

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PUBLIC)
UTILITIES COMMISSION INVESTI-)
GATION INTO THE EFFECTS OF)
THE 1986 TAX REFORM ACT ON)
SOUTH DAKOTA UTILITIES.)

ORDER APPROVING TARIFFS

(F-3647-1)

On October 22, 1986, President Reagan signed into law the Tax Reform Act of 1986 (TRA-86). Subsequently, on October 29, 1986, the Public Utilities Commission Staff (Staff) requested information from Minnegasco concerning the cost of service effects of the Tax Reform Act of 1986 on Minnegasco's jurisdictional utility operations.

On June 18, 1987, Staff filed a motion requesting the Public Utilities Commission (Commission) to require Minnegasco to make a formal filing with the Commission which would reflect the effects of the Tax Reform Act of 1986 and TRA-86 associated adjustments. The Commission granted this motion in its Interim Order issued June 26, 1987. Accordingly, Minnegasco filed its position on July 24, 1987.

The Interim Order presented four TRA-86 options for South Dakota regulated utilities. Minnegasco selected the second alternative which allowed Minnegasco to file limited adjustments relating to the TRA.

As a result of informal negotiations between Minnegasco and Staff, the two parties reached a Settlement Agreement in this docket. The Commission approved the Settlement Agreement by Order dated May 25, 1988. Pursuant to that Order, Minnegasco filed the following tariffs applicable to its natural gas consumers in South Dakota:

Section No. 3

- Forty-Eighth Revised Sheet No. 1
- Forty-Seventh Revised Sheet No. 2
- Thirty-First Revised Sheet No. 3
- Twenty-Ninth Revised Sheet No. 4
- Second Revised Sheet No. 6
- First Revised Sheet No. 9
- First Revised Sheet No. 12
- First Revised Sheet No. 15

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

1. Minnegasco 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 Company 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 approved on May 25, 1988, are designed to implement a July 1, 1987 decrease in customer's 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

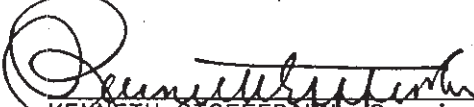
ORDERED, that Company's proposed tariffs be and are hereby approved, effective July 1, 1988.

Dated at Pierre, South Dakota, this 28th day of June, 1988.


BY ORDER OF THE COMMISSION:



DENNIS EISNACH, Chairman



KENNETH STOFFERAHN, Commissioner



JAMES A. BURG, Commissioner

(OFFICIAL SEAL)