BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

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	)	ORDER CLOSING DOCKET NG97-020

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 resulted 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 estimated its out-of-pocket expenses for postage, envelopes and checks to make a cash refund will be twenty thousand five hundred dollars. MDU requested 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, was required to permit the cash refund. MDU requested a waiver from the aforementioned section.

The Commission was 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 found 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 found 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 was just and reasonable and approved same. Further, the Commission found 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. The Commission's expenses, totalling $136,104.72, were assessed to MDU, to be applied against the South Dakota portion of the refund MDU received from Williston.

At its regularly scheduled June 8, 1999, meeting, the Commission received a report from Commission staff on this docket and after considering same, voted to close the docket. It is therefore,

ORDERED that docket NG97-020 is hereby closed.

Dated at Pierre, South Dakota, this 22nd day of June, 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: Delaine Kolbo

Date: 6/23/99

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Pam Nelson

PAM NELSON, Commissioner

Laska Schoenfelder

LASKA SCHOENFELDER, Commissioner