

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

IN THE MATTER OF THE COMPLAINT FILED) BY PAUL MUTH, MITCHELL, SOUTH) DAKOTA, AGAINST NORTHWESTERN) PUBLIC SERVICE COMPANY REGARDING) ACCOUNTING FOR AN AFFILIATE) TRANSACTION)	ORDER DISMISSING COMPLAINT AND CLOSING DOCKET EL98-002
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On January 14, 1998, the Public Utilities Commission (Commission) received a complaint from Paul Muth, Mitchell, South Dakota, against Northwestern Public Service Company (NWPS) regarding the accounting of costs for an affiliate transaction. The complaint states: "NWPS was at the Palace Mall in Mitchell at 3:50 p.m. on January 8, 1998. They were using a utility pickup with a bucket on it to work on the parking lot lights. We want to see the accounting in writing to show what they charged the private side of their business. They were actually there all day we were told later. Just show us the accounting procedure in writing - nothing more, nothing less." The complainant requests that actual accounting of cost in the books for the utility versus the private venture side of their business are shown to be properly allocated.

On April 22, 1998, at a regularly scheduled Commission meeting, the Commission deferred this complaint. At its regularly scheduled June 11, 1998, meeting, the Commission again considered the complaint. It was deferred so that the complainant could review some recently received information provided by NWPS. At its July 23, 1998, meeting, the Commission again considered this matter but deferred its decision as Muth Electric's representative was unable to be present. At its regularly scheduled meeting of August 18, 1998, the Commission considered the matter.

Pursuant to SDCL 49-34A-4 and ARSD 20:10:01:08.01, 20:10:01:09, 20:10:01:10, and 20:10:01:11.01, if a complaint cannot be settled without formal action, the Commission shall determine if the complaint shows probable cause of an unlawful or unreasonable act, rate, practice or omission to go forward with the complaint and serve it upon NWPS.

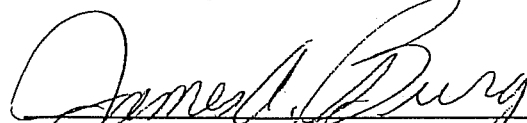
The Commission has jurisdiction over this matter pursuant to SDCL 49-34A-2, 49-34A-4, and ARSD 20:10:01:08.01 and 20:10:01:09. The Commission found that there is no basis for the complaint, and accordingly, finds no probable cause to pursue the complaint further (Commissioner Nelson dissenting). The Commission voted to dismiss the complaint and close the docket. It is therefore

ORDERED, that the complaint be dismissed and that docket EL98-002 be closed.

Dated at Pierre, South Dakota, this 25th day of August, 1998.

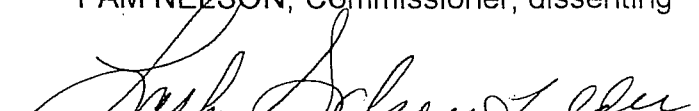
CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<i>William Keeler</i>
Date:	<u>8/25/98</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:



JAMES A. BURG, Chairman

PAM NELSON, Commissioner, dissenting



LASKA SCHOENFELDER, Commissioner

August 20, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE COMPLAINT
FILED BY PAUL MUTH, MITCHELL, SD,
AGAINST NORTHWESTERN PUBLIC SERVICE COMPANY
REGARDING AN ACCOUNTING OF COSTS
DOCKET EL98-002

DISSENT OF COMMISSIONER NELSON

I understand that allocation methods cannot precisely track everyone's notion of actual costs. Allocations by their very nature involve some degree of judgment. Northwestern Public Service (NWPS) is using judgment when allocating nonutility costs. Muth apparently has a different judgment. Both may be supportable.

A regulated utility jointly providing deregulated services has an obligation to provide strong assurance of fair treatment for both ratepayers and competitors. Ratepayers should not support nonutility ventures, and competitors should not be forced to compete against subsidized services. NWPS already has the advantage of jointly using its personnel and equipment for regulated and nonregulated service provision. We should seek all possible assurances that the allocations do not lead to subsidization of nonregulated operations.

The only way to absolutely assure no cross-subsidization is to structurally separate regulated and nonregulated business. This separation does not exist, so we should have strong assurance that NWPS is properly allocating costs. Although NWPS's allocations appear supportable, the evidence supporting the majority's decision simply did not satisfy the standard I felt necessary to warrant a vote to close this docket.