

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

<b>IN THE MATTER OF THE APPLICATION OF ) MONTANA-DAKOTA UTILITIES CO., A ) DIVISION OF MDU RESOURCES GROUP, INC. ) FOR APPROVAL OF A PLAN TO DEVIATE ) FROM PURCHASED GAS COST ) ADJUSTMENT RATE 88 ) )</b>	<b>ORDER APPROVING WAIVER; AUTHORIZING REFUND; AND ASSESSING REIMBURSEMENT OF COMMISSION EXPENSES NG97-020</b>
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On December 1, 1997, Montana-Dakota Utilities Co. (MDU) filed an application with the South Dakota Public Utilities Commission (Commission) to deviate from the Purchased Gas Cost Adjustment (PGA) Rate 88 in order to disburse a refund expected to be received from Williston Basin Interstate Pipeline Company (Williston) prior to December 31, 1997. The refund results from proceedings involving Williston before the Federal Energy Regulatory Commission (FERC) in Docket number RP92-163 and related dockets. The refund resulted from rates in effect June 1, 1992 through December 31, 1995, including interest accrued through the day of the refund. The refund is not applicable to customers served from MDU's East River natural gas system.

MDU proposed distributing the refund to Black Hills system customers who took sales service during the most recent twelve month period prior to the refund. The total refund for South Dakota will total approximately five million five hundred thousand dollars. MDU estimates its out-of-pocket expenses for postage, envelopes and checks to make a cash refund will be twenty thousand five hundred dollars. MDU requests Commission approval to deduct the out-of-pocket costs from the refund due South Dakota customers.

A waiver from Section 5(a)(3) of the present PGA tariff, which specifies that all refunds received shall be credited to the unrecovered purchased gas cost account, is required to permit the cash refund. MDU has requested a waiver from the aforementioned section.

The Commission has been represented in Williston dockets by Alan Roth of the Washington, D.C. law firm of Spiegel & McDiarmid. Chesapeake Regulatory Consultants provided economic, accounting and other expert advice and Commission staff expended time and effort in this matter. Pursuant to SDCL 49-34A-72, the Commission can recover expenses incurred in litigating a rate, certificate or related proceeding before a federal agency, such as FERC. The Commission's total litigation expenses in this matter are \$136,104.72.

At its regularly scheduled December 18, 1997, meeting, the Commission considered this matter. The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically SDCL 49-34A-4(10), 49-34A-26 and 49-34A-72.

Further, the Commission finds that the requested waiver of Section 5(a)(3) of MDU's PGA tariff and the disbursement of the cash refund to South Dakota customers is just and reasonable and shall be approved. Further, the Commission finds that MDU's recovery of actual out-of-pocket expenses estimated to be twenty thousand five hundred dollars is

reasonable, subject to submission of verified refund reports to the Commission, one of which is to be filed with the Commission within 90 days after the refund is made and another at the time unclaimed refunds are forwarded to the Treasurer of the State of South Dakota in accordance with abandoned property laws of the state of South Dakota. Also, the Commission's expenses, totalling \$136,104.72, shall be assessed to MDU, to be applied against the South Dakota portion of the refund MDU received from Williston. It is therefore

ORDERED, that Section 5(a)(3) of MDU's PGA tariff is hereby waived and MDU shall make distribution of a cash refund to all South Dakota customers who took gas sales service during the most recent twelve month period prior to the refund, excluding MDU's East River territory; and it is

FURTHER ORDERED, that MDU is hereby authorized to deduct its actual out-of-pocket expenses, which are estimated to be twenty thousand five hundred dollars, from the refund due South Dakota customers, subject to submission of verified refund reports to the Commission, one of which is to be filed with the Commission within 90 days after the refund is made and another at the time unclaimed refunds are forwarded to the Treasurer of the State of South Dakota; and it is

FURTHER ORDERED, that MDU shall reimburse the Commission for its litigation expenses pertaining to Williston's FERC dockets in the amount of \$136,104.72, which shall be recovered from the South Dakota portion of the refund MDU received from Williston; and it is

FURTHER ORDERED, that MDU shall submit the letter of explanation which is to be mailed with the refund, to the Commission's Executive Director for approval prior to its dispatch.

Dated at Pierre, South Dakota, this 24<sup>th</sup> day of December, 1997.

<b>CERTIFICATE OF SERVICE</b>	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u><i>Debra Kaebo</i></u>
Date:	<u>12/24/97</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