

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PUBLIC ) ORDER APPROVING SETTLEMENT  
UTILITIES COMMISSION INVESTI- ) AGREEMENT AND TARIFFS  
GATION INTO THE EFFECTS OF )  
THE 1986 TAX REFORM ACT ON ) (F-3647-4)  
SOUTH DAKOTA UTILITIES. )

IN THE MATTER OF THE INVESTI- ) ORDER APPROVING SETTLEMENT  
GATION INTO THE RELATIONSHIP ) AGREEMENT AND TARIFFS  
BETWEEN BLACK HILLS POWER AND )  
LIGHT COMPANY AND UNIVERSAL ) (F-3735)  
TRANSPORT, INC. )

On June 26, 1987, the Commission issued its Interim Order in Docket F-3647-4 granting Black Hills Power and Light Company (BHP&L) various alternatives to respond to the request by the Commission to show cause why rates should not be reduced to reflect the results of the Tax Reform Act of 1986 (TRA) or select other proposed alternatives. On July 14, 1987, the Company responded to the Order by selecting the Commission's alternative four which allowed a utility to identify special circumstances and to suggest a particular procedure to facilitate analysis of the impact of the TRA and to propose such alternative to Staff to reach a stipulation regarding further proceedings.

Additionally, on January 18, 1988, the Commission issued an Order Opening Docket in Docket F-3735 in order to investigate the relationship between the Company and its wholly-owned subsidiary Universal Transport, Inc. (UTI) and to determine whether any improper subsidization is occurring. The investigation was also intended to include an investigation of coal sales between Wyodak Resources Development Corp. (Wyodak) and its sister company, BHP&L.

As a result of informal negotiations between BHP&L and Staff, the two parties reached a Settlement Agreement involving both Dockets F-3647-4 and F-3735. Pursuant to that agreement, BHP&L filed the following tariffs applicable to its electric consumers in South Dakota:

Section No. 1

- Ninth Revised Sheet No. 1
- Tenth Revised Sheet No. 2
- First Revised Sheet No. 3

Section No. 3

- Eighth Revised Sheet Nos. 1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 27

Seventh Revised Sheet No. 28

Original Sheet Nos. 29, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41 and 42

Section No. 3A

First Revised Sheet Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9,  
10, 11, 12, 13, 14, 15, 16, 17, 18 and 19

Section No. 3B

First Revised Sheet Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9  
and 10

The Commission has carefully reviewed the Settlement Agreement and tariff sheets and finds as a matter of fact:

1. BHP&L has formally presented its position on the TRA-86 to the Commission.
2. The Commission has fully reviewed the impact of the TRA-86 on BHP&L and no further proceedings in this docket are necessary.
3. The impact of the Tax Reform Act should be reflected for all service rendered on and after July 1, 1987.
4. The Company's filed tariffs, along with the customer refund proposal contained within the Settlement Agreement executed by Staff and BHP&L are designed to implement a July 1, 1987 decrease in BHP&L's electric rates.
5. The Commission's investigation of coal transactions between Wyodak and BHP&L in Docket F-3735 should be closed and the "Affiliate Coal Adjustment" set forth in the Settlement Agreement between BHP&L and Staff should be approved.
6. The Settlement Agreement executed by Staff and BHP&L and the filed tariff sheets establish just and reasonable rates.

The Commission concludes as a matter of law that pursuant to SDCL 49-34A-6, the Public Utilities Commission must regulate all rates in a manner that requires the public to pay only just and reasonable rates for service rendered. It is therefore

ORDERED, that the Settlement Agreement executed by Staff and BHP&L, which is hereby incorporated within this Order by reference, be and hereby is approved; and it is


FURTHER ORDERED, that the tariff sheets listed above be and hereby are approved for service rendered on and after September 1, 1988.

Dated at Pierre, South Dakota, this 4th day of August, 1988.

BY ORDER OF THE COMMISSION:

  
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DENNIS EISNACH, Chairman

  
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KENNETH STOFFERAHN, Commissioner

  
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JAMES A. BURG, Commissioner