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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: Interruptible Natural Gas Transportation Service, Rate 86, for Customers on MDU's East River Natural Gas System

As mentioned in the enclosed letter I previously sent to you the Commission approved MDU's proposal to establish a new transportation service on their East River system in docket NG12-006, (order also enclosed). However as noted the assignment of costs from the South Dakota Intrastate Pipeline makes transportation not economically feasible for customers looking for an alternative to purchasing natural gas on the sales tariff from MDU.

A possible solution to this problem would be for MDU to change the method for allocating charges coming from SDIP so that transportation customers are not charged any more than they would be charged if they had continued receiving sales service. In other words, customers choosing to stay on sales service should not be harmed but neither should customers choosing to go to an alternate source of supply be assigned more costs from SDIP than they would have been charged if they had stayed on sales service. I respectfully request that the Commission consider this alternative in the current rate case, NG12-008. I would be glad to answer any questions the parties in the current rate case have on this issue

Sincerely,

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