

NG 97-002

NG97-002

DOCKET NO.

In the Matter of

IN THE MATTER OF THE FILING BY
MONTANA-DAKOTA UTILITIES
COMPANY, A DIVISION OF MDU
RESOURCES GROUP, INC. FOR
APPROVAL OF A PURCHASED GAS
COST ADJUSTMENT CHANGE FOR
RATE 88 AND EAST RIVER SYSTEM
PURCHASED GAS COST
ADJUSTMENT RATE 89 TARIFFS

Public Utilities Commission of the State of South Dakota

DATE

MEMORANDA

DATE	MEMORANDA
2/26/97	Filed and docketed,
4/10/97	Order approving purchased gas adjustments,
4/10/97	Docket closed

NG97-002

RECEIVED

FEB 26 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

February 25, 1997

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities
Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501

Re: Purchased Gas Cost Adjustment Tariff
Docket No. NG97-___

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., respectfully submits for Commission approval an original and ten (10) copies of proposed changes to its Purchased Gas Cost Adjustment (PGA) Rate 88 and East River System Purchased Gas Cost Adjustment (PGA) Rate 89 tariffs. Montana-Dakota requests that the proposed tariff changes be made effective on May 1, 1997 in conjunction with the next regularly scheduled PGA change.

Montana-Dakota proposes to modify the existing PGA tariffs to reflect monthly adjustments to the current gas cost portion of the PGA based on the cost of gas to be in effect during the month. The reasons for this proposed change are:

- To remain in sync with the natural gas market in a timely manner:
 - Adjusting the current gas cost portion of the PGA only two times each year does not permit timely recognition of market prices for natural gas, particularly in volatile markets as experienced this past winter. Monthly adjustments of the current gas cost portion of the PGA will provide for timely tracking of market prices.
- To minimize the surcharge (balancing) account balances and resulting surcharge levels, thus avoiding cost shifts from one period to another:
 - Under the current PGA, the recent fly up in gas prices this winter is currently

not reflected in rates to customers, thus increasing the balance in the surcharge account and the resulting surcharge adjustment for May 1997 which will be in place for one year. This causes a shift of costs from this winter to next winter. The proposed method of monthly adjustments to the current gas cost portion of the PGA will keep surcharge levels to a minimum and avoid the situation of shifting costs from one period to another.

- To provide timely and proper price signals to customers:
 - Timely price signals cannot be provided under the current process of adjusting only on May 1 and November 1. Monthly adjustments will provide timely price signals.
- To promote customer understanding by pricing closer to the actual event:
 - Reflecting price changes as the change is occurring rather than long after the event, as required under the current PGA, will promote customer understanding.

Montana-Dakota requests that the Commission expedite treatment of this request and approve the change to monthly adjustments effective May 1, 1997. This will place Montana-Dakota and its customers on the same basis for PGA changes as used by the other natural gas distribution companies in South Dakota.

There is no overall rate impact on customers as a result of this filing other than reflecting PGA adjustments monthly rather than semi-annually.

Montana-Dakota has also included a number of "housekeeping" changes to Rate 88 and Rate 89 which are included to provide clarity and to make the tariff more reader friendly. The Rate 88 tariff has also been modified to reflect the allocation of pipeline demand costs to the large interruptible sales class as approved in Docket No. NG96-008. Included herein is a second set of the affected tariffs on which Montana-Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and highlighting the new language proposed.

The Company will comply with ARSD 20.10.13.18 by posting the Notice shown in Exhibit A in a conspicuous place in each business office in its gas service territory in South Dakota. Attached is a certificate of such public notice. Also attached as Exhibit B is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20.10.13.26.

Please refer all inquiries regarding this filing to

Mr. Donald R. Ball
Regulatory Affairs Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

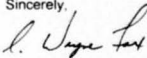
Also, please send copies of all written inquiries, correspondence and pleadings to:

Mr. Douglas W. Schulz
Senior Attorney
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



C. Wayne Fox
Vice President
Regulatory Affairs & General Services

Attachments
cc: D. Schulz
D. Ball

On February 26, 1997
Montana-Dakota Utilities Co., a
Division of MDU Resources Group, Inc.,
filed with the South Dakota Public
Utilities Commission revised gas tariffs
affecting Montana-Dakota Utilities Co.'s
gas sales customers in South Dakota.
These proposed tariffs, and South Dakota
rules and regulations, are available
in this office for inspection.
Please inquire at the cashier's desk.

Report of Tariff Schedule Change

NAME OF UTILITY Montana-Dakota Utilities Co
 ADDRESS 400 North Fourth Street
 Bismarck, ND 58501

Section No.		New Sheet No.
3	Purchased Gas Adjustment Rate 85	2nd Revised Sheet No 29
		1st Revised Sheet No 29 1, 29 2
		2nd Revised Sheet No 29 3, 29 4
		1st Revised Sheet No 29 5
3	East River System Purchased Gas Adjustment Rate 89	3rd Revised Sheet No 30
		2nd Revised Sheet No 30 1
		3rd Revised Sheet No 30 2, 30 3
		2nd Revised Sheet No 30 4
		Original Sheet No 30 5

Change Miscellaneous
 (State part of tariff schedule affected by change, such as Applicability, availability, rates, etc.)

Reason for Change Modify Purchased Gas Adjustment to reflect monthly changes in the current portion of the PGA

Present rates _____
 Proposed Rates _____
 Approximate annual reduction in revenue \$ -
 Approximate annual increase in revenue \$ -

Points Affected	Estimated Number of Customers Whose Cost of Service will be					
	Reduced		Increased		Unchanged	
	# of Customers	Amount in \$	# of Customers	Amount in \$	# of Customers	Amount in \$
					39,545	\$ -

Include Statement of Facts, expert opinions, documents and exhibits supporting the change requested

Received _____

By _____
 Executive Director
 South Dakota
 Public Utilities Commission

By C. Wayne Fox, Vice President
 Regulatory Affairs & General Services
 (Name and Title)

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PROPOSED GAS TARIFFS

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C. Section No. 3
2nd Revised Sheet No. 29
Cancelling 1st Revised Sheet No. 29

Page 1 of 6

PURCHASED GAS COST ADJUSTMENT Rate 88

1. APPLICABILITY:
This rate schedule constitutes a purchased gas cost adjustment (PGA) provision and specifies the procedure to be utilized to adjust the rates for gas sold under Montana-Dakota's rate schedules, with the exception of General Service Rate 66, in order to reflect: (a) changes in Montana-Dakota's average cost of gas supply and (b) amortization of the Unrecovered Purchased Gas Cost Account. (T)
2. EFFECTIVE DATE AND LIMITATION ON ADJUSTMENTS:
(a) The effective dates of the PGA shall be bills rendered on and after the first day of each month, unless the Commission shall otherwise order. (C)
(b) Montana-Dakota shall file an adjustment to reflect changes in its average cost of gas supply only when the amount of such adjustment is at least 0.1 cent (one-tenth of one cent) per dk.
3. PURCHASED GAS COST ADJUSTMENT:
(a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply as compared to the cost of gas supply approved in its most recent general rate case. The cost of gas supply shall be the sum of all costs incurred in obtaining gas for general system supply. General system supply is defined as gas available for use by all customers served under retail sales rate schedules excluding Rate 66. The cost of gas supply shall include, but not be limited to, all demand, commodity, storage, gathering, and transportation charges incurred by Montana-Dakota for such gas supply, the overall rate of return on prepaid demand and commodity charges and gas storage balances required to maintain the system gas supply and hedging program gains, losses and transaction costs related to system gas supply. (T)
(b) The PGA shall be computed as follows: (M)
(1) Demand costs shall include all annual gathering, transportation and storage demand charges at current rates.
(2) Commodity costs shall include all annual gathering, transportation and storage charges at current rates. (M)

(Continued)

Date Filed FEBRUARY 26, 1997 Effective Date _____

Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C.

Section No. 3

1st Revised

Sheet No. 29.1

Cancelling Original

Sheet No. 29.1

(Continued)

Page 2 of 6

PURCHASED GAS COST ADJUSTMENT Rate RR

3. PURCHASED GAS COST ADJUSTMENT (Cont.)

(b) (3) The gas commodity cost shall reflect all commodity related gas costs estimated to be in effect for the month the PGA will be in effect and annual dk requirements.

(C)

(4) The return on prepaid demand and commodity balances and storage balances shall be computed on an annual basis at the overall rate of return on rate base.

(M)

The cost per dk for the month is the sum of the above divided by annual, weather normalized dk deliveries for the most recent twelve month period adjusted to reflect losses.

(M)

(c) Monthly gas costs shall be calculated as follows:

(1) Demand costs shall be apportioned to all state jurisdictions served by Montana-Dakota on the basis of the overall ratio of each state's Maximum Daily Delivery Quantity (MDDQ).

(M)

(M)

(2) Demand costs for large interruptible sales customers shall be stated on a 100% load factor basis.

(N)

(3) All commodity costs and other costs associated with the acquisition of gas for general system supply shall be apportioned to each state on the basis of total dks sold in each state, regardless of the actual points of delivery of such gas.

(M)

(4) The return requirement related to prepaid demand and commodity charges and gas storage balances shall be included on a per dk basis. The prepaid demand and storage balances shall be apportioned to all states on the basis of each state's MDDQ. The prepaid commodity charges shall be apportioned to all states on the basis of annual dks sold in each state. The unit cost shall be calculated using a thirteen month average balance and the currently authorized return on rate base.

(M)

(Continued)

Date Filed February 26, 1997 Effective Date _____

Issued By C. Wayne Fox, Vice President
Regulatory Affairs & General Services

(Continued)

Page 3 of 6

PURCHASED GAS COST ADJUSTMENT Rate RR

3. PURCHASED GAS COST ADJUSTMENT: (Cont.)
- (c) (5) All costs related to specific end-use transactions shall not be included in the cost of gas supply determination but shall be directly billed to the customer(s) contracting for such service. (S)
- (d) The PGA shall be applied to each of Montana-Dakota's rate schedules excluding Rate 66, recognizing differences among customer classes consistent with the cost of gas supply included in the applicable class sales rate. (H)
4. SURCHARGE ADJUSTMENT:
- (a) All sales rate schedules shall be subject to a Surcharge Adjustment to be effective on May 1 of each year. The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Gas Cost Account calculated by dividing the applicable balance by the estimated dk sales for the twelve months following the effective date of the adjustment. (T)
5. UNRECOVERED PURCHASED GAS COST ACCOUNT:
- (a) Items to be included in the Unrecovered Purchased Gas Cost Account, as calculated in accordance with Subsection 5(b) are:
- (1) Charges for gas supply which Montana-Dakota is unable to reflect in a Purchased Gas Cost Adjustment by reason of the one-tenth of one cent minimum limitation set forth in Subsection 2(b).
- (2) Amounts of increased/decreased charges for gas supplies which were paid during any period after the effective date of the most recent general rate case, but not yet included in sales rates.
- (3) Refunds received from supplier(s) with respect to gas supply. Such refunds received shall be credited to the Unrecovered Purchased Gas Cost Account.
- (4) Carrying charges or credits as determined in Section 5(b)(2). (T)

(Continued)

Date Filed February 26, 1997 Effective Date _____

Issued By C. Wayne Fox, Vice President
Regulatory Affairs & General Services

STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

SD P.U.C.

Section No. 3

2nd Revised

Sheet No. 29.3

Cancelling 1st Revised

Sheet No. 29.3

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PURCHASED GAS COST ADJUSTMENT Rate 88

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)

(a) (5) Demand costs recovered from the large interruptible sales customers will be credited to the residential, firm general service and small interruptible customers. (N) | (H)

(b) (1) The amount to be included in the Unrecovered Purchased Gas Cost Account in order to reflect the items specified in Subsections 5(a)(1), (2), and (3) shall be calculated as follows: (T)

(i) Montana-Dakota shall first determine each month the unit cost for that month's natural gas supply as adjusted to levelize demand charges. (T)

Such adjustment to levelize supplier(s) demand charges shall be calculated as follows:

The suppliers' annual (calendar or fiscal) demand charges, which are payable in equal monthly payments, shall be accumulated in a prepaid account (FERC Account 165). Each month a portion of such accumulated prepaid amount shall be amortized to cost of natural gas purchased (FERC Account 804). Such monthly amortization shall be based on a rate calculated by dividing the annual supplier(s) demand charges by projected annual natural gas sales units (calendar or fiscal, as appropriate). The resulting product shall then be multiplied by the projected natural gas unit sales for the current month. Such amount shall constitute the monthly amortization of prepaid supplier(s) demand charges to cost of natural gas supply.

(ii) Montana-Dakota shall then subtract from each month's unit cost the unit cost for gas supply which is reflected in the currently effective PGA (the cost of gas supply approved in the most recent rate case plus the Purchased Gas Cost Adjustment as calculated in Subsection 3(a)). (T) | (T)

(Continued)

Date Filed February 26, 1997

Effective Date _____

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STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

SD P.U.C.

Section No. 3
Sheet No. 29 A
Sheet No. 29 A

Canceling Substitute 2nd Revised
1st Revised

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Page 5 of 6

PURCHASED GAS COST ADJUSTMENT Rate 88

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)

(b) (1) (iii) The resulting difference (which may be positive or negative) shall be multiplied by the dks sold during that month under each rate schedule. The resulting amounts shall be reflected in an Unrecovered Purchased Gas Cost Account for each rate schedule.

(T)
|
(T)

(2) Montana-Dakota will calculate carrying charges on the amounts in the Unrecovered Purchased Gas Cost Account, Account 191, at the rate of interest for a three-month Treasury Bill as published monthly by the Federal Reserve Board for the preceding month. The amount to be included in Account 191 for carrying charges shall be determined as follows: each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:

(T)

(i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.

(ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Unrecovered Purchased Gas Cost Account for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

(c) Reduction of Amounts in the Unrecovered Purchased Gas Cost Account:

(1) The amounts in the Unrecovered Purchased Gas Cost Account shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under each

(T)
|
(T)

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Date Filed February 26, 1997

Effective Date: _____

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Regulatory Affairs & General Services

(Continued)

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PURCHASED GAS COST ADJUSTMENT Rate 88

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)
- (c) (1) rate schedule excluding Rate 66. The account shall be increased in the event the adjustment is a negative amount. (T)
- (2) The amount amortized each month shall be applied pro rata between the amounts in the Unrecovered Purchased Gas Cost Account specified in Subsections 5(a)(1), (2), (3) and (5) and the amounts in the supplementary Unrecovered Purchased Gas Cost Account specified in Subsection 5(a)(4). (T)
6. TIME AND MANNER OF FILING:
- (a) Each filing by Montana-Dakota shall be made by means of revised PGA sheets identifying the amounts of the adjustments and the resulting currently effective PGA rates. (C)
- (b) Each filing shall be accompanied by detailed computations which clearly show the derivation of the relevant amounts. (T)

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Regulatory Affairs & General Services

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C. Section No. 3
3rd Revised Sheet No. 30
Cancelling 2nd Revised Sheet No. 30

Page 1 of 6

**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

1. **APPLICABILITY:**

This rate schedule constitutes a purchased gas cost adjustment (PGA) provision and specifies the procedure to be utilized to adjust the rates for gas sold under General Services Rate 66 in order to reflect: (a) changes in Montana-Dakota's average cost of gas supply and (b) amortization of the Unrecovered Purchased Gas Cost Account.

2. **EFFECTIVE DATE AND LIMITATION ON ADJUSTMENTS:**

(a) The effective dates of the PGA shall be bills rendered on and after the first day of each month, unless the Commission shall otherwise order.

(b) Montana-Dakota shall file an adjustment to reflect changes in its average cost of gas supply only when the amount of such adjustment is at least 0.1 cent (one-tenth of one cent) per dk.

3. **PURCHASED GAS COST ADJUSTMENT:**

(a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply for the East River System as compared to the cost of gas supply established in initial rates or as approved in its most recent general rate case. The cost of gas supply shall be the sum of all costs incurred in obtaining gas for delivery at interconnections with South Dakota Intrastate Pipeline (SDIP). The East River System supply is defined as gas available for use by all customers served under General Services Rate 66. The cost of gas supply shall include, but not be limited to, all demand, commodity, storage, gathering, and transportation charges incurred by Montana-Dakota for such gas supply, the overall rate of return on prepaid demand and commodity charges and gas storage balances required to maintain the East River System gas supply and hedging program gains, losses and transaction costs related to the East River System gas supply.

(b) The PGA shall be computed as follows:

- (1) Demand Costs, if applicable, shall include all annual gathering, transportation and storage demand charges at current rates.

(Continued)

Date Filed February 26, 1997 Effective Date _____

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Regulatory Affairs & General Services

STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

SD P.U.C.

Section No. 33rd RevisedSheet No. 30 2Cancelling 2nd RevisedSheet No. 30 2

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EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

3. PURCHASED GAS COST ADJUSTMENT: (Cont.)
- (d) The PGA shall be applied to General Services Rate 66, if applicable, recognizing differences among customer classes consistent with the cost of gas supply included in the applicable class sales rate.
4. SURCHARGE ADJUSTMENT:
- (a) General Services Rate 66 shall be subject to a Surcharge Adjustment to be effective on May 1 of each year. The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Gas Cost Account calculated by dividing the applicable balance by the estimated General Services Rate 66 dk sales for the twelve months following the effective date of the adjustment.
5. UNRECOVERED PURCHASED GAS COST ACCOUNT:
- (a) Items to be included in the Unrecovered Purchased Gas Cost Account, as calculated in accordance with Subsection 5(b) are:
- (1) Charges for gas supply which Montana-Dakota is unable to reflect in a Purchased Gas Cost Adjustment by reason of the one-tenth of one cent minimum limitation set forth in Subsection 2(b).
 - (2) Amounts of increased/decreased charges for gas supplies which were paid during any period after the effective date of the most recent general rate case, but not yet included in the East River System sales rates.
 - (3) Refunds received from supplier(s) with respect to gas supply. Such refunds received shall be credited to the Unrecovered Purchased Gas Cost Account.
 - (4) Carrying charges or credits as determined in Section 5(b)(2).
- (b) (1) The amount to be included in the Unrecovered Purchased Gas Cost Account in order to reflect the items specified in Subsections 5(a)(1), (2), and (3) shall be calculated as follows:

(Continued)

Date Filed February 26, 1997

Effective Date _____

Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C. Section No. 3
3rd Revised Sheet No. 30.3
Cancelling Substitute 2nd Revised Sheet No. 30.3

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**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)
- (b) (1) (i) Montana-Dakota shall first determine each month the unit cost for that month's natural gas supply as adjusted to levelize demand charges, if applicable. Such adjustment to levelize supplier(s) demand charges shall be calculated as follows:
- The suppliers' annual (calendar or fiscal) demand charges, which are payable in equal monthly payments, shall be accumulated in a prepaid account (FERC Account 165). Each month a portion of such accumulated prepaid amount shall be amortized to cost of natural gas purchased (FERC Account 804).
- Such monthly amortization shall be based on a rate calculated by dividing the annual supplier(s) demand charges by projected annual natural gas sales units (calendar or fiscal, as appropriate). The resulting product shall then be multiplied by the projected natural gas unit sales for the current month. Such amount shall constitute the monthly amortization of prepaid supplier(s) demand charges to cost of natural gas supply.
- (ii) Montana-Dakota shall then subtract from each month's unit cost the unit cost for gas supply which is reflected in the currently effective PGA (the cost of gas supply approved in the most recent rate case plus the Purchased Gas Cost Adjustment as calculated in Subsection 3(a)).
- (iii) The resulting difference (which may be positive or negative) shall be multiplied by the dks sold during that month under General Services Rate 66. The resulting amounts shall be reflected in an Unrecovered Purchased Gas Cost Account for each rate schedule.

(Continued)

Date Filed February 26, 1997

Effective Date _____

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Regulatory Affairs & General Services

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C. Section No. 3
2nd Revised Sheet No. 30-a
Cancelling 1st Revised Sheet No. 30-a

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Page 5 of 6

**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)

(b) (2) Montana-Dakota will calculate carrying charges on the amounts in the Unrecovered Purchased Gas Cost Account, Account 191, at the rate of interest for a three-month Treasury Bill as published monthly by the Federal Reserve Board for the preceding month. The amount to be included in Account 191 for carrying charges shall be determined as follows: each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:

(i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.

(ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Unrecovered Purchased Gas Cost Account for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

(c) Reduction of Amounts in the Unrecovered Purchased Gas Cost Account:

(1) The amounts in the Unrecovered Purchased Gas Cost Account shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under General Services Rate 66. The account shall be increased in the event the adjustment is a negative amount.

(Continued)

Date Filed February 26, 1997

Effective Date: _____

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Regulatory Affairs & General Services

STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

SD P.U.C.

Section No. 3OriginalSheet No. 30, 5

Cancelling _____

Sheet No. _____

(Continued)

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EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)
- (c) (2) The amount amortized each month shall be applied pro rata between the amounts in the Unrecovered Purchased Gas Cost Account specified in Subsections 5(a)(1), (2), (3) and the amounts in the supplementary Unrecovered Purchased Gas Cost Account specified in Subsection 5(a)(4).
6. TIME AND MANNER OF FILING:
- (a) Each filing by Montana-Dakota shall be made by means of revised PGA sheets identifying the amounts of the adjustments and the resulting currently effective PGA rates.
- (b) Each filing shall be accompanied by detailed computations which clearly show the derivation of the relevant amounts.

Date Filed February 26, 1997 Effective Date _____Issued By C. Wayne Fox, Vice President
Regulatory Affairs & General Services

0-1-04474-0

**TARIFFS REFLECTING PROPOSED CHANGES TO
GAS TARIFFS**

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C.

Section No. _____

Sheet No. _____

Cancelling _____ Sheet No. _____

Page 1 of 8

PURCHASED GAS COST ADJUSTMENT Rate 88

1. APPLICABILITY:

This rate schedule constitutes a purchased gas cost adjustment (PGA) provision and specifies the procedure to be utilized to adjust the rates for gas sold under Montana-Dakota's jurisdictional rate schedules, with the exception of General Service Rate 66, in order to reflect: (a) changes in Montana-Dakota's average cost of gas supply and (b) amortization of the Unrecovered Purchased Gas Cost Account ~~as~~ provided for in Sections 5 and 6 hereof.

2. EFFECTIVE DATE AND LIMITATION ON ADJUSTMENTS:

(a) The effective dates of Montana-Dakota's adjustments to reflect changes in Montana-Dakota's average cost of gas supply (~~adjustment dates~~) the PGA shall be bills rendered on and after May 1 and November 1 the first day of each year or such other date(s) as Montana-Dakota's average cost of gas supply changes month, unless the Commission shall otherwise order.

(b) Montana-Dakota shall file an adjustment to reflect changes in its average cost of gas supply only when the amount of such adjustment is at least 0.1 cent (one-tenth of one cent) per dk. This limitation is not applicable to adjustments made to amortize the Unrecovered Purchased Gas Cost Account.

3. PURCHASED GAS COST ADJUSTMENT:

(a) The ~~Purchased Gas Cost Adjustment~~ monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply based on weather normalized dk's sold during the most recent twelve month period. The ~~Purchased Gas Cost Adjustment~~ shall consist of the net change in cost of gas supply as compared to the cost of gas supply approved in its most recent general rate case. The cost of gas supply shall be the sum of all costs incurred in obtaining gas for general system supply. General system supply is defined as gas available for use by all customers served under retail sales rate schedules excluding Rate 66. The cost of gas supply shall include, but not necessarily be limited to, all demand, commodity, storage, gathering, and transportation charges incurred by Montana-Dakota for such gas supply, the overall rate of return on prepaid demand and commodity charges and working gas storage balances required to maintain the system gas supply and hedging program gains, losses and transaction costs related to system gas supply.

(Continued)

Date Filed _____ Effective Date _____

Issued By C. Wayne Fox, Vice President
Regulatory Affairs & General Services

(Continued)

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PURCHASED GAS COST ADJUSTMENT Rate RR

3. PURCHASED GAS COST ADJUSTMENT (Cont.)

- (a) (1) For purposes of determining Montana-Dakota's cost of gas supply, demand costs shall be apportioned to all state jurisdictions served by Montana-Dakota by application of the ratio of each jurisdictional state's Maximum Daily Delivery Quantity (MDDQ) regardless of the actual points of delivery of such gas.
- (2) For purposes of determining Montana-Dakota's cost of gas supply, commodity costs and other costs associated with the acquisition of gas for general system supply shall be apportioned to all jurisdictional states served by Montana-Dakota on the basis of total dek's sold by Montana-Dakota in each jurisdictional state, regardless of the actual points of delivery of such gas.
- (3) The return requirement related to prepaid demand charges and working gas storage balances shall be included on a per dek basis. The unit cost shall be calculated using a thirteen month average balance and the currently authorized return on rate base. The return component shall be apportioned to all jurisdictional states served by Montana-Dakota on the basis of each jurisdictional state's MDDQ.
- (4) All costs related to specific end-use transactions shall not be included in the cost of gas supply determination hereunder but shall be directly billed to the customer(s) contracting for such service.
- (b) Such Purchased Gas Cost Adjustment shall be applied to each of Montana-Dakota's jurisdictional rate schedules with an adjustment recognizing differences among customer classes consistent with the cost of gas supply included in the applicable class retail sales rate.

(Continued)

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**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

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PURCHASED GAS COST ADJUSTMENT Rate 88

3. PURCHASED GAS COST ADJUSTMENT: (Cont.)

(b) The PGA shall be computed as follows:

- (1) Demand costs shall include all annual gathering, transportation and storage demand charges at current rates.
- (2) Commodity costs shall include all annual gathering, transportation and storage charges at current rates.
- (3) The gas commodity cost shall reflect all commodity related gas costs estimated to be in effect for the month the PGA will be in effect and annual dk requirements.
- (4) The return on prepaid demand and commodity balances and storage balances shall be computed on an annual basis at the overall rate of return on rate base.

The cost per dk for the month is the sum of the above divided by annual, weather normalized dk deliveries for the most recent twelve month period adjusted to reflect losses.

(c) Monthly gas costs shall be calculated as follows:

- (1) Demand costs shall be apportioned to all state jurisdictions served by Montana-Dakota on the basis of the overall ratio of each state's Maximum Daily Delivery Quantity (MDDQ).
- (2) Demand costs for large interruptible sales customers shall be stated on a 100% load factor basis.
- (3) All commodity costs and other costs associated with the acquisition of gas for general system supply shall be apportioned to each state on the basis of total dks sold in each state, regardless of the actual points of delivery of such gas.

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PURCHASED GAS COST ADJUSTMENT Rate 88

3. PURCHASED GAS COST ADJUSTMENT: (Cont.)

- (c) (4) The return requirement related to prepaid demand and commodity charges and gas storage balances shall be included on a per dk basis. The prepaid demand and storage balances shall be apportioned to all states on the basis of each state's MDDQ. The prepaid commodity charges shall be apportioned to all states on the basis of annual dks sold in each state. The unit cost shall be calculated using a thirteen month average balance and the currently authorized return on rate base.
- (5) All costs related to specific end-use transactions shall not be included in the cost of gas supply determination but shall be directly billed to the customer(s) contracting for such service.
- (d) The PGA shall be applied to each of Montana-Dakota's rate schedules excluding Rate 66, recognizing differences among customer classes consistent with the cost of gas supply included in the applicable class sales rate.

4. SURCHARGE ADJUSTMENT:

The rate schedules contained in Montana-Dakota's jurisdictional gas tariffs shall be subject to a Surcharge Adjustment to be effective on May 1 of each year as follows:

- (a) The Surcharge Adjustment per dk sold shall reflect amortization of the applicable jurisdictional balance in the Unrecovered Purchased Gas Cost Account established by Section 5 hereof.
- (b) The unit adjustment shall be determined by dividing the applicable balance in the Unrecovered Purchased Gas Cost Account by the dk's estimated by Montana-Dakota to be sold during the twelve months following the effective date of such adjustment.
- (a) All sales rate schedules shall be subject to a Surcharge Adjustment to be effective on May 1 of each year. The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Gas Cost Account calculated by dividing the applicable balance by the estimated dk sales for the twelve months following the effective date of the adjustment.

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**STATE OF SOUTH DAKOTA
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PURCHASED GAS COST ADJUSTMENT Rate 88

5. UNRECOVERED PURCHASED GAS COST ACCOUNT

- (a) Beginning on the date this Purchased Gas Cost Adjustment provision becomes effective, Montana-Dakota shall establish and maintain an Unrecovered Purchased Gas Cost Account. There shall be included in this account, as calculated in accordance with Subsection 5(b) hereof, amounts reflecting items to be included in the Unrecovered Purchased Gas Cost Account, as calculated in accordance with Subsection 5(b) are:
- (1) Charges to Montana-Dakota for gas supply which Montana-Dakota is unable to reflect in a Purchased Gas Cost Adjustment by reason of the one-tenth of one cent minimum limitation set forth in Subsection 2(b) hereof.
 - (2) Amounts of increased/decreased charges to Montana-Dakota for gas supplies which were paid by Montana-Dakota during any period after the effective date of Montana-Dakota's the most recent general rate case, but not yet included in jurisdictional sales rates.
 - (3) Refunds received from Montana-Dakota's supplier(s) with respect to gas supply. The amounts of such refunds received shall be reflected in credited to the Unrecovered Purchased Gas Cost Account as a reduction thereof.
 - (4) Carrying charges or credits as determined in Section 5(b)(2).
 - (5) Demand costs recovered from the large interruptible sales customers will be credited to the residential, firm general service and small interruptible customers.
- (b) (1) The amount to be included in the Unrecovered Purchased Gas Cost Account in order to reflect the items specified in Subsections 5(a)(1), (2), and (3) hereof shall be calculated as follows:
- (i) Montana-Dakota shall first determine each month the unit cost for that month's for its natural gas supply as adjusted to levelize demand charges.

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**STATE OF SOUTH DAKOTA
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PURCHASED GAS COST ADJUSTMENT Rate RR

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)

- (b) (1) (i) Such adjustment to levelize supplier(s) demand charges shall be calculated as follows:

The suppliers' annual (calendar or fiscal) demand charges, which are payable in equal monthly payments, shall be accumulated in a prepaid account (FERC Account 165). Each month a portion of such accumulated prepaid amount shall be amortized to cost of natural gas purchased (FERC Account 804). Such monthly amortization shall be based on a rate calculated by dividing the annual supplier(s) demand charges by projected annual natural gas sales units (calendar or fiscal, as appropriate). The resulting product shall then be multiplied by the projected natural gas unit sales for the current month. Such amount shall constitute the monthly amortization of prepaid supplier(s) demand charges to cost of natural gas supply.

- (ii) Montana-Dakota shall then subtract from each ~~such~~ month's unit cost the unit cost for gas supply which is reflected in ~~Montana-Dakota's~~ the currently effective PGA (the cost of gas supply approved in ~~Montana-Dakota's~~ the most recent rate case plus the Purchased Gas Cost Adjustment as calculated in Subsection 3(a)).

- (iii) The resulting difference (which may be positive or negative) shall be multiplied by the dks sold by ~~Montana-Dakota~~ during that month under each ~~jurisdictional~~ rate schedule. The resulting amounts shall be reflected in an Unrecovered Purchased Gas Cost Account for each rate schedule.

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**STATE OF SOUTH DAKOTA
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PURCHASED GAS COST ADJUSTMENT Rate 88

5. UNRECOVERED PURCHASED GAS COST ACCOUNT (Cont.)

- (b) (2) Montana-Dakota will ~~impose~~ calculate carrying charges on the amounts in the Unrecovered Purchased Gas Cost Account, Account 191, at the rate of interest for a three-month Treasury Bill as published monthly by the Federal Reserve Board for the preceding month. The amount to be included in Account 191 for carrying charges shall be determined as follows: each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:

- (i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Unrecovered Purchased Gas Cost Account for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.

- (c) Reduction of Amounts in the Unrecovered Purchased Gas Cost Account:

- (1) The amounts in the Unrecovered Purchased Gas Cost Account shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in ~~Montana-Dakota's~~ rates for that month (as calculated in Section 4) by the ~~dks sold~~ ~~rate~~ ~~billing~~ ~~pressure~~ ~~during~~ ~~that~~ ~~month~~ ~~under~~ ~~each~~ ~~jurisdictional~~ ~~rate~~ ~~schedule~~ ~~excluding~~ ~~Rate~~ ~~66~~. The account shall be increased in the event the adjustment is a negative amount.

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GAS RATE SCHEDULE

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PURCHASED GAS COST ADJUSTMENT Rate 88

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)
- (2) ~~Any such amortizing adjustments pursuant to this Subsection 5(c). The amount amortized each month shall be applied pro rata as between the amounts in the Unrecovered Purchased Gas Cost Account specified in Subsections 5(a)(1), (2), (3) and (5) and the amounts in the supplementary Unrecovered Purchased Gas Cost Account specified in Subsection 5(a)(4).~~
6. TIME AND MANNER OF FILING:
- (a) ~~Montana-Dakota shall file each adjustment at least 30 days prior to the proposed effective date. Each such filing by Montana-Dakota shall be made by means of revised PGA sheets identifying the amounts of the adjustments and the resulting currently effective PGA rates.~~
- (b) ~~Each such filing shall be accompanied by a report containing detailed computations which clearly show the derivation of the relevant amounts.~~

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EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

1. **APPLICABILITY:**

This rate schedule constitutes a purchased gas cost adjustment (PGA) provision and specifies the procedure to be utilized to adjust the rates for gas sold under General Services Rate 66 in order to reflect: (a) changes in Montana-Dakota's average cost of gas supply and (b) amortization of the Unrecovered Purchased Gas Cost Account as provided for in Sections 5 and 6 hereof.

2. **EFFECTIVE DATE AND LIMITATION ON ADJUSTMENTS:**

(a) The effective dates of ~~Montana-Dakota's adjustments to reflect changes in Montana-Dakota's average cost of gas supply ("adjustment dates")~~ the PGA shall be bills rendered on and after May 1 and November 1 of each year or such other date(s) as Montana-Dakota's average cost of gas supply changes the first day of each month, unless the Commission shall otherwise order.

(b) Montana-Dakota shall file an adjustment to reflect changes in its average cost of gas supply only when the amount of such adjustment is at least 0.1 cent (one-tenth of one cent) per dk. ~~This limitation is not applicable to adjustments made to amortize the Unrecovered Purchased Gas Cost Account.~~

3. **PURCHASED GAS COST ADJUSTMENT:**

(a) The ~~Purchased Gas Cost Adjustment~~ monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply for the East River system based on weather normalized dk's sold during the most recent twelve month period. ~~The Purchased Gas Cost Adjustment shall consist of the net change in cost of gas supply as compared to the cost of gas supply established in initial rates or as approved in its most recent general rate case. The cost of gas supply shall be the sum of all costs incurred in obtaining gas for delivery at interconnections with South Dakota Intrastate Pipeline (SDIP). The East River System supply is defined as gas available for use by all customers served under General Services Rate 66. The cost of gas supply shall include, but not necessarily be limited to, all demand, commodity, storage, gathering, and transportation charges incurred by Montana-Dakota for such gas supply, the overall rate of return on prepaid demand and commodity charges and gas storage balances required to maintain the East River~~

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STATE OF SOUTH DAKOTA
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EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

3. PURCHASED GAS COST ADJUSTMENT: (Cont.)
- (a) System gas supply and hedging program gains, losses and transaction costs related to the East River System gas supply.
- (b) The PGA shall be computed as follows:
- (1) Demand Costs, if applicable, shall include all annual gathering, transportation and storage demand charges at current rates.
 - (2) Commodity costs shall include all annual gathering, transportation and storage charges at current rates.
 - (3) The gas commodity cost shall reflect all commodity related gas costs estimated to be in effect for the month the PGA will be in effect and annual dk requirements.
 - (4) The return on prepaid demand and commodity balances and storage balances, if applicable, shall be computed on an annual basis at the overall rate of return on rate base.
- The cost per dk for the month is the sum of the above divided by annual, weather normalized dk deliveries for the most recent twelve month period adjusted to reflect losses.
- (c) Monthly gas costs shall be calculated as follows:
- (1) Demand costs if applicable, shall be apportioned to all state jurisdictions served by Montana-Dakota on the basis of the overall ratio of each state's Maximum Daily Delivery Quantity (MDDQ).
 - (2) All commodity costs and other costs associated with the acquisition of gas for the East River System Supply.
 - (3) The return requirement related to prepaid demand and commodity charges and gas storage balances, if applicable, shall be included on a per dk basis. The prepaid demand and storage balances shall be apportioned to all states on the basis of each state's MDDQ. The prepaid commodity charges shall be apportioned to all states on the basis of annual dk's sold in each state. The unit cost shall be calculated

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**EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89**

3. PURCHASED GAS COST ADJUSTMENT: (Cont.)
- (c) (3) using a thirteen month average balance and the currently authorized return on rate base.
- ~~(c) (4)~~ (4) All costs related to specific end-use transactions shall not be included in the cost of gas supply determination hereunder but shall be directly billed to the customer(s) contracting for such service.
- ~~(b) (d)~~ (d) Such Purchased Gas Cost Adjustment The PGA shall be applied to General Services Rate 66, and, if applicable, with an adjustment recognizing differences among customer classes consistent with the cost of gas supply included in the applicable class retail sales rate.
4. SURCHARGE ADJUSTMENT:
- (a) General Services Rate 66 shall be subject to a Surcharge Adjustment to be effective on May 1 of each year. ~~It follows:~~
- ~~_____ The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Gas Cost Account established by Section 5 hereof. Calculated by dividing the~~
- ~~(b) The unit adjustment shall be determined by dividing the applicable balance in the Unrecovered Purchased Gas Cost Account by the dks estimated by Montana-Dakota to be sold under General Services Rate 66 during applicable balance by the estimated General Services Rate 66 dk sales for the twelve months following the effective date of such the adjustment.~~
5. UNRECOVERED PURCHASED GAS COST ACCOUNT:
- (a) Beginning on the date this Purchased Gas Cost Adjustment provision becomes effective, Montana-Dakota shall establish and maintain an items to be included in the Unrecovered Purchased Gas Cost Account. ~~There shall be included in this account, as calculated in accordance with Subsection 5(b) hereof, amounts reflecting are:~~

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EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

- 5 UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)
- (a) (1) Charges to ~~Montana-Dakota~~ for gas supply which Montana-Dakota is unable to reflect in a Purchased Gas Cost Adjustment by reason of the one-tenth of one cent minimum limitation set forth in Subsection 2(b) ~~hereof~~.
- (2) Amounts of increased/decreased charges to ~~Montana-Dakota~~ for gas supplies which were paid by ~~Montana-Dakota~~ during any period after the effective date of ~~Montana-Dakota's~~ the most recent Purchased Gas Cost Adjustment change ~~general rate case~~, but not yet included in the East River system ~~jurisdictional~~ System sales rates.
- (3) Refunds received from ~~Montana-Dakota's~~ supplier(s) with respect to gas supply, ~~the amounts of~~. Such refunds received shall be ~~reflected in~~ credited to the Unrecovered Purchased Gas Cost Account ~~as a reduction thereof~~.
- (4) Carrying charges or credits as determined in Section 5(b)(2).
- (b) (1) The amount to be included in the Unrecovered Purchased Gas Cost Account in order to reflect the items specified in Subsections 5(a)(1), (2), and (3) ~~hereof~~ shall be calculated as follows:
- (i) Montana-Dakota shall first determine each month the unit cost for that month's ~~for its~~ natural gas supply as adjusted to levelize demand charges, if applicable.

Such adjustment to levelize supplier(s) demand charges shall be calculated as follows:

The suppliers' annual (calendar or fiscal) demand charges, which are payable in equal monthly payments, shall be accumulated in a prepaid account (FERC Account 165). Each month a portion of such accumulated prepaid amount shall be amortized to cost of natural gas purchased (FERC Account 804). Such monthly amortization shall be based on a rate calculated by dividing the annual

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EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

- 5 UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)
- (b) (1) (i) supplier(s) demand charges by projected annual natural gas sales units (calendar or fiscal, as appropriate). The resulting product shall then be multiplied by the projected natural gas unit sales for the current month. Such amount shall constitute the monthly amortization of prepaid supplier(s) demand charges to cost of natural gas supply.
- (ii) Montana-Dakota shall then subtract from each such month's unit cost the unit cost for gas supply which is reflected in ~~Montana-Dakota's~~ the currently effective PGA (the cost of gas supply approved in the most recent rate case plus the Purchased Gas Cost Adjustment as calculated in Subsection 3(a)).
- (iii) The resulting difference (which may be positive or negative) shall be multiplied by the dks sold by ~~Montana-Dakota~~ during that month under General Services Rate 66. The resulting amounts shall be reflected in an Unrecovered Purchased Gas Cost Account for each rate schedule.
- (2) Montana-Dakota will ~~impose~~ calculate carrying charges on the amounts in the Unrecovered Purchased Gas Cost Account, Account 191, at the rate of interest for a three-month Treasury Bill as published monthly by the Federal Reserve Board for the preceding month. The amount to be included in Account 191 for carrying charges shall be determined as follows: each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge, which shall be the product of (1) and (ii) below:
- (i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2)

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**STATE OF SOUTH DAKOTA
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EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)
- (b) (2) (i) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Unrecovered Purchased Gas Cost Account for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.
- (c) Reduction of Amounts in the Unrecovered Purchased Gas Cost Account:
- (1) The amounts in the Unrecovered Purchased Gas Cost Account shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in ~~Montana-Dakota's~~ rates for that month (as calculated in Section 4) by the dks sold during that month under General Services Rate 66. The account shall be increased in the event the adjustment is a negative amount.
- (2) ~~Any such amortizing adjustments pursuant to this Subsection 5(c). The amount amortized each month shall be applied pro rata~~ ~~between the amounts in the Unrecovered Purchased Gas Cost Account specified in Subsections 5(a)(1), (2), (3) and the amounts in the supplementary Unrecovered Purchased Gas Cost Account specified in Subsection 5(a)(4).~~
6. TIME AND MANNER OF FILING:
- (a) ~~Montana-Dakota shall file each adjustment at least 30 days prior to the proposed effective date. Each such filing by Montana-Dakota shall be made by means of revised PGA sheets identifying the amounts of the adjustments and the resulting currently effective PGA rates.~~
- (b) Each such filing shall be accompanied by a report containing detailed computations which clearly show the derivation of the relevant amounts.

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Regulatory Affairs & General Services

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

IN THE MATTER OF THE FILING BY)	ORDER APPROVING
MONTANA-DAKOTA UTILITIES CO., A)	PURCHASED GAS
DIVISION OF MDU RESOURCES GROUP, INC.)	ADJUSTMENTS
FOR APPROVAL OF A PURCHASED GAS)	
COST ADJUSTMENT CHANGE FOR RATE 88)	NG97-002
AND EAST RIVER SYSTEM PURCHASED GAS)	
COST ADJUSTMENT RATE 89 TARIFFS)	

On February 26, 1997, the Public Utilities Commission (Commission) received a filing by Montana-Dakota Utilities Co. (MDU) to modify its existing Purchased Gas Adjustment (PGA) tariffs to reflect monthly adjustments to the current gas cost portion of the PGA based on the cost of gas to be in effect during the month. The proposed effective date for the change is May 1, 1997.

Specific approval is sought for the following sheets of MDU's tariff:

Section No. 3 2nd Revised Sheet No. 29
 1st Revised Sheet Nos. 29.1 and 29.2
 2nd Revised Sheet Nos. 29.3 and 29.4
 1st Revised Sheet No. 29.5
 3rd Revised Sheet No. 30
 2nd Revised Sheet No. 30.1
 3rd Revised Sheet Nos. 30.2 and 30.3
 2nd Revised Sheet No. 30.4
 Original Sheet No. 30.5

Further, MDU sought approval of collection of prepaid commodity charges incurred in the delivery of gas into storage.

At its regularly scheduled April 1, 1997, meeting, the Commission considered MDU's application. Commission Staff recommended approval with an effective date of May 1, 1997.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically, 49-34A-2, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-25. Further, the Commission finds that these rates are just and reasonable and shall be approved. It is therefore:

ORDERED that MDU's proposal to modify its existing PGA tariffs to reflect monthly adjustments to the current gas cost portion of the PGA based on the cost of gas shall be approved, and it is:

FURTHER ORDERED that MDU shall be allowed to recover its prepaid commodity charges incurred in the delivery of gas into storage

Dated at Pierre, South Dakota, this 10th day of April, 1997.

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 Alvin Kabis

Date 4/10/97

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

MONTANA-DAKOTA

UTILITIES CO

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

April 28, 1997

RECEIVED

APR 30 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. William Bullard, Jr.
South Dakota Public Utilities
Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501

Re: Docket No. NG97-002

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits the following tariffs approved in the above referenced docket reflecting an effective date of May 1, 1997 pursuant to the Commission's Order dated April 10, 1997.

Section No. 3
2nd Revised Sheet No. 29
1st Revised Sheet Nos. 29.1 and 29.2
2nd Revised Sheet Nos. 29.3 and 29.4
1st Revised Sheet No. 29.5
3rd Revised Sheet No. 30
2nd Revised Sheet No. 30.1
3rd Revised Sheet Nos. 30.2 and 30.3
2nd Revised Sheet No. 30.4
Original Sheet No. 30.5

Tariffs filed by Dave
4-30-97

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,

Donald R. Ball
Donald R. Ball
Regulatory Affairs Manager

Attachments