BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF ASSOCIATED MILK PRODUCERS, INC. PIPELINE, FOR APPROVAL OF CHANGE IN AN INTRASTATE NATURAL GAS TRANSPORTATION RATE	)))))	**ORDER FOR AND NOTICE OF HEARING** **NG97-015**

On September 5, 1997, the Associated Milk Producers, Inc. Pipeline, Inc. (AMPIP), a subsidiary of Associated Milk Producers, Inc. (AMPI), filed with the Public Utilities Commission (Commission) an application requesting a revision to its natural gas transportation rate and tariff so it may serve both AMPI and a new municipal gas utility to be owned and operated by the City of Freeman, South Dakota (Freeman). No other type of service or rate will be offered on the pipeline at this time. In the future, AMPIP may add additional farm tap customers along the line, at the same rate under Schedule FT. AMPIP also requested a waiver of ARSD rules 20:10:13:04 and 20:10:13:05. AMPIP proposed an effective date of October 5, 1997.

According to its application, there are three major reasons for the rate change. First, the proposed rate is a volumetric rate per Mcf rather than the current monthly fixed charge. A volumetric rate allows more flexibility to both AMPIP and Freeman as customers are added within the municipality and volumes change over time. It also sends pricing signals to Freeman and AMPI related to their utilization of the pipeline facility. During periods of low use, customer bills will reflect that lower seasonal use, and vice versa. Second, a portion of the pipeline will be sold to the City of Freeman which changes the underlying cost data supporting the old rate. Third, after slightly more than a year of operation, more accurate cost data is now available. The proposed rate is $0.99 per Mcf. Both AMPI and Freeman have agreed to the proposed volumetric rate.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, specifically 1-26-17.1, 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10, 49-34A-11, 49-34A-12, 49-34A-13, 49-34A-13.1, 49-34A-17, 49-34A-19, 49-34A-21, and ARSD 20:10:01:15.02 and .03.

A hearing shall be held at 10:00 a.m., on Monday, March 30, 1998, in Room 412, State Capitol Building, 500 East Capitol, Pierre, South Dakota. The hearing is open to the public. All persons so testifying shall be subject to cross-examination.

The issues at the hearing are whether the Commission shall grant AMPIP's request to switch to the volumetric rate of $0.99 per Mcf and whether the Commission shall grant AMPIP's request for a waiver of ARSD rules 20:10:13:04 and 20:10:13:05.

The hearing shall be an adversary proceeding conducted pursuant to SDCL Chapter 1-26. All parties have the right to be present and to be represented by an attorney. These rights and other due process rights shall be forfeited if not exercised at the hearing. If you or your representative fail to appear at the time and place set for the hearing, the Final Decision will be based solely on the testimony and evidence provided, if any, during the hearing or a Final Decision may be issued by default pursuant to SDCL 1-26-20. After the hearing the Commission will consider all evidence and testimony that was presented at the hearing. The Commission will then enter Findings of Fact, Conclusions of Law, and a Final Decision regarding this matter. As a result of this hearing, the Commission shall determine whether it shall grant AMPIP's request to switch to a volumetric rate and whether it shall grant AMPIP's request for a waiver of ARSD rules 20:10:13:04 and 20:10:13:05. The Commission's Final Decision may be appealed by the parties to the state Circuit Court and the state Supreme Court as provided by law. It is therefore

ORDERED that the hearing shall be held at 10:00 a.m., on Monday, March 30, 1998, in Room 412, State Capitol Building, 500 East Capitol, Pierre, South Dakota.

Dated at Pierre, South Dakota, this 17th day of March, 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: Delaine Kolbo

Date: 3/17/98

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:
Commissioners Burg, Nelson and Schoenfelder

WILLIAM BULLARD, JR.
Executive Director