. Box 3800
Omaha, NE 68103-0380
(402) 339-7200

January 29, 1998

Re: Northern Natural Gas Company
Distribution of Kansas Ad Valorem Tax Refunds

To: The Party Addressed

Northern Natural Gas Company (Northern) is enclosing a check along with supporting workpapers relating to the refund of Kansas Ad Valorem Taxes. These refunds are being made pursuant to the Commission's Order in Public Service Company of Colorado et al. Docket Nos. RP97-369-000, et al., issued September 10, 1997. The refunds relate to Producer refunds received by Northern through December 31, 1997.

Schedule No. 1 shows, in detail, the allocation of the refund amounts to the specific jurisdictional customers. The allocation factors are based upon the sales volumes which were taken from each year's F.E.R.C. Form 2. The refund amounts for each specific year were multiplied by the appropriate allocation factor for that year to arrive at the refund amounts applicable to each customer by year. The customer amounts were then added across to arrive at the resulting total.

In accepting this check, please understand that the issues have not been finally resolved in these dockets and are subject to further Commission action. It is therefore possible that the recipients of the refunds ultimately may have to refund all or a part of the refund amount, along with interest, at some future date.

Respectfully submitted,

Tim Kuebler for

Mary Kay Miller
Vice President, Rates and Certificates

Attachment

Natural gas. Electricity. Endless possibilities.

Northern Natural Gas Company
Kansas Ad Valorem Tax Refund
Amount by Customer by year to be Refunded
Based on Sales Volumes for the years 1984 - 1988

Amount by year to be Refunded: \$2,247,407.01				\$25,164.28				\$19,393,438.38				\$8,005,409.58				\$59,504.22	
Customer (a)	1984			1985			1986			1987			1988			Total Refund	
	Volume (b)	% (c)	Amount (d)	Volume (e)	% (f)	Amount (g)	Volume (h)	% (i)	Amount (j)	Volume (k)	% (l)	Amount (m)	Volume (n)	% (o)	Amount (p)	(q)	
Michigan Power	5,293,258	1.11%	24,886.59	5,432,721	1.19%	300.48		0.00%	0.00		0.00%	0.00		0.00%	0.00	25,187.08	
Midwest Natural Gas	262,734	0.20%	4,525.35	1,047,173	0.23%	57.92	958,647	0.21%	40,166.41	789,428	0.20%	10,127.43	181,204	0.08%	35.25	60,812.37	
Minnegasco	139,116,152	29.11%	654,326.45	143,241,155	31.48%	7,922.60	126,297,333	27.28%	5,291,321.31	111,267,735	28.39%	2,273,117.58	95,365,428	31.13%	18,553.26	8,245,341.20	
MUD	31,119,652	6.51%	140,389.85	31,437,559	6.91%	1,738.80	28,298,810	5.68%	1,101,011.78	25,008,580	6.54%	573,164.30	10,244,980	6.28%	3,744.09	1,776,028.88	
Natural Gas, Inc.	316,540	0.07%	1,488.83	330,949	0.07%	18.25	310,135	0.07%	12,994.37	232,240	0.06%	4,744.40	197,668	0.08%	38.46	1,204.40	
Nebraska Natural Gas Co	1,050,795	0.22%	4,943.37	2,407,433	0.53%	133.15	872,623	0.15%	28,182.28		0.00%	0.00		0.00%	0.00	31,255.80	
New Util.	1,279,401	0.27%	6,017.60	1,380,050	0.30%	76.38	1,350,832	0.30%	57,260.60	999,273	0.25%	20,393.98	588,021	0.19%	114.52	83,853.88	
NIGAS	33,054,194	6.92%	155,468.88	31,626,201	6.97%	1,753.10	31,380,884	6.78%	1,313,995.94	35,065,183	8.95%	716,355.77	15,561,004	5.08%	3,027.38	2,190,601.07	
North Central Public Service	9,503,070	2.01%	45,073.53	10,318,147	2.27%	570.68	8,123,651	1.32%	258,575.28		0.00%	0.00		0.00%	0.00	302,219.37	
Northern Minnesota		0.00%	0.00		0.00%	0.00	328,558	0.07%	13,755.19	1,409,871	0.40%	38,970.24	1,869,583	0.51%	363.53	51,090.94	
Northern States Power	58,109,380	12.16%	273,314.83	85,252,008	14.74%	3,609.11	58,735,604	12.09%	2,461,808.71	42,045,350	10.86%	871,212.88	22,611,343	9.41%	5,505.32	3,615,559.81	
Northern States Power-PIL	3,351,485	0.71%	15,961.10		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	15,961.10	
Northern States Power Co	707,482	0.15%	3,327.51	2,948,888	6.65%	162.89	2,233,170	4.68%	93,148.75	1,689,070	0.00%	368.89		0.00%	0.00	93,516.64	
Northern States Pub Ser	6,472,567	1.29%	29,797.21	8,451,199	1.43%	336.81	8,940,888	1.28%	344,715.88	5,014,825	1.26%	102,449.17	4,503,916	1.21%	779.90	377,875.83	
NSP-Subs	4,486,686	0.97%	21,609.70	4,741,203	1.04%	262.77	4,140,853	0.84%	172,740.29	4,675,654	1.04%	83,269.73	3,351,258	1.19%	609.89	278,072.67	
Orange	309,893	0.06%	1,437.14	234,341	0.05%	19.51	331,855	0.07%	14,135.80	273,288	0.07%	5,582.45	262,534	0.08%	58.57	21,150.44	
Owensboro	1,105,383	0.23%	5,021.14	1,804,458	0.40%	84.89	1,642,841	0.34%	64,925.90	1,441,303	0.37%	28,448.37	1,238,827	0.42%	259.13	104,343.62	
Packard & Eastern	284,162	0.06%	1,337.52	288,688	0.06%	13.08	288,748	0.06%	8,708.29	371,873	0.09%	6,882.68	268,845	0.09%	51.91	16,552.87	
Panhandle	179,517	0.04%	868.55	118,908	0.03%	5.53	118,908	0.03%	4,716.84	108,682	0.03%	1,830.83	89,181	0.03%	18.90	7,143.65	
Panhandle Gas	679,721	0.14%	2,882.59	615,541	0.14%	28.88	615,541	0.14%	4,418.88	4,188,888	0.11%	4,188.88	2,882,590	0.09%	4% 00	7,143.65	
Panhandle		0.00%	0.00	3,379,848	0.08%	178.38	3,379,848	0.08%	3,379,848	3,379,848	0.08%	3,379,848	3,379,848	0.08%	3,379,848	3,379,848	
Panhandle	88,888	0.02%	427.88	88,888	0.02%	4.28	88,888	0.02%	4,278.88	88,888	0.02%	4,278.88	88,888	0.02%	4.28	4,278.88	
Panhandle	188,888	0.04%	927.88	188,888	0.04%	9.28	188,888	0.04%	927.88	188,888	0.04%	927.88	188,888	0.04%	9.28	927.88	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle Gas Service	678,888	0.14%	2,882.59	678,888	0.14%	32.88	678,888	0.14%	4,278.88	678,888	0.14%	4,278.88	678,888	0.14%	4,278.88	4,278.88	
Panhandle	88,888	0.02%	427.88	88,888	0.02%	4.28	88,888	0.02%	4,278.88	88,888	0.02%	4,278.88	88,888	0.02%	4.28	4,278.88	
Panhandle	88,888	0.02%	427.88	88,888	0.02%	4.28	88,888	0.02%	4,278.88	88,888	0.02%	4,278.88	88,888	0.02%	4.28	4,278.88	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
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Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
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Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00		0.00%	0.00	0.00	
Panhandle		0.00%	0.00		0.00%	0.00		0.00%	0.0								

Northern Natural Gas Company
Kansas Ad Valorem Tax Refund
Amount by Customer by year to be Refunded
Based on Sales Volumes for the years 1984 - 1988

Customer	1984		1985		1986		1987		1988		Total Refund
	Volume (b)	% (c)	Volume (e)	% (f)	Volume (h)	% (i)	Volume (k)	% (l)	Volume (n)	% (o)	
Wheaton Gas Utilities	235,850	0.05%	274,103	0.06%	271,005	0.06%	251,925	0.05%	205,724	0.07%	17,570.99
Wichita	69,243	0.01%	79,318	0.02%	83,213	0.01%	51,306	0.01%	61,459	0.02%	4,038.74
Wichita Gas Co	3,760,794	1.97%	9,588,548	2.11%	8,878,527	1.82%	6,886,223	1.71%	5,677,782	1.85%	554,522.00
Wichita Power & Light	531,408	0.11%	571,103	0.13%	3,596,714	0.89%	3,722,480	0.95%	2,512,707	0.82%	261,907.64
Wichita Southern Gas	75,523	0.02%	78,510	0.02%	530,118	0.12%	220,069	0.06%	123,450	0.04%	26,587.47
Wichita	47,839,877	100.00%	482,860,874	100.00%	88,808	0.01%	59,854	3.02%	48,278	0.02%	4,322.62
Total											
			\$2,247,487.81		\$25,184.28		\$10,393,438.30		\$8,005,489.50		\$59,584.22

NORTHERN NATURAL GAS COMPANY
 P.O. Box 1188
 Houston, TX 77251-1188

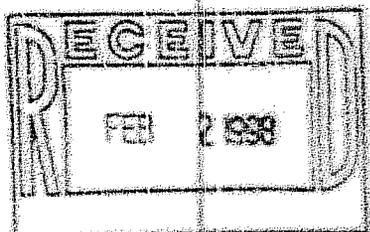
**ENRON
 CORP**

NORTHWESTERN PUBLIC SERVICE CO
 600 MARKET ST. W
 HURON, SD
 57350-1318

01/29/98

PAGE 1 OF 1

VENDOR NO: 0000394001
 REMITTANCE STATEMENT

VOUCHER NO.	INVOICE DATE	INVOICE NO.	PURCHASE ORDER	AMOUNT		
				GROSS	DISCOUNT	NET
9801000127	01/28/98	CKR012898		377,097.33		377,097.33
REFUNDS PURSUANT TO COMMISSION ORDER DOCKET NOS. RP97-399 ETAL ISSUED SEPTEMBER 10, 1997						
						
				TOTAL		377,097.33

SPECIAL INSTRUCTIONS:
 PICK UP BY HARRY WALTERS X31548

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

**ENRON
 CORP**

NORTHERN NATURAL GAS COMPANY
 P.O. Box 1188
 Houston, TX 77251-1188

PAY TO THE ORDER OF NORTHWESTERN PUBLIC SERVICE CO
 600 MARKET ST. W
 HURON, SD
 57350-1318

377,097.33

Three hundred seventy seven thousand ninety seven and 33/100 Dollars

William D. Galt

CITIBANK-DELAWARE

THE FACE OF THIS DOCUMENT HAS A BLUE BACKGROUND ON WHITE PAPER • THE BACK CONTAINS AN ARTIFICIAL WATERMARK WHICH IS AN ANTI-COUNTERFEIT DEVICE

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

IN THE MATTER OF THE FILING BY)	ORDER APPROVING
NORTHWESTERN PUBLIC SERVICE COMPANY)	RETURN OF REFUND
FOR APPROVAL OF A PROPOSAL TO RETURN)	THROUGH PURCHASED
REFUND THROUGH ITS PURCHASED GAS)	GAS ADJUSTMENT
ADJUSTMENT CLAUSE)	
)	
)	NG98-004

On May 19, 1998, Northwestern Public Service Company (NWPS) filed an application with the Public Utilities Commission (Commission) for approval of a proposed refund plan relating to Kansas ad valorem tax refunds received from Northern Natural Gas Company (NNGC). NWPS proposes to refund the amount to its customers through its purchased gas adjustment (PGA).

To date NWPS has received \$428,751.41 in total Kansas ad valorem tax refunds from NNGC. These refunds are being made pursuant to the FERC Commission's Order in Docket No. RP97-369-000. NWPS seeks Commission approval to net the refund dollars against the current true-up balance in the PGA, thus spreading the refund to customers, with interest, over a twelve month period. A typical residential customer will see an \$0.62 per month reduction in their natural gas bill.

At a regularly scheduled meeting of June 30, 1998, the Commission considered NWPS' application.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically, 49-34A-2, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-25. Further, the Commission finds that the refund in the manner proposed is just and reasonable and shall be approved. It is therefore

ORDERED, that NWPS' proposal to return a refund received from NNGC through its PGA as described above is approved and shall be effective June 30, 1998, for inclusion in NWPS' July 1998 PGA.

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

<p>CERTIFICATE OF SERVICE</p> <p>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.</p> <p>By: <u><i>Melanie Krebs</i></u></p> <p>Date: <u>7/10/98</u></p> <p align="center">(OFFICIAL SEAL)</p>

BY ORDER OF THE COMMISSION:

James A. Burg
 JAMES A. BURG, Chairman

Pam Nelson
 PAM NELSON, Commissioner

Laska Schuenfelder
 LASKA SCHUENFELDER, Commissioner