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

**IN THE MATTER OF THE FILING BY MONTANA-
DAKOTA UTILITIES COMPANY FOR APPROVAL)
TO RECOVER PURCHASED PEAKING POWER)
THROUGH THE FUEL CLAUSE ADJUSTMENT)**

**ORDER DENYING
APPLICATION

EL95-031**

On October 30, 1995, Montana-Dakota Utilities Co (MDU), a Division of MDU Resources Group, Inc., filed an application with the Public Utilities Commission (Commission) for approval to recover a 5 MW purchase of peaking capacity and related transmission charges from Basin Electric for the 1995 summer season to meet the peak requirements of its customers. MDU requested approval to recover the required peaking power purchase effective November 1, 1995, and continuing over the next three months through the Fuel Clause Adjustment (FCA).

On November 2, 1995, at its regularly scheduled meeting, the Commission considered the application. Don Ball, Regulatory Affairs Manager for MDU, explained the filing for MDU. Mr. Ball argued that the costs are appropriately included in the adjustment because the purchase of such capacity represents a one-time cost, not recoverable through any other means, and it further recognizes MDU's path of least cost based upon perceived system peak requirements. Commission Staff recommended denial of the application as the inclusion of the capacity purchase in the FCA would be in direct violation of SDCL 49-34A-25.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically 49-34A-2, 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-9, 49-34A-10, and 49-34A-25. The Commission further finds that there is no statutory authority to include the capacity purchase in the FCA. It is therefore

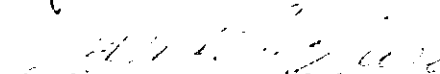
ORDERED that the application for approval to recover a 5 MW purchase of peaking power capacity and related transmission charges through the Fuel Clause Adjustment is hereby denied.

Dated at Pierre, South Dakota, this _____ day of November, 1995.

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 _____	
Date: _____	
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION.


KENNETH STOFFERAHN, Chairman


JAMES A. BURG, Commissioner


LASKA SCHOENFELDER, Commissioner