





# F A X TRANSMISSION from Consumer Affairs

To: Alan Dietrich

Company : NWPS

Fax Number : 8-605-353-7631

Date : 1/15/98

Time : 7:50:38

From : Leni Healy

Company : South Dakota PUC

Fax Number : 1-605-773-3809

Pages including cover page : 3

## Message:

We have received the following formal complaint from Paul Muth. Commission policy allows a 48-hour period for the parties to reach an informal agreement before the issue becomes docketed.

Please review this information and inform us of any action taken to resolve this issue. If we are not informed of a resolution by 8:30 AM Tuesday, January 20, the issue will be docketed and scheduled for a Commission meeting.

Thank you.

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### **South Dakota Public Utilities Commission**

**State Capitol Building; Pierre SD 57501**

**Telephone: (605) 773-3201 Fax: (605) 773-3809**



# South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070



January 22, 1998

Alan D. Dietrich  
Vice President - Administration  
Northwestern Public Service Company  
33 Third Street SE  
Huron, SD 57350-1605

Dear Mr. Dietrich:

On January 14, 1998, the Commission received an inquiry from Mr. Paul Muth of Mitchell, South Dakota regarding the activities of NWPS personnel working at the Palace Mall in Mitchell on the date of January 8, 1998 at 3:50 p.m. With regard to the activity being performed by Northwestern personnel at that location, on that date, at that time, please provide the following for that specific activity from its initiation to its completion.

1. A detailed description of the procedure used to separate jurisdictional from non-jurisdictional service provided at the above location.
2. Detailed workpapers and copies of supporting documents from the original documents recording the activity to its final booking which account for all expenses and investment provided by Northwestern Public Service Company at the above location on January 8, 1998, and the separation of those expenses and investment into jurisdictional and non-jurisdictional categories.

If you have any questions regarding the above, please contact me at the Commission.

Sincerely,

Dave Jacobson

Capitol Office  
Telephone (605)773-3201  
FAX (605)773-3809

Transportation/  
Warehouse Division  
Telephone (605)773-5280  
FAX (605)773-3225

Consumer Hotline  
1 800-332-1782

TTY Through  
Helen South Dakota  
1 800-877-1113

Internet  
bill@pac.state.sd.us

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WJ



# Muth Electric Inc.

400 North Rowley • P.O. Box 1409 • Mitchell, SD 57301-7400  
PHONE (605) 996-3983 • FAX (605) 996-2203



January 30, 1998

**Attn: Jim Berg**  
PUC  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501-5070

**RE: COMPLAINT ON NWPS**

Dear Jim:

Last week I sent a complaint in reference to Northwestern Public Service of Mitchell using a PUC controlled monopoly to subsidize their Northwestern private business sector.

David at Northwestern Public Service called me following the standard procedures of the PUC to try to resolve the complaint.

This letter is to officially notify the PUC that I am not satisfied with their response and I would like the PUC to take the next course of action.

We will be waiting to hear from the PUC.

Sincerely,  
MUTH ELECTRIC, INC.

Paul Muth  
Vice President Project Operations

PM/kkm

NWPSCMPL PM

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(605) 352-8579

RAPID CITY, SD  
(605) 341-3554

DEADWOOD, SD  
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(605) 642-0286



# Muth Electric Inc.

400 North Rowley • P.O. Box 1400 • Mitchell, SD 57301-7490  
PHONE (605) 996-3983 • FAX (605) 996-2203



March 2, 1998

SD PUC  
500 East Capitol Avenue  
Pierre, SD 57501

**Attn: Bill Bullard**

**RE: DOCKET # EL98-002**

Dear Mr. Bullard:

By this letter, we are officially requesting access to confidential information according to Article 20,10,01.43 for the above referenced docket number. Please keep myself or Mr. Terry Sabers in our office informed of the next procedural step.

Sincerely,

MUTH ELECTRIC, INC.

Paul Muth  
Vice President Project Operations

PM/kkm

RECEIVED

MAR 05 1998

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

BULLARD PM

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(605) 578-2738

SPEARHEAD, SD  
(605) 842-0286

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE COMPLAINT FILED )	ORDER DISMISSING
BY PAUL MUTH, MITCHELL, SOUTH )	COMPLAINT AND CLOSING
DAKOTA, AGAINST NORTHWESTERN )	DOCKET
PUBLIC SERVICE COMPANY REGARDING )	
ACCOUNTING FOR AN AFFILIATE )	EL98-002
TRANSACTION )	

On January 14, 1998, the Public Utilities Commission (Commission) received a complaint from Paul Muth, Mitchell, South Dakota, against Northwestern Public Service Company (NWPS) regarding the accounting of costs for an affiliate transaction. The complaint states: "NWPS was at the Palace Mall in Mitchell at 3:50 p.m. on January 8, 1998. They were using a utility pickup with a bucket on it to work on the parking lot lights. We want to see the accounting in writing to show what they charged the private side of their business. They were actually there all day we were told later. Just show us the accounting procedure in writing - nothing more, nothing less." The complainant requests that actual accounting of cost in the books for the utility versus the private venture side of their business are shown to be properly allocated.

On April 22, 1998, at a regularly scheduled Commission meeting, the Commission deferred this complaint. At its regularly scheduled June 11, 1998, meeting, the Commission again considered the complaint. It was deferred so that the complainant could review some recently received information provided by NWPS. At its July 23, 1998, meeting, the Commission again considered this matter but deferred its decision as Muth Electric's representative was unable to be present. At its regularly scheduled meeting of August 18, 1998, the Commission considered the matter.

Pursuant to SDCL 49-34A-4 and ARSD 20:10.01.08.01, 20:10.01.09, 20:10.01.10, and 20:10.01.11.01, if a complaint cannot be settled without formal action, the Commission shall determine if the complaint shows probable cause of an unlawful or unreasonable act, rate, practice or condition to go forward with the complaint and serve it upon NWPS.

The Commission has jurisdiction over this matter pursuant to SDCL 49-34A-2, 49-34A-4, and ARSD 20:10.1.08.01 and 20:10.01.09. The Commission found that there is no basis for the complaint, and accordingly, finds no probable cause to pursue the complaint further (Commissioner Nelson dissenting). The Commission voted to dismiss the complaint and close the docket. It is therefore

ORDERED, that the complaint be dismissed and that docket EL98-002 be closed.

Dated at Pierre, South Dakota, this 25<sup>th</sup> day of August, 1998.

<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>Michelle Kaelin</u>
Date	<u>8/25/98</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

PAM NELSON, Commissioner, dissenting

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner

August 20, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION  
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE COMPLAINT  
FILED BY PAUL MUTH, MITCHELL, SD,  
AGAINST NORTHWESTERN PUBLIC SERVICE COMPANY  
REGARDING AN ACCOUNTING OF COSTS  
DOCKET EL98-002

DISSENT OF COMMISSIONER NELSON

I understand that allocation methods cannot precisely track everyone's notion of actual costs. Allocations by their very nature involve some degree of judgment. Northwestern Public Service (NWPS) is using judgment when allocating nonutility costs. Muth apparently has a different judgment. Both may be supportable.

A regulated utility jointly providing deregulated services has an obligation to provide strong assurance of fair treatment for both ratepayers and competitors. Ratepayers should not support nonutility ventures, and competitors should not be forced to compete against subsidized services. NWPS already has the advantage of jointly using its personnel and equipment for regulated and nonregulated service provision. We should seek all possible assurances that the allocations do not lead to subsidization of nonregulated operations.

The only way to absolutely assure no cross-subsidization is to structurally separate regulated and nonregulated business. This separation does not exist, so we should have strong assurance that NWPS is properly allocating costs. Although NWPS's allocations appear supportable, the evidence supporting the majority's decision simply did not satisfy the standard I felt necessary to warrant a vote to close this docket.