

NG98-012

NG 98-012

RECEIVED



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

December 4, 1998

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

Re: Ellsworth Air Force Base
Rate 64
Docket No. NG98-_____

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits for Commission approval Section No. 3, 2nd Revised Sheet No. 5, Ellsworth Air Force Base Rate 64 (Exhibit A). The attached rate schedule reflects the Agreement between Montana-Dakota and Ellsworth Air Force Base (Ellsworth) executed on November 30, 1998 for the sale of interruptible natural gas service to Ellsworth's facility. As noted in the Purchased Gas Cost Adjustment filing dated November 12, 1998, Ellsworth has installed a propane-air peaking system and is converting their firm natural gas service requirements to interruptible service.

The revised Rate 64 tariff attached hereto provides for the sale of natural gas to meet Ellsworth's total requirements on an interruptible basis at a charge comprised of the following:

- Pipeline related demand charges calculated on a 100% load factor commodity basis, similar to the calculation of the Large Interruptible Rate 65 Purchased Gas Cost Adjustment and all commodity-related pipeline charges (including the related return component).
- The commodity cost of gas based on the system average cost of gas applicable to the Black Hills system.
- A distribution charge of 6.2¢ per dk. This charge represents the distribution charge for interruptible service to Ellsworth, authorized in Docket No. NG98-012.
- A monthly base rate of \$95.00 per month. This is identical to the base rate charge currently authorized for Ellsworth.

The charge for interruptible service shown on the attached revised Rate 64 reflects the base cost of gas, approved in Docket No. NG94-102 of \$1.805 plus the authorized interruptible distribution margin of \$.062. The monthly Purchased Gas Cost Adjustment will then be applied to this rate resulting in the total charge applicable to Ellsworth's gas purchases. Rate 64 has also been revised to reflect the General Term and Condition entitled Priority of Service to be consistent with the other interruptible service rate schedules.

As also noted in the Purchased Gas Cost Adjustment filing dated November 12, 1998, the Company has released capacity that together with the reassignment of capacity is essentially equal to the Ellsworth former firm capacity. Therefore, there is in essence no impact on other customers caused by the change in service to Ellsworth.

In accordance with ARSD 20:10:13:30, Montana-Dakota hereby requests that this request be approved for service rendered on and after December 1, 1998.

The Company further requests waiver of the 30 days notice to the Commission required by ARSD 20:10:13:15 and 30 days notice to the public required by ARSD 20:10:13:17.

Attached as Exhibit C is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:25.

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 highlighting the new language proposed.

Please refer all inquires regarding this filing to:

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

Also, please send copies of all written inquires, correspondence and pleadings to:

Mr. Tom K. Haggood
Senior Attorney
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

The original and ten (10) copies of this Letter of Transmittal and tariffs have been provided to the South Dakota Public Utilities Commission.

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

Attachments

cc: T. Hopgood
D. Ball

Exhibit A



**MONTANA-DAKOTA STATE OF SOUTH DAKOTA
UTILITIES CO. GAS RATE SCHEDULE**

A Division of MDC Resources Group, Inc.
400 West 10th Street
Sioux Falls, SD 57104

SD P.U.C. _____

and Approved _____

Containing 1st Amendment _____

RESIDENTIAL AIR SERVICE RATE Base 44

AVAILABILITY:

Service under this rate schedule is available to the Elboworth Air Force Base (EAFB).

RATE:

Base Rate Per Meter: \$25.00 per month

Interruptible Sales
Commodity Charge: \$1.50 per MCF

MINIMUM BILL:

Base Rate.

PAYMENT:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, 07.01, or any amendments or alterations thereto.

COST OF PURCHASED GAS ADJUSTMENT:

Bills are subject to an adjustment for cost of purchased gas as provided in Rate 88 or any amendments or alterations thereto.

GENERAL TERMS AND CONDITIONS:

- PRIORITY OF SERVICE** - Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's fire general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of interruption or to interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interests of its customers whose emergency requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, 07.10.

Date Filed: December 7, 1999

Effective Date: _____

Issued By: C. Wayne DeWitt
Regulatory Affairs & Business Services

STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

(Continued)

ELLSWORTH AIR FORCE BASE RATE 21

2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** - If a customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the firm sales commodity charge rate set forth above, plus either an amount equal to any penalty payments or overruns charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$10.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **CONTRACT** - Terms of service other than the rate shall be as specified in contracts between EAFB and the Company.
4. **RULES** - The foregoing schedule is subject to Rates 10 through 14 and any amendments or alterations thereto or additions, rules and regulations promulgated by the Company under the laws of the State.

Date Filed: December 7, 1958

Effective Date

Issued By: C. Wayne Fox, Vice President



**MONTANA-DAKOTA STATE OF SOUTH DAKOTA
UTILITIES CO. GAS RATE SCHEDULE**

A Member of MDU Resources Group, Inc.

400 West Fourth Street
Butte, ND 58701

SOPUC. Service No. _____

Account No. _____

Street No. _____

City _____

ELLENBORO AIR FORCE BASE Rate GA

AVAILABILITY:

Service under this rate schedule is available to the Ellensboro Air Force Base (EAFB). ~~EAFB shall, upon an election of its requirements, accept only available service and such requirements shall be set forth in a service agreement with the Company.~~

RATE:

Base Rate Per Meter: ~~200.00 per month~~

~~Transportation-Nominative Charge 200.00 per month~~

~~Firm Sales~~

~~Commodity Charge 21.00 per month~~

~~Plus Applicable Pipeline~~

~~Demand & Transportation~~

~~Charges~~

~~Interruptible Sales~~

~~Commodity Charge 21.00 per month~~

~~Plus Applicable Pipeline~~

~~Transportation Charges~~

~~Firm Transportation~~

~~200.00 per month~~

~~Available for the firm's use gas requirements shall be set forth in a contract for the gas supply available to meet the requirements. The Company shall have no obligation to provide gas supply to firm in the event the gas source of gas is not available or delivered to the Company's transportation with the Company pipeline(s).~~

~~Interruptible Transportation 200.00 per month~~

~~Transportation-Nominative Charge 200.00 per month~~

~~The terms and conditions of service applicable under Transportation Service Rates G1, G2, G3 shall also apply to services rendered under this Rate GA Force Rate GA.~~

MINIMUM BILL:

Base Rate.

Date Filed: _____

Effective Date: _____

Issued By: C. Wayne Fox, Vice President

Cancelling _____

(Continued)

Page 2 of 3

ELLSWORTH AIR FORCE BASE Rate 88

PAYMENT:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, \$9.11, or any amendments or alterations thereto.

COST OF PURCHASED GAS ADJUSTMENT:

Bills are subject to an adjustment for cost of purchased gas as provided in Rate 88 or any amendments or alterations thereto.

GENERAL TERMS AND CONDITIONS:

1. **PRIORITY OF SERVICE** - Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the provisions of Rate 100, \$9.15.
2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the firm sales commodity charge rate set forth above, plus either an amount equal to any penalty payments or overuse charges the Company is required to make to its interconnecting pipelines under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$10.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **CONTRACT** - Terms of service other than the rate shall be as specified in contracts between EAFB and the Company.
4. **RULES** - The foregoing schedule is subject to Rules 100 through 104 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the law of the state.

Date Filed: _____

Effective Date: _____

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

Report of Tariff Schedule Change

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

Section No.		New Effect No.
3	Ellsworth Air Force Base Rate SA	2nd Revised 3-81

Change: Ellsworth Air Force Base change to interruptible sales service
 (State part of tariff schedule affected by change, such as Applicability, availability, rates, etc.)

Reason for Change: Ellsworth has converted its firm requirements to interruptible with installation of proposed power

Present rates
 Proposed Rates
 Approximate annual reduction in revenue
 Approximate annual increase in revenue

Points Affected	Estimated Number of Customers whose Cost of Service will be					
	Reduced		Increased		Unchanged	
Dakota Excluding East River	# of Customers	Amount in \$	# of Customers	Amount in \$	# of Customers	Amount in \$
	1	\$763,070				

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

Received: _____

By: _____
 Executive Director
 South Dakota
 Public Utilities Commission

By: _____
 Regulation Affairs & General Services
 (Name and Title)

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of December 3, 1998 through December 9, 1998

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 filing.

Phone: 605-773-3705. Fax: 605-773-3809.

NATURAL GAS

NG98-012 In the Matter of the application of Montana-Dakota Utilities Co. for approval of Revisions to Ellsworth Air Force Base, Rate 64.

Application by Montana-Dakota Utilities Co. for approval of Revisions to Rate 64 reflecting a new agreement executed November 30, 1998. Ellsworth Air Force base has installed a propane-air peaking system and is converting their firm natural gas service requirements to interruptible service. The revised tariff will reflect the new service agreement rates and conditions.

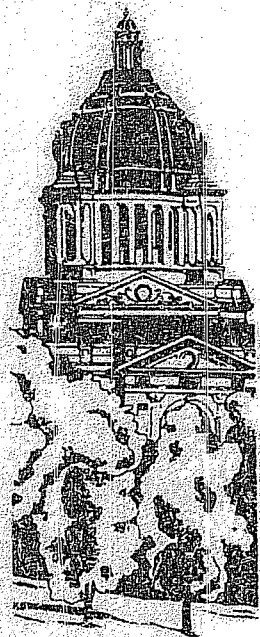
Staff Attorney: Karen Cremer

Staff Analyst: Dave Jacobson

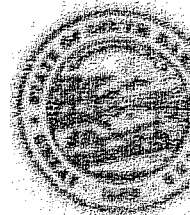
Date Filed: 12/07/98

Intervention Deadline: 12/25/98

You may receive this listing and other PUC publications via our website or via internet e-mail.
You may subscribe to the PUC mailing list at <http://www.state.sd.us/puc/>



South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

January 11, 1999

Karen Cremer
Staff Attorney
SD Public Utilities Commission
500 E. Capitol
Pierre SD 57501

Dear Ms. Cremer:

Please provide or make available to the commission advisory staff all information furnished by Montana-Dakota Utilities Co. to assist staff in processing Order NG98-012.

This request should be considered ongoing, and apply to any information received in the future.

Sincerely,

Greg Rislav
Greg Rislav
Commission Advisor

c: Dave Jacobson
Donald R. Ball
Tom K. Hopgood

Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5280
FAX (605)773-3125

Consumer Hotline
1-800-332-1782

TTY Through
Relay South Dakota
1-800-877-1113

Internet
hill@puc.state.sd.us

Jim Burg
Chairman
Pam Nelson
Vice-Chairman
Laska Schoenfelder
Commissioner

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Executive Director

Edward R. Anderson
Harlan Best
Martin C. Bettmann
Charlie Bolle
Sue Cichos
Karen E. Cremer
Merlette Fischbach
Shirleen Fugitt
Lewis Hammond
Katie Hartford
Leni Healy
Cameron Hoseck
Dave Jacobson
Bob Knadle
Delaine Kolbs
Jeffrey P. Lorenson
Terry Norum
Gregory A. Rislav
Tanna Stangohr
Steven M. Wegman
Rosalynne Ailts West



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

January 25, 1999

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

Re: Ellsworth Air Force Base Rate 64
Docket No. NG98-012

Dear Mr. Bullard:

As requested by the Commission Staff, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits its explanation of the gas delivery management fee of 5 cents per dk applicable for deliveries to Ellsworth Air Force Base (EAFB) as specified in Exhibit 636, Paragraph 5, of the contract between Montana-Dakota and EAFB.

The relevant paragraph states:

"5. Company shall acquire all natural gas supplies to be provided Customer under this exhibit, manage the gas supplies, and perform the nomination and balancing activities required to provide gas service hereunder to Customer. Customer shall pay Company a gas delivery management fee of five (5) cents per dk for such services based on actual volumes used by Customer each month."

The gas delivery management fee is not a new charge. It has been included in the agreement with EAFB since late 1993. It represents a negotiated charge for certain services performed by Montana-Dakota in providing natural gas to EAFB. There is an identical arrangement in the agreements for providing service to two Air Force installations in North Dakota. The agreements were entered into upon implementation of FERC Order 636, which significantly increased the probability of the Air Force incurring pipeline penalties under the new terms and conditions for nominating, balancing, etc, on a point specific basis. The Air Force decided, at that time, that Montana-Dakota was best suited to provide these services required by the Air Force and agreed to pay the negotiated 5 cents per dk fee for such services.

The gas management function that Montana-Dakota performs for EAFB is one that takes place in a competitive environment. EAFB has the choice of contracting with Montana-Dakota for that service or taking that same service, utilizing Montana-Dakota's transportation service, from a non-regulated marketer or other entity. Thus, the gas supply management fee is not an appropriate item to be included on the tariff.

Given these factors, Montana-Dakota is treating this specialized function as a non-regulated or below the line item. Revenues derived from this service are recorded below the line and the costs related to performing the service are also recorded as a below the line item by the allocation of a portion of the Gas Supply function costs. Under the agreement, Montana-Dakota is responsible for all penalties incurred on the pipeline except those incurred by the failure of EAFB to interrupt when told to do so. Any penalties incurred are also charged below the line which insulates the remainder of Montana-Dakota's customers from such penalties. In addition, having the responsibility for the Air Force supply allows Montana-Dakota to most effectively manage pipeline capacity to minimize the cost thereof for all customers, thus making the existing arrangement beneficial for EAFB, other customers and the Company.

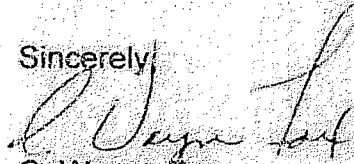
Finally, EAFB is a unique customer even though the load requirements for EAFB appear to be similar to the load requirements for a large town on Montana-Dakota's system. Historically, EAFB has had a significant portion of the service provided on an interruptible basis. Although a large percentage of their requirements are temperature sensitive, the daily use is not nearly as predictable as a similar size town. For example, the daily heating requirements for flight line facilities changes depending on which buildings are being used and whether hanger doors are open. These characteristics are difficult to predict and can change quickly. Also, unlike a typical community, the base population and facilities being used at any time can change quickly. These varying conditions increase the potential for incurring pipeline penalties, a risk the Air Force is apparently not willing to take, which represents the reason it is willing to pay a small management fee set out in the contract.

These then represent the reasons for our accounting treatment of the revenues and costs involved in providing this service for EAFB, and, hopefully, the Commission will agree with us. However, we suggest that any meaningful discussion on the ratemaking treatment of such costs be reserved for and carried out in the context of a future general rate case; rather than in the context of an approval of the agreement itself.

We appreciate the opportunity to comment. We do urge the Commission to take timely action on the Company's application in the instant docket and defer any ratemaking concerns to a future rate case.

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



South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

March 2, 1999

Doug Schmidt
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

RE: NG98-012, Ellsworth Air Force Rate 64

Dear Mr. Schmidt:

As you know, the above referenced docket is scheduled to be heard by the South Dakota Public Utilities Commission on March 9, 1999. I have read Mr. C. Wayne Fox's letter, which was received by our office on January 28, 1999, and had a couple of questions. First, as I read SDCL 49-34A-10, MDU shall file schedules showing all rates established by it and collected by MDU. Why does MDU feel it does not meet the definitions of a "public utility"? Why doesn't the definition of a "rate" apply to this docket? Is the Commission being asked to approve the agreement, which was not a part of the original filing, or is it being asked to approve tariff revisions to Ellsworth Air Force Base Rate 64, Gas Rate Schedule 2nd revised, Sheet No. 5?

If you could fax your reply by March 5, 1999, I would appreciate it. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Karen E. Cremer

Karen E. Cremer
Staff Attorney

Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5280
FAX (605)773-3225

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Relay South Dakota
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Internet
billb@puc.state.sd.us

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Chairman

Pam Nelson
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Lanka Schoenfelder
Commissioner

William Bullard Jr.
Executive Director

Edward R. Anderson
Harlan Best
Martin C. Bettmann
Charlie Bolle
Sue Cichos
Karen E. Cremer
Marlette Fischbach
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Lewis Hanumond
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Dave Jacobson
Bob Knadle
Delaine Kolba
Jeffrey P. Lorensen
Terry Norum
Gregory A. Rislov
Tammi Stangoehr
Steven M. Wegman
Rotayne Aults Wiest

LAW OFFICES
MAY, ADAM, GERDES & THOMPSON LLP

503 SOUTH PIERRE STREET
P. O. BOX 160
PIERRE, SOUTH DAKOTA 57501-0160

GLENN W. HARTENS 1881-1963
EARL G. GLOSBY 1885-1966
THOMAS C. ADAM
DAVID H. GERDES
CHARLES M. THOMPSON
ROBERT B. ANDERSON
BRENT A. WILBUR
TIMOTHY M. ENGEL
MICHAEL F. SHAW
NEIL FULTON

March 4, 1999

OF COUNSEL:
WARREN W. MAY

TELEPHONE
605 224-8803
TELECOPIER
605 224-6269
FAX
605 224-6269
dag@magt.com

Karen E. Cremer
Staff Attorney
South Dakota Public Utilities Commission
State Capitol
500 East Capitol
Pierre, South Dakota 57501-5070

RECEIVED

MAR 05 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: MDU; ELLSWORTH AFB GAS MANAGEMENT FEE
Docket NG98-012
Our file: 0069

Dear Karen:

This letter is in response to the questions posed in your letter of March 2, 1999, regarding Docket NG98-012, Ellsworth Air Force Base Rate 64.

You ask "Why does MDU feel it does not meet the definitions of a 'public utility'?" Montana-Dakota has made no assertion that it is not a public utility as defined under South Dakota law. In fact, Montana-Dakota fully recognizes that it is a public utility. Rather this is a question involving a nonregulated service.

You ask "Why doesn't the definition of 'rate' apply to this docket? Is the Commission being asked to approve the agreement, which is not part of the original filing, or is it being asked to approve tariff revisions to Ellsworth Air Force Base Rate 64, Gas Rate Schedule, 2nd revised, Sheet No. 5?"

Montana-Dakota, in its December 4, 1998, transmittal letter requested Commission approval of the revisions to Ellsworth Air Force Base Rate 64. Montana-Dakota did not and is not seeking Commission approval of the contract between Montana-Dakota and Ellsworth Air Force Base. With regard to the definition of "rate," Montana-Dakota believes that it has properly sought approval of the charges set forth on Rate 64. As explained in the letter you received on January 28, 1999, the gas delivery management function performed by Montana-Dakota in accordance with the contract is for a service that takes place in a competitive environment and the associated charge is a negotiated amount agreed to by Ellsworth Air Force Base. As such, Montana-Dakota believes that the gas delivery management fee is not

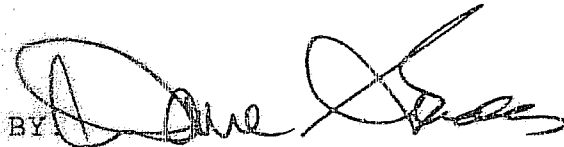
Karen E. Cremer
March 4, 1999
Page 2

subject to the jurisdiction of the Commission and has treated it accordingly by not including the charge on the tariff and by accounting for the revenues and the related costs as nonregulated or below the line items. The gas management function could be performed by a wide variety of vendors. Ellsworth Air Force Base has decided to hire MDU to provide this nonutility service.

If you have any further questions prior to the March 9 Commission meeting, please feel free to contact me or Don Ball.

Yours truly,

MAY, ADAM, GERDES & THOMPSON LLP

BY 

DAG:mw

cc: C. Wayne Fox
Tom Hopgood
Don Ball

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

IN THE MATTER OF THE APPLICATION OF)	ORDER
MONTANA-DAKOTA UTILITIES CO. FOR)	
APPROVAL OF REVISIONS TO ELLSWORTH)	NG98-012
AIR FORCE BASE, RATE 64.)	

On December 7, 1998, the Public Utilities Commission (Commission) received an application from Montana-Dakota Utilities Company (MDU) for approval of Section No. 3, 2nd Revised Sheet No. 5, and 2nd Revised Sheet No. 5.1, Ellsworth Air Force Base Rate 64. According to the filing, "The rate schedule reflects the agreement between MDU and Ellsworth Air Force Base executed November 30, 1998, for the sale of interruptible natural gas service to Ellsworth's facility. As noted in the Purchased Gas Cost Adjustment filing dated November 12, 1998, Ellsworth has installed a propane-air peaking system and is converting their firm natural gas service requirements to interruptible service." MDU requested that the application be approved for service rendered on and after December 1, 1998. MDU further requested that the Commission grant a waiver of the 30 days notice to the Commission required by ARSD 20:10:13:15 and 30 days notice to the public required by ARSD 20:10:13:17.

In its review of the underlying contract which is the basis for the proposed tariff changes, Staff found that MDU was assessing Ellsworth Air Force Base a charge of 5c per dk as a gas delivery management fee for procuring Ellsworth Air Force Base's gas supply in addition to the interruptible sales rate. In response to Staff questions, MDU submitted that this service was an unregulated service and that they had accounted for it below the line for ratemaking purposes.

At its regularly scheduled meeting on February 17, 1999, the Commission deferred this matter at the request of MDU and Staff. At its regularly scheduled meeting on March 9, 1999, the Commission considered this matter. Don Ball, a representative of MDU, presented the position of MDU. Commission Staff recommended that the service is jurisdictional and should be tariffed. Staff also recommended that the charges assessed and costs incurred regarding this service be reviewed to determine their appropriateness. The Commission took the matter under advisement.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A-4 and 49-34A-6. On March 11, 1999, at a duly noticed ad hoc meeting, the Commission found that MDU's service provided to Ellsworth Air Force Base was a sales service, and therefore all charges assessed to Ellsworth Air Force Base by MDU for the provision of natural gas service should be authorized by tariff provisions. The Commission unanimously voted to require MDU to refile the Rate 64 tariff with a separate section noting that the sales commodity rate does not include the gas management charges, and that gas management charges are an additional assessment. It should also note that the gas management per dk charge is a negotiable fee subject to Commission approval. The Commission also directed Staff to review MDU's measurement and assigning of costs to

this function to ensure their reasonableness. Although these costs and the related fee revenue should be considered jurisdictional or above-the-line, if reasonableness is shown, the Commission will delay any further action pending a general cost of service review. As the Commission's final decision in this matter, it is therefore

ORDERED that the above mentioned tariffs be resubmitted reflecting the changes discussed above; and it is

FURTHER ORDERED that MDU submit the cost and revenue data to be requested by Staff.

Dated at Pierre, South Dakota, this 5th day of April, 1999.

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>Alaine Kalko</u>
Date:	<u>4/5/99</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
Pierre, SD 58501
(701) 722-7900

RECEIVED

APR 15 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

April 12, 1999

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

Re: Ellsworth Air Force Base
Rate 64
Docket No. NG98-012

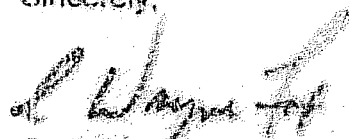
Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith resubmits the Ellsworth Air Force Base Rate 64, Section 3 Revised Sheet Nos. 5 and 5.1, in compliance with the Commission's Order dated April 5, 1999 in the above-referenced Docket.

The original and ten (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,



C. Wayne Fox
Vice President
Regulatory Affairs & General Services

Attachments

cc: D. Schulz
D. Ball

ELLSWORTH AIR FORCE BASE Rate 64

AVAILABILITY:

Service under this rate schedule is available to the Ellsworth Air Force Base (EAFB).

RATE:

Base Rate Per Meter: \$95.00 per month

Interruptible Sales

Commodity Charge: \$1.857 per ckt

MINIMUM BILL:

Base Rate.

PAYMENT:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, \$7.11, or any amendments or alterations thereto.

COST OF PURCHASED GAS ADJUSTMENT:

Bills are subject to an adjustment for cost of purchased gas as provided in Rate 88 or any amendments or alterations thereto.

GAS DELIVERY MANAGEMENT FEE:

In addition to the Commodity Charge set forth above, all volumes of natural gas delivered under this rate schedule shall be subject to a Gas Delivery Management Fee. The charge per ckt is a negotiable fee subject to approval by the South Dakota Public Utilities Commission.

GENERAL TERMS AND CONDITIONS:

1. PRIORITY OF SERVICE - Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to do so.

Continued

(Continued)

Page 2 of 3

ELLSWORTH AIR FORCE BASE Rate 64

interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the Provisions of Rate 100, §V.10.

2. **PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT** - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the firm sales commodity charge rate set forth above, plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$10.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. **CONTRACT** - Terms of service other than the rate shall be as specified in contracts between EAFB and the Company.
4. **RULES** - The foregoing schedule is subject to Rates 100 through 114 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: April 13, 1999

Effective Date: April 5, 1999

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

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

IN THE MATTER OF THE APPLICATION OF)	ORDER APPROVING TARIFF
MONTANA-DAKOTA UTILITIES CO. FOR)	REVISIONS
APPROVAL OF REVISIONS TO ELLSWORTH)	
AIR FORCE BASE RATE 64.)	NG98-012

On December 7, 1998, the Public Utilities Commission (Commission) received an application from Montana-Dakota Utilities Company (MDU) for approval of Section No. 3, 2nd Revised Sheet No. 5, and 2nd Revised Sheet No. 5.1, Ellsworth Air Force Base Rate 64. According to the filing, "The rate schedule reflects the agreement between MDU and Ellsworth Air Force Base executed November 30, 1998, for the sale of interruptible natural gas service to Ellsworth's facility. As noted in the Purchased Gas Cost Adjustment filing dated November 12, 1998, Ellsworth has installed a propane-air peaking system and is converting their firm natural gas service requirements to interruptible service." MDU requested that the application be approved for service rendered on and after December 1, 1998. MDU further requested that the Commission grant a waiver of the 30 days notice to the Commission required by ARSD 20:10:13:15 and 30 days notice to the public required by ARSD 20:10:13:17.

In its review of the underlying contract which is the basis for the proposed tariff changes, Staff found that MDU was assessing Ellsworth Air Force Base a charge of \$4 per dk as a gas delivery management fee for procuring Ellsworth Air Force Base's gas supply in addition to the interruptible sales rate. In response to Staff questions, MDU submitted that this service was an unregulated service and that they had accounted for it below the line for ratemaking purposes.

At its regularly scheduled meeting on February 17, 1999, the Commission deferred this matter at the request of MDU and Staff. At its regularly scheduled meeting on March 9, 1999, the Commission considered this matter. Don Ball, a representative of MDU, presented the position of MDU. Commission Staff recommended that this service is jurisdictional and should be tariffed. Staff also recommended that the charges assessed and costs incurred regarding this service be reviewed to determine their appropriateness. The Commission took the matter under advisement. On March 11, 1999, at a duly noticed ad hoc meeting, the Commission found that MDU's service provided to Ellsworth Air Force Base was a sales service, and therefore all charges assessed to Ellsworth Air Force Base by MDU for the provision of natural gas service should be authorized by tariff provisions. The Commission unanimously voted to require MDU to refile the Rate 64 tariff with a separate section noting that the sales commodity rate does not include the gas management charges, and that gas management charges are an additional assessment. It should also note that the gas management per dk charge is a negotiable fee subject to Commission approval. Commission Staff is to review MDU's measurement and assigning of costs to this function to ensure their reasonableness. Although these costs and the related fee revenue should be considered jurisdictional or above-the-line, if

reasonableness is shown, the Commission will delay any further action pending a general cost of service review. MDU resubmitted the Ellsworth Air Force Base Rate 64, Section 3 Revised Sheet Nos. 5 and 5.1 on April 12, 1999.

On April 26, 1999, at its regularly scheduled meeting, Commission Staff reported that it had reviewed MDU's filing and recommended approval of the above referenced tariffs. The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A-2, 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10, 49-34A-11, and 49-34A-12. The Commission finds that the revisions to the tariff are just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED that the revised tariffs Section No. 3, 2nd Revised Sheet No. 5, and 2nd Revised Sheet No. 5.1, Ellsworth Air Force Base Rate 64, are hereby approved and are effective for service rendered on and after the date of this order.

Dated at Pierre, South Dakota, this 5th day of May, 1999.

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>Helaine Kalbs</i></u>
Date:	<u>5/6/99</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

August 9, 1999

RECEIVED

AUG 11 1999

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

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: Tariffs Reflecting Effective Dates
Docket Nos.
NG98-012
EL99-011
NG99-001

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits the following tariffs sheets reflecting the effective date(s) pursuant to the Commission's Orders approving the rates in the above referenced Dockets.

- Docket No. NG98-012: Section No. 3, 2nd Revised Sheet Nos. 28.1 effective May 5, 1999.
- Docket No. NG99-001: Section 5; 1st Revised Sheet Nos. 20-20.3 and Original Sheet No. 20.4 effective June 25, 1999.
- Docket No. EL99-011: Section No. 3, 16th Revised Sheet Nos. 28-29, 12th Revised Sheet No. 29.1; 16th Revised Sheet No. 30 and 12th Revised Sheet No. 30.1 effective June 25, 1999.

The original and ten (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



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C.

Section No. _____

2nd Revised

Sheet No. _____

Cancelling 1st Revised

Sheet No. _____

Page 1 of 7

ELLSWORTH AIR FORCE BASE Rate 64

AVAILABILITY:

Service under this rate schedule is available to the Ellsworth Air Force Base (EAFB).

RATE:

Base Rate Per Meter: \$95.00 per month

Interruptible Sales

Commodity Charge: \$1.867 per dk

MINIMUM BILL:

Base Rate.

PAYMENT:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, IV.11, or any amendments or alterations thereto.

COST OF PURCHASED GAS ADJUSTMENT:

Bills are subject to an adjustment for cost of purchased gas as provided in Rate 88 or any amendments or alterations thereto.

GAS DELIVERY MANAGEMENT FEE:

In addition to the Commodity Charge set forth above, all volumes of natural gas delivered under this rate schedule shall be subject to a Gas Delivery Management Fee. The charge per dk is a negotiable fee subject to approval by the South Dakota Public Utilities Commission.

GENERAL TERMS AND CONDITIONS:

1. PRIORITY OF SERVICE - Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to do so.

Date Filed: April 13, 1999

Effective Date: Bills Rendered on or after May 5, 1999

Issued By: C. Wayne Fox, Vice President

Regulatory Affairs & General Services

NG98-012



(Continued)

Page 2 of 2

WILLSWORTH AIR FORCE BASE Rate #1

interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the Provisions of Rate 100, \$V.10.

2. PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT - If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the firm class commodity charge rate set forth above, plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipelines under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$10.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off customer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
3. CONTRACT - Terms of service other than the rate shall be as specified in contracts between BAFB and the Company.
4. RULES - The foregoing schedule is subject to Rates 100 through 105 and any amendments or alterations thereof or additional rates and regulations promulgated by the Company under the laws of the state.

FIRM GAS SERVICE EXTENSION POLICY Rate 100

The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide firm sales or firm transportation service to customers is as follows:

A. General Rules and Regulations Applicable to all Firm Service Extensions

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in paragraph A.3.
2. The Company may require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. The extension will be considered cost justified if the calculated maximum allowable investment equals or exceeds the estimated capital expenditure using the following formula:

Maximum Allowable Investment:

$$\frac{\text{Annual Customer Charge} + (\text{Project Estimated 1st Year Annual} \text{ or a Unit Variable Levelized Annual Revenue Requirement Factor})}{\text{Levelized Annual Revenue Requirement Factor}}$$

4. Cost of the extension shall include, if applicable, the gas main extension(s), valves, tap setting and associated equipment, barricade, service stub(s), any required permits made by the Company to the transmission pipeline company to accommodate the extension(s), and other costs excluding the distribution meter and regulator.

The service stub is that portion of the gas service extending from the main to the private property line or easement boundary.

The service line is that portion of the gas service extending from the service stub to the connection at the house regulator and/or meter. Service lines are installed at customer's expense and are owned by and shall be maintained at customer's expense except for those customers served under General Services Rate 00.

For those customers served under General Services Rate 00, the service line will be treated in accordance with Rate 100.

5. Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer or the developer and Company.
6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the estimated in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

Date Filed: February 1, 1999

Effective Date: Service Extension on or after January 15, 1999

Docket No.
NG99-001

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

FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions

Cost participation for extensions where customers will be immediately available for service is as follows:

1. Contribution -

- a. When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with paragraph A.3.
- b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Payment of 25% of the contribution prior to construction and the balance in no more than twenty-four equal monthly installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
 - iii. Customer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or written guarantee commitment, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety or guarantor shall reimburse the Company for such recalculated contribution requirement, or
 - iv. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion. 2) maximum term shall be five years. 3) interest will be charged at the Company's incremental weighted cost of capital.
- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- d. If within the five-year period from the extension(s) in question date, the number of active customers and related volume exceeds the third-year projections, the Company shall reevaluate the contribution requirement by recalculating the maximum allowable investment.

FIRM GAS SERVICE EXTENSION POLICY Page 112

B. Customer Extensions (Cont.)

1. e. The recalculated contribution requirement shall be collected from the new applicant(s).
2. Refund -
 - a. The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guarantee requirements.
 - b. No refunds will be made until the new applicants begin taking service from the Company.
 - c. If the addition of new customers will increase the contribution required from existing customer(s), the extension will be considered a new extension and treated separately.
3. Incremental Expansion Surcharge -
 - a. The Company, in its sole discretion, may offer an Incremental Expansion Surcharge (Surcharge) to groups of customers requesting service totaling 10 or more when the total estimated cost would otherwise have been prohibitive under the Company's present rates and gas service extension policy. The contribution requirement to be collected under the Surcharge shall be the amount of the capital expenditure in excess of the Maximum Allowable Investment determined in accordance with 17.1.
 - i. A minimum up-front payment of \$100.00 will be collected from each customer who signs an agreement to participate in the expansion.
 - ii. For projects that are expected to be recovered within a 5-year period, the surcharge shall be set at a fixed monthly charge of \$5.00 per month plus \$1.25 per cu.
 - iii. For projects that are not expected to be recovered within a 5-year period, the surcharge shall be set at a fixed monthly charge of \$5.00 per month plus a specialty charge designed to provide recovery of the contribution requirement.
 - b. The Surcharge shall remain in effect until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is collected.

Date Filed: February 1, 1999

Effective Date: Service Rendered on or after June 25, 1999

Docket No.
NG99-001

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



FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions (Cont.)

- 3. c. The Surcharge shall apply to all customers connecting to natural gas service within the expansion area until the contribution requirement is satisfied.
- d. The net present value of the Surcharge will be treated as a contribution-in-aid of construction for accounting purposes.

C. Developer Extensions

Cost participation may be required for extensions such as a subdivision or mobile home court, in which a developer is installing roads, utilities, etc., before housing is built.

1. Contribution -

- a. When a contribution is required, the developer shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with paragraph A.3.
- b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Developer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or a written guarantee commitment, shall be effective for the original five-year term and is subject to approval and acceptance by the Company. If at the end of the original five-year term, a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the surety shall reimburse the Company for such recalculated contribution requirement, or
 - iii. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.
- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

FIRM GAS SERVICE EXTENSION POLICY Rate 114

C. Developer Extensions (Cont.)

2. Refund -

- a. If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment. Such recalculation shall be done annually based upon the anniversary of the extension(s) in service date.
- b. The Company will refund to the developer the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Developers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guaranty requirements.
- c. If the addition of new customer(s) will increase the contribution required from the developer, the extension will be considered a new extension and treated separately.

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.

RATES:

Metering charge for single phase service \$1.95 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:

1.516¢ 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, 1999

Effective Date: Bill is rendered on or after
June 25, 1999

Docket No.
EL99-011

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 192.

RATE:

Metering charge for single phase service	\$ 6.10 per month
Metering charge for three phase service	\$14.20 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

1.812¢ per Kwh

OFF-PEAK

1.167¢ 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

1.946¢ per Kwh

OFF-PEAK

1.287¢ 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, 1999

Effective Date: Bills rendered on or after
June 25, 1999

Docket No.
EL99-011

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

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 condensation turbine peaking generation.

Monthly capacity payment = \$6.00 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, 1999 Effective Date: Bills rendered on or after June 25, 1999

Docket No. EL99-011 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 \$14.20 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

1.812¢ per Kwh

OFF-PEAK

1.167¢ 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

1.946¢ per Kwh

OFF-PEAK

1.287¢ 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, 1999

Effective Date: Bills rendered on or after
June 25, 1999

Docket No.
EL99-011

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

(Continued)

Page 2 of 3

LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

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

Monthly capacity payment = \$15.34 per Kw

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

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

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

ENERGY SALES TO SMALL QUALIFYING FACILITY:

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

SPECIAL TERMS AND CONDITIONS:

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

(Continued)

Date Filed: June 1, 1999 Effective Date: Bills rendered on or after June 25, 1999