W698-012





A Division of MDU Resources Group, Inc.

400 North Fourth Street Bismarck, NB 58501 (701) 222-7900 等高度等等 CV 可见字母。 2016年

December 4 1998

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

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Rate 64

Down No. Move

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group Inc., herewith submits for Commission approval Section No. 3. 2nd Revised Steet No. 5, Ellsworth Air Force Base Rate 34 (Exhibit A). The attached rate schedule reflects the Agreement between Montana-Dakota and Elisworth Air Force Base (Elisworth) executed on November 30,1998 for the sale of interruption regular gas service to Ellsworth's facility. As noted in the Purchased Gas Cost Adjustment Story dated November 12, 1998, Ellsworth has installed a programmar personal execution their firm natural gas service requirements to interruption service.

The revised Rate 64 tariff attached hereto provides for the sale of natural gas to make Ellsworth's total requirements on an interruptible backs at a charge comprised of the following:

- Pipeline related demand charges calculated on a 100% was feature commodity basis, similar to the calculation of the Large intercaptable is a 65 Purchased Gas Cost Adjustment and all commodity-related pipeline charges (including the related return component).
- The commodity cost of gas based on the system average cast of gas applicable to the Black Hills system.
- A distribution charge of 0.20 per dk. This charge represents the distribution charge for interruptible service to Elements, authorized in Decker No. 14 Elements 012.
- A monthly base rate of \$95.00 per month. This is identical to the base rate charge currently authorized for Ellaworth.

The charge for interruptible service shown on the attached revised Rate 64 reflects the base cost of gas, approved in Docket No. NG94-102 of \$1.805 plus the authorized interruptible distribution margin of \$.062. The monthly Purchased Gas Cost Adjustment will then be applied to this rate resulting in the total charge applicable to Eleworth's gas purchases. Rate 64 has also been revised to reflect the General Term and Condition entitled Priority of Service to be consistent with the other interruptible service rate schedules.

As also noted in the Purchased Gas Cost Adjustment filing dated November 12, 1998, the Company has released capacity that together with the reassignment of capacity is essentially equal to the Elisworth former firm capacity. Therefore, there is in essence no impact on other customers caused by the change in service to Elisworth.

In accordance with ARSD 20-10:13:30, Montana-Dakola hereby requests that this request be approved for service rendered on and after December 1, 1998.

The Company further requests waiver of the 30 days notice to the Commission required by ARSD 20:10:13:15 and 30 days notice to the public required by ASRD 20:10:13:15

Attached as Exhibit C is the South Dakota Report of Tanit Schedule Change form required pursuant to ARSD 20:10:13:26.

Included herein is a second set of the affected tariffs on which Hontaria Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and highlighting the new language proposed.

Please refer all inquires regarding this filling to:

Mr. Donald R. Ball Regulatory Affairs Manager Montana-Dakota Utilities Co. 400 North Fourth Street Bismarck, NO 58501

Also, please send copies of all written inquires, correspondence and pleasures to

Mr. Tom K. Hopgood Senior Attorney MDU Resources Group, Inc. P. O. Box 5650 Bismarck, ND 58568-5850 The original and ten (10) copies of this Letter of Transmittal and terms have been provided to the South Dako a Public Utilities Commission.

Montana-Dakota respectfully requests that this filing be accepted as being in fill 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

o Wayne for Van Prosident

Regisatisty Affairs & Ciermiai Services

**Attachments** 

CC:

T. Hoogood

D. Bail

Francisco de

Exhibit A

# MONTANA-DAKOTA STATE OF SOUTH DAKOTA

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Date Filed: \_December 1, \_1990 \_\_\_\_\_ file(b) Determined to the control of the con

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### UTILITIES CO

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## STATE OF SOUTH DAKUTA

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### PLUSWORTH AIR POYCE NAME PARE IS

### PAYMENT:

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Bills are subject to an adjustment for cost of parefered dis as provided in Rate 88 or any approducates or altersticks thereto.

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- PENALTY FOR PASSAGE TO CHREATE ON SMIRREFT If executive features curtail or interrupt their use of our becauses when seminated to do so by the Company, any gas token shall be billed at the City sales commodity charge rate set forth shows, give signer as sound saver as any penalty payments or overtur charges the Company is regarded to make to its inserconnecting pipeline(a) under the terms of the contract(s) as a result of such the interest of buttering to \$10.00 per dk of the used in excess of the witness of the the customer was requested to quetail or interiors, whichever account to greater. The Company, in its disciplina, the the cit company outpuly of the in the weest of sustanter's deficie to center's of interrupt and of day what recommend to do no by the Company.
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Date Filed:	

### Report of Tariff Schedule Change

Montana-Dakota Utilities Co.

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# South Dakota Public Utilities Commission WEEKLY FILINGS

For the Period of December 3, 1998 through December 9, 1998

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you please contact Delaine Kolbo within five business days of this filing.

Phone: 605-773-3705, Fax: 605-773-3809.

### NATURAL GAS

NG98-0: 2 In the Matter of the application of Montana-Daketa Utilities Co. for approval of Revisions to Elisworth Air Force Base, Rate 64

Application by Montana-Dakota Utilities Co. for approval of Revisions to Rate 64 reflecting a new agreement executed November 30, 1998. Ellsworth Air Force base has installed a propane-air peaking system and is converting their firm natural gas service requirements to intercubible service. The revised tariff will reflect the new service agreement rates and conditions.

Staff Attorney: Karen Cremer Staff Analyst: Dave Jacobson

Date Filed: 12/07/98

Intervention Deadline 12/25/98

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# South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Average, Pietra, South Dakota \$7501-5000

January 11, 1999

Karen Cremer Staff Attorney SD Public Utilities Commission 500 E. Capitol Pierre SD 57501

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

Transportation/ Warehouse Divis∥on Telephone (605)773-5280 FAX (605)773-3∄25

> Consumer Hotline 1-800-332-1782

TTY Through Relay South Daliota 3-800-877-1113

Internet hilib@puc.state.sd.us

Jim Burg Chairman Pam Nelson Vice-Chairman Laska Schoenfelder Commissiona

William Builard Jr. Executive Director

Edward R. Anderson Harlan Best Martin C. Bettmann Charlie Bolle Sue Cichos Karen E. Cremet Marlette Fischbuch Shirleen Fugit! Lewis Haramond Katie Hartford Leni Healy Cantron Hoseck. Dave Jacobson Bob Knadle Delaine Kolbo Jeffrey P. Lorensen Terry Norum Gregory A. Risllov Tammi Stangohr Steven M. Wegman Rolayne Ailis Wiest Dear Ms. Cremer:

Please provide or make available to the commission advisory staff all information furnished by Montana-Dakota Utilities Co. to assist staff in processing Decket NG98-012.

This request should be considered ongoing, and apply to any information received in the future.

Sincerely,

Greg,R\slov

Commission Advisor

c: Dave Jacobson Donald R. Ball Tom K. Hopgood A Division of MDU Resources Group, Inc.

400 North Fourth Street Bismarck, ND 59501 (701) 222-7900 January 25, 1999

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

Re:

Ellsworth Air Force Base Rate 64

Docket No. NG98-012

Dear Mr. Bullard:

As requested by the Commission Staff, Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits its explanation of the gas delivery management fee of 5 cents per dk applicable for deliveries to Elisworth Air Force Base (EAFB) as specified in Exhibit 636, Paragraph 5, of the contract between Montana-Dakota and EAFB.

The relevant paragraph states:

"5. Company shall acquire all natural gas supplies to be provided Customes under this exhibit, manage the gas supplies, and perform the nomination and balancing activities required to provide gas service hereunder to Customer. Customer shall pay Company a gas delivery management fee of five (5) cents per dk for such services based on actual volumes used by Customer each month."

The gas delivery management fee is not a new charge. It has been included in the agreement with EAFB since late 1993. It represents a negotiated charge for certain services performed by Montana-Dakota in providing natural gas to EAFB. There is an identical arrangement in the agreements for providing service to two Air Force installations in North Dakota. The agreements were entered into upon implementation of FERC Order 636, which significantly increased the probability of the Air Force incurring pipeline penalties under the new terms and conditions for nominating balancing, etc, on a point specific basis. The Air Force decided, at that time, that Montana-Dakota was best suited to provide these services required by the Air Force and agreed to pay the negotiated 5 cents per dk fee for such services.

The gas management function that Montana-Dakota performs for EAFB is one that takes place in a competitive environment. EAFB has the choice of contracting with Montana-Dakota for that service or taking that same service, utilizing Montana-Dakota's transportation service, from a non-regulated marketer or other entity. Thus, the gas supply management fee is not an appropriate item to be included on the tariff.

Given these factors, Montana-Dakota is treating this specialized function as a non-regulated or below the line item. Revenues derived from this service are recorded below the line and the costs related to performing the service are also recorded as a below the line item by the allocation of a portion of the Gas Supply function costs. Under the agreement, Montana-Dakota is responsible for all penalties incurred on the pipeline except those incurred by the failure of EAFB to interrupt when told to do so. Any penalties incurred are also charged below the line which insulates the remainder of Montana-Dakota's customers from such penalties. In addition, having the responsibility for the Air Force supply allows Montana-Dakota to most effectively manage pipeline capacity to minimize the cost thereof for all customers, thus making the existing arrangement beneficial for EAFB, other customers and the Company.

Finally, EAFB is a unique customer even though the load requirements for EAFB appear to be similar to the load requirements for a large town on Montana-Dakota's system. Historically, EAFB has had a significant portion of the service provided on an interruptible basis. Although a large percentage of their requirements are temperature sensitive, the daily use is not nearly as predictable as a similar size town. For example, the daily heating requirements for flight line facilities changes depending on which buildings are being used and whether hanger doors are open. These characteristics are difficult to predict and can change quickly. Also, unlike a typical community, the base population and facilities being used at any time can change quickly. These varying conditions increase the potential for incurring pipeline penalties, a risk the Air Force is apparently not willing to take, which represents the reason it is willing to pay a small management fee set out in the contract.

These then represent the reasons for our accounting treatment of the revenues and costs involved in providing this service for EAFB, and, hopefully, the Commission will agree with us. However, we suggest that any meaningful discussion on the retemaking treatment of such costs be reserved for and carried out in the context of a future general rate case; rather than in the context of an approval of the agreement itself.

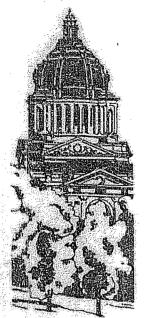
We appreciate the opportunity to comment. We do urge the Commission to take timely action on the Company's application in the instant docket and defer any ratemaking concerns to a future rate case.

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 ⊬ox

Vice President –Regulatory Affairs & General Services



# South Dakota Public Utilities Commission



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

March 2, 1999

Doug Schmidt Montana-Dakota Utilities Co. 400 North Fourth Street Bismarck, ND 58501

RE: NG98-012, Ellsworth Air Force Rate 64

Dear Mr. Schmidt:

As you know, the above referenced docket is scheduled to be heard by the South Dakota Public Utilities Commission on March 9, 1999. I have read Mr. C. Wayne Fox's letter, which was received by our office on January 28, 1999, and had a couple of questions. First, as I read SDCL 49-34A-10, MDU shall file schedules showing all rates established by it and collected by MDU. Why does MDU feel it does not meet the definitions of a "public utility"? Why doesn't the definition of a "rate" apply to this docket? Is the Commission being asked to approve the agreement, which was not a part of the criginal filing, or is it being asked to approve tariff revisions to Ellsworth Air Force Base Rate 64, Gas Rate Schedule 2nd revised, Sheet No. 5?

If you could fax your reply by March 5, 1999, I would appreciate it. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Kan E. Cremer

Karen E. Cremer Staff Attorney

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

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

> Commer Holline 1-800-332-1782

TTY Through Relay South Dakota 1-800-877-1113

Internet billb@puc.state.sd.us

Jim Bueg Chairman Para Nelson Vice-Chairman Lanku Schoenfelder Commissioner

William Bullard Jr. Executive Director

Edward R. Anderson Harlan Best Martin C. Bettmann Charite Bolle Sur Ciches Karen E. Cremer Marlette Fischbach Shirleen Fugitt Levis Hanumond Katie Hartford Leni Healy Camron Hoseck Dave Jacobson Bob Knadle Delaine Koloo Jeffrey P. Lorensen Terry Norum Gregory A. Rislov Tammi Stangohr Steven M. Wegman Rolayne Ailts Wiest

## MAY, ADAM, GERDES & THOMPSON LLP

503 SOUTH PIERRE STREET
P.O.BOX 160
PIERRE, SOUTH DAKOTA 57501-0160

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March 4, 1999

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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

Karen E. Cremer
Staff Attorney
South Dakota Public Utilities Commission
State Capitol
500 East Capitol
Pierre, South Dakota 57501-5070

RE: NDU; ELLSWORTH AFE GAS MINAGEMENT FEE

Docket NG98-012 Our file: 0069

Dear Karen:

This letter is in response to the questions posed in your letter of March 2, 1999, regarding Docket NG98-012, Ellsworth Air Force Base Rate 64.

You ask "Why does MDU feel it does not meet the definitions of a 'public utility'?" Montana-Dakota has made no assertion that it is not a public utility as defined under South Dakota law. In fact, Montana-Dakota fully recognizes that it is a public utility. Rather this is a question involving a nonregulated service.

You ask "Why doesn't the definition of 'rate' apply to this docket? Is the Commission being asked to approve the agreement, which is not part of the original filing, or is it being asked to approve tariff revisions to Ellsworth Air Force Base Rate 64, Jac Rate Schedule, 2nd revised, Sheet No. 5?"

Montana-Dakota, in its December 4, 1998, transmittal letter requested Commission approval of the revisions to Elisworth Air Force Base Rate 64. Montana-Dakota did not and is not seeing Commission approval of the contract between Montana-Dakota and Elisworth Air Force Base. With regard to the definition of "rate," Montana-Dakota believes that it has properly sought approval of the charges set forth on Rate 64. As explained in the letter you received on January 28, 1999, the gas delivery management function performed by Montana-Dakota in accordance with the contract is for a service that takes place in a competitive environment and the associated charge is a negotiated amount agreed to by Ellsworth Air Force Base. As such, Montana-Dakota believes that the gas delivery management fee is not

Karen E. Cremer March 4, 1999 Page 2

subject to the jurisdiction of the Commission and has treated it accordingly by not including the charge on the tariff and by accounting for the revenues and the related costs as nonregulated or below the line items. The gas management function could be performed by a wide variety of venders. Ellsworth Nir Force Base has decided to hire MDU to provide this nonutility service.

If you have any further questions prior to the March 9 Commission meeting, please feel free to contact me or Don Ball.

Yours truly,

MAY, ADAM, GERDES & THOMPSON LLP

DAG: mw

cc: C. Wayne Fox Tom Hopgood Don Ball

# BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKGTA

IN THE MATTER OF THE APPLICATION OF	)	ORDER
MONTANA-DAKOTA UTILITIES CO. FOR	)	
APPROVAL OF REVISIONS TO ELLSWORTH	<b>)</b>	NG98-012
AIR FORCE BASE, RATE 64.	)	The state of the s

On December 7, 1998, the Public Utilities Commission (Commission) received an application from Montana-Dakota Utilities Company (MDU) for approval of Section No. 3, 2nd Revised Sheet No. 5, and 2nd Revised Sheet No. 5.1, Ellsworth Air Force Base Rate 64. According to the filing, "The rate schedule reflects the agreement between MDU and Ellsworth Air Force Base executed November 30, 1998, for the sale of interruptible natural gas service to Ellsworth's facility. As noted in the Purchased Gas Cost Adjustment filing dated November 12, 1998, Ellsworth has installed a propane-air peaking system and is converting their firm natural gas service requirements to interruptible service." MDU requested that the application be approved for service rendered on and after December 1, 1998. MDU further requested that the Commission grant a waiver of the 30 days notice to the Commission required by ARSD 20:10:13:15 and 30 days notice to the public required by ARSD 20:10:13:17.

In its review of the underlying contract which is the basis for the proposed tariff changes. Staff found that MDU was assessing Ellsworth Air Force Base a charge of 5c per dk as a gas delivery management fee for procuring Ellsworth Air Force Base's gas supply in addition to the interruptible sales rate. In response to Staff questions MDU submitted that this service was an unregulated service and that they had accounted for it below the line for ratemaking purposes.

At its regularly scheduled meeting on February 17, 1999, the Commission deferred this matter at the request of MDU and Staff. At its regularly scheduled meeting on March 9, 1999, the Commission considered this matter. Don Ball, a representative of MDU presented the position of MDU. Commission Staff recommended that the service is jurisdictional and should be tariffed. Staff also recommended that the charges assessed and costs incurred regarding this service be reviewed to determine their appropriateness. The Commission took the matter under advisement.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A-4 and 49-34A-6. On March 11, 1999 at a duly noticed ad hoc meeting, the Commission found that MDU's service provided to Elisworth Air Force Base was a sales service, and therefore all charges assessed to Elisworth Air Force Base by MDU for the provision of natural gas service should be authorized by tariff provisions. The Commission unanimously voted to require MDU to refile the Rate 64 tariff with a separate section noting that the sales commodity rate does not include the gas management charges and that gas management charges are an additional assessment. It should also note that the gas management per dk charge is a negotiable fee subject to Commission approval. The Commission also directed Staff to review IVIDU's measurement and assigning of costs to

this function to ensure their reasonableness. Although these costs and the related fee revenue should be considered jurisdictional or above-the-line, if reasonableness is shown, the Commission will delay any further action pending a general cost of service review. As the Commission's final decision in this matter, it is therefore

ORDERED that the above mentioned tariffs be resubmitted reflecting the changes discussed above; and it is

FURTHER ORDERED that MDU submit the cost and revenue data to be requested by Staff.

Dated at Pierre, South Dakota, this 5th day of April, 1999.

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 anyelopes, with charges prepaid thereon.

By fillune Kallo

Dale: 4/5/99

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION

AMES A. BURG, Chairman

PAM NELSON, Commissioner

LASKA SCHÖENFELDER, Cammissioner

UTILITIES CO.

A Christop of MOU Resources Group, inc.

A'U North Fourth Street Rishord NO 58501 705722 7500



April 12, 1999

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

Re: FI

Ellsworth Air Force Base

Rate 64

Docket No. NG98-012

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith resubmits the Ellsworth Air Force Base Rate 64. Section 3 Revised Sheet Nos. 5 and 5.1, in compliance with the Commission's Order dated April 5, 1999 in the above-referenced Docket.

The original and ten (10) copies of this letter and tariff have been provided to the South Dakota Public Utilities 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



### STATE OF SOUTH DAKOTA GAS RATE SCHEDULE

SD P.U.C.

2nd Revised

Sheet No. 1 Sheet No.

Cancelling 1st Revised

Page 1 of 2

### ELLSWORTH AIR FORCE BASE Rate 64

### AVAILABILITY:

400 North Fourth Street Bismarch, NO.56501

Service under this rate schedule is available to the Ellaworth Air Force Base (EAFB).

### RATE:

Base Rate Per Meter:

\$95.00 per month

Interruptible Sales

Commodity Charge:

SI.857 DEE cit

### MINIMUM BILL:

Base Fate.

### PAYMENT:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, 57.11, or any amendments or alterations thereto.

### COST OF FURCHASED GAS ADJUSTMENT:

Bills are subject to an adjustment for cost of purchased are an provided in Rate 88 or any amendments or alterations thereto.

### GAS DELIVERY MAMAGEMENT FEE:

In addition to the Commodity Charge set forth scove, all volume of natural gas delivered under this rate schedule shall be subject to a Gas Delivery Management Fee. The charge par ox is a negotiable te subject to approval by the South Dakota Fublic Utilities Compagator.

### GENERAL TERMS AND CONDITIONS:

1. PRIORITY OF SERVICE - Deliveries of gas under this achiefule shall be subject at all times to the prior demands of customers societies at Company's firm general gas service rates, and the Company shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so

Continued

Effective Date: Appril 5. Date Filed: April 13, 1999

### MONTANA DAKOTA A Unitario at MDG Resilentino Group Inc

### STATE OF SOUTH DAKOTA GAS RATE SCHEDULE

SD P.U.C. Section No. 2

2nd Revised

Sheet No. 5.1

Cancelling 1st Revised

Sheet No.

(Continued)

WIT MATTE FORTE STORY

Page 2 of 2

### ELLSWORTH AIR FORCE BASE Rate 64

interrupt whenever, in Company's sole judgment, it may be necessary to do so to protect the interest of its customers whose capacity requirements are otherwise and hereby given preference. The priority of service and allocation of capacity shall be accomplished in accordance with the Provisions of Rate 100, 5V.10.

- PENALTY FOR FAILURE TO CURTAIL OR INTERRUPT If customer fails to curtail or interrupt their use of gas hereunder when requested to do so by the Company, any gas taken shall be billed at the firm sales commodity charge rate set forth above, plus either an amount equal to any penalty payments or overrun charges the Company is required to make to its interconnecting pipeline(s) under the terms of its contract(s) as a result of such failure to curtail or interrupt, or \$10.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interrupt, whichever amount is greater. The Company, in its discretion, may shut off curtocer's supply of gas in the event of customer's failure to curtail or interrupt use of gas when requested to do so by the Company.
- CONTRACT Terms of service other than the rate small be as specified 3. in contracts between EAFB and the Company.
- RULES The foregoing schedule is subject to Rates 100 through 114 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: April 13, 1999 Effective Date: April 5, 1999

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

IN THE MATTER OF THE APPLICATION OF	}	ORDER APPROVING TARIFF
MONTANA-DAKOTA UTILITIES CO. FOR	ì	REVISIONS
APPROVAL OF REVISIONS TO ELLSWORTH		
AIR FORCE BASE RATE 64.	1	NG98-012

On December 7, 1998, the Public Utilities Commission (Commission) received an application from Montana-Dakota Utilities Company (MDU) for approval of Saction No. 3 2nd Revised Sheet No. 5, and 2nd Revised Sheet No. 5.1, Elisworth Air Force Base Fate 64. According to the filing, "The rate schedule reflects the agreement between MDU and Ellsworth Air Force Base executed November 30, 1998, for the sale of interruptible natural gas service to Ellsworth's facility. As noted in the Purchased Gas Cost Adjustment time dated November 12, 1998, Ellsworth has installed a propane-air peaking system and a converting their firm natural gas service requirements to interruptible service." IADU requested that the application be approved for service rendered on and after December 1, 1998. MDU further requested that the Commission grant a waiver of the 30 days natice to the Commission required by ARSD 20:10:13:15 and 30 days notice to the public required by ARSD 20:10:13:17.

In its review of the underlying contract which is the basis for the proposed tant changes, Staff found that MDU was assessing Ellsworth Air Force Base a charge of by per dk as a gas delivery management fee for procuring Ellsworth Air Force Base's gas supply in addition to the interruptible sales rate. In response to Staff questions, MDU submitted that this service was an unregulated service and that they had accounted for it below the line for ratemaking purposes.

At its regularly scheduled meeting on February 17, 1936, the Commission defeated this matter at the request of MDU and Staff. At its requirity scheduled meeting are March 9, 1999, the Commission considered this matter. Don Ball, a representative of MDL. presented the position of MDU. Commission Staff recommended that the service is jurisdictional and should be tariffed. Staff also recommended that the charges asserts and and costs incurred regarding this service be reviewed to determine their appropriate res-The Commission took the matter under advisement. On March 11, 1999, at a day resident ad hoc meeting, the Commission found that MDU's service provided to Ettawarth Air Force Base was a sales service, and therefore all charges assessed to Edwards Air Force User. by MDU for the provision of natural gas service should be authorized by jasiff provisions The Commission unanimously voted to require MDU to refue the Rate 64 torst wars a separate section noting that the sales commodity rate does not result the pas management charges, and that gas management charges on an additional associations. It should also note that the gas management per dk charge is a negotiable fee subject to Commission approval. Commission Staff is to review MDU's measurement and assigning of costs to this function to ensure their reasonableness. Although these costs are the related fee revenue should be considered jurisdictional or above the-line if

reasonableness is shown, the Commission will delay any further action pending a general cost of service review. MDU resubmitted the Eilsworth Air Force Base Rate 64, Section 3 Revised Sheet Nos. 5 and 5.1 on April 12, 1999.

On April 26, 1999, at its regularly scheduled meeting, Commission Staff reported that it had reviewed MDU's filing and recommended approval of the above referenced tariffs. The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A-2, 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10, 49-34A-11, and 49-34A-12. The Commission finds that the revisions to the tariff are just and reasonable and snall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED that the revised tariffs Section No. 3, 2nd Revised Sheet No. 5, and 2nd Revised Sheet No. 5.1, Ellsworth Air Force Base Rate 64, are hereby approved and are effective for service rendered on and after the date of this order.

Dated at Pierre, South Dakota, this \_\_\_\_\_\_ day of May, 1999.

CERTIFICATE OF SERVICE	BY ORDER OF THE COMMIS
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	Current Land
addressed envelopes, with charges prepaid the eon.	JAMES A BURG, Chairman
By Kildine Kally	
-11199	
Date: 5/6/77	PAM NELSON, Commissioner
	The second secon
(OFFICIAL SEAL)	Company of the second
<u>Kananganan</u>	LASKA SCHOENIELDER, CO

A Division of MDU Resources Group, Inc.

400 North Fourth Street Bismarck, NO 58501 (707) 222-7900

August 9, 1939

ALT BE

STATE LANCE CASE

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

Re: Tanffa Reflecting Effective Dates

Docket Nos NGOLO12 EL99-011

NG99-001

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MOU Resources Group Inc., herewith submits the following tariifs sheets reflecting the effective date(s) pursuant to the Commission's Orders approving the rates in the above referenced Dackets

- Docket No. NG98-012: Section No. 3, 2\* Revised Sheet No. 5-5 to effective May 5,1999.
- Docket No. NG39-001: Section 5, 1st Revised Sheet No. 20-20-3 and Original Sheet No. 20-4 effective June 25 1999
- Docket Wo. EL99-011: Section No. 3, 15" Revised Sheet No. 29, 13" Revised Sheet No. 29.1; 16th Revised Sheet No. 30 and 13" Revised Sheet No. 30.1 effective June 25, 1999.

The original and ten (10) copies of this letter and turiff have been provided to the South Dakota Public Utilities Commission.

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

Since may

Tamie A. Abelle

Pricing and Tariff Manages

**Attachments** 



GCE) Neurin Fourth Street Protestral NO 58501

### STATE OF SOUTH DAKOTA GAS RATE SCHEDULE

SD P.U.C.

Spection No.\_\_\_

2nd Revised
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Page 1 of T

### ELLSWORTH AIR FORCE BASS RATE 64

### AVAILABILITY:

Service under this rate schedule is available to the Ellsworth Air Fusce Base (NAFB).

### RATE:

Base Rate Per Meter:

\$95.00 per month

Interruptible Sales

Commodity Charge:

S1.EG7 per dx

### MINIMUM BILL:

Base Rate.

#### PAYMENT:

Billed amounts will be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate 100, NV.11, or any amendments of alterations thereto.

### COST OF FURCHASED GAS ADJUSTMENT:

Bills are subject to an adjustment for coun of purchased gas as provided in Rate 88 or any amendments or alterations thereto.

#### GAS DELIVERY MAMAGEMENT FEE:

In addition to the Commodity Charge set forth above, all volumes of natural gas delivered under this rate schedule shall be subject to a Gas Delivery Management Fee. The charge per ch is a sugotiable fee subject to approval by the South Daxcta Public Utilities Communication.

#### GENERAL TERMS AND CONDITIONS:

1. PRIORITY OF SERVICE - Deliveries of gas under this schedule shall be subject at all times to the prior demands of customers served on the Company's firm general gas service rates, and the Company's shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to be

Date Filled: April 13, 1999 Effective Date Bills Rengared on a later May 5, 1999



## GAS RATE SCHEDULE

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400 North Fourth Steps Bismatics ND 58501

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Carcading Lat. Resident.

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Pege 2 of 2

### ELLSWORTH AIR FORCE SASE PACE AL

interrupt whenever, in Company's sole judgment, it was the personal and th to do so to protect the interest of its customers where expenity requirements are otherwise and hereby given prefere co. The principles service and allocation of capacity that! be accomplished in accomplished with the Provisions of Rate 100. 17.10.

- 2. PENALTY FOR FAILURE TO CURTAIL OR INTERPRET - If customent fails to curtail or interrupt their use of gas hereusder when received to so so by the Company, any gas taken shall be billed at the fire sales commodity charge rate set forth above, pies either as assume assume the any penalty payments or overrum charges the Company is required to make to its interconnecting pipeline tel same the terms of tel Contract(s) as a result of such failure to curtail or interest as \$10.00 per dk of gas used in excess of the volume of gas to which customer was requested to curtail or interpret, which were greater. The Company, in its distriction, may shat off quatement's supply of gas in the event of customer's failure to current at interrupt use of gas when requested to do so by the Company.
- CONTRACT Terms of service cames that the same exact he assertion in contracts between this and the Commis-
- 4 RULES - The foregoing actuals is subject to Eater 100 themselves and any amendments or alterations thereto ar additional rules and regulations promulgated by the Company under the laws of the state.

Date Filed: April 13, 1999

Ellocture Date: 50% Monday et 25% as et 25% (25%)

### MONTANA-DAKOTA UTILITIES (X)

A DIPLIANCE MEDITHERMORE SHOPE SEE

400 North Frants Street Biomarck NO 50000

### STATE OF SOUTH DAKOTA GAS RATE SCHEDULE

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Careering Translates

STAND NO. 

### FIRM GAS SERVICE EXTENSION FOLICY Para 120

The policy of Montana-Dakota Utilities Co. for the statements address to provide firm sales or firm transportation service to communes is as feelows

- A. General Rules and Regulations Applicable to all Fire Persons Taxanana
  - An extension will be constructed without a constructed to estimated capital expenditure in cost justified as defined in paragraph A.3.
  - The Company may require customer or developer court participation of the estimated capital expenditure is not cost institute.
  - The extension will be considered cost justified if the calculated maximum allowable investment equals or exceeds the estimated capital expenditure using the following formula:

Maximum Allowable Investments

Annual Customer Charge + (Project Estimated Ind Teat Annual D. & Tolt Estimated Levelized Annual Revenue Factor Factor

Cost of the extension chall include, if applicable, the same cases extension(s), valves, tap matrix and associated equipment barricade, service scub(s), any required payments made by the Company to the transmission pipeline community to discontinue the enterior and other costs excluding the distribution meter and resiliance

The service stub is that portion of the cas service extending from the main to the private property line or easier:

The service line is that portion of the gas service extending from the service stub to the connection at the base regular and meter. Service lines are installed at the there are all are owned by and shall be maintained as customer's emeste emeste as those customers served under Control of the Paris The Paris The Control of the Co

For those customers served under Cameral Services have the service line will be treated in acceptance with line

- Where cost participation is required, such assesses as subject to execution of the Company's standard agreement for each size customer or the developer and Company.
- A refund will be made only when there is a securities in the account contribution required within a five year period from the extense in service date. Interest will be calculated angular to the course on any refund amounts and shall be seemed to the weerses assessed paper interest rate (A1/P1), not to exceed to persual per some

No refund shall be made by Company after the five year column serious and in no case shall the refund excluding interest, exceed the source of the contribution.

Date Filed: February 1, 1999

Docket No. NG99-001



400 North Fourth Street Bismarck: NO 52501

### STATE OF SOUTH DAKOTA **GAS RATE SCHEDULE**

SD P.U.C.

Section No.

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Page 2 of 5

### FIRM GAS SERVICE EXTENSION POLICY Pate 120

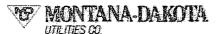
### Customer Extensions

Cost participation for extensions where customers will be immediately available for service is as follows:

- Contribution -
  - When a contribution is required, the currents and the Company the portion of the capital expanditure hat the fied as determined in accordance with paragraph A.J.
  - The contribution shall be made by:
    - A one-time payment prior to construction, or
    - ii. Payment of 25% of the contribution prior to construction and the balance in no more than twenty-four equal samely installments. If customer discontinues service within the twenty-four month period, the balance will be due and payable upon discontinuance of service, or
    - iii. Customer may post a bond, irrevocable letter of credit of a written guarantee commitment in the answer of the tequired contribution prior to construction. Such your issued by a bonding company authorized to do business in the state, letter of credit, or written guarantee commitment, shall be effective for the original time year term and is subject to approval and acceptance by the Company If at the end of the original five year term, a contribution requirement exists in the subject project beset of a recalculated maximum expensions, the same yes markets chall reimburge the Company for such recall later to vice. bution requirement, or
      - iv. Customer, upon approval by Company, may cinesse the approval of the required contribution subject to the following conditions: 1) maximum convertes to be finance about be determined by the Company at its sole discretion. 1 maximum term shall be five years. It inceres will be charged at the Company's incresental weighted that capital.
  - Upon completion of construction, the constitution assure with C. be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
  - If within the five-year pariod from the extension is neglect đ. date, the number of active customers and related to be unches the third-year projections, the Company shall recommand the contribution requirement by recularist the master attempts investment.



Date Filed: February 1, 1999 Effective Date Service Rendered on the Level 25



### STATE OF SOUTH DAKOTA GAS RATE SCHEDULE

A Description of Management Const. or 400 North-Plant Street Bistratio, NO SERGI

SD P.U.C. 

Section 18

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STORMS NO.

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### FIRM GAS SERVICE EXTENSION POLICY PARK 120

### B. Customer Extensions (Cont.)

- The recalculated contribution requirement shall be called and from the new applicant(s).
- Refund -
  - The Company will refund to the original contributor a the a. amount required to reduce their contains to the receivered contribution requirement. To refunds will be said for a manage less than \$25. Customers who have posted a best letter of credit, or written quarantee commitment will be notified of any reduction in surety or quarantee requirements.
  - No refunds will be made until the new abstracts begin the life service from the Company.
  - If the addition of new conscients will assess the constitution c. required from existing quatements. The extension will be considered a new extension and treasure sensuals.
- 3. Incremental Expansion Surchards -
  - The Company, in its sole discretion, may offer an issuance in Expansion Surcharge (Surcharge) to groupe of the servers requesting pervice totaling to or wise when the total sections of cost would otherwise have been probabilities under the Contact a present rates and gas service antennate series. The contribution requirement to be collected under the following shall be the amount of the tapital expenditure it valets of the Maximum Allowable Investment descriptions in administrative with the
    - A minimum up-front payment of life to will be estimated from each quarters who signs an appearant to participate in the expansion.
    - For projects that are appearing to be recommoned are accurate year period, the furthern stall by set at a first work charge of 65.00 per month plus 11.55 car de.
    - For projects that are not expected to be recovered within a 5-year paried, the Surchards Minis he see at a fired monthly charge of \$5.00 per econs plus a famousity charge designed to provide recovery of the constitution requirement.
  - 'n. The Surcharge shall remain in effect until the set present value of the contribution requirement, calculated using a discussion rate equal to the overall rate of return as here is the last rate case, it collected.

Date Filed: February 1, 1959

Effective Date: Sarskie Autobied to be able to be





400 North Fourth Street Britistick, ND 18501

### STATE OF SOUTH DAKOTA **GAS RATE SCHEDULE**

SD P.U.C.

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Finds 4 of 5

### FIRM GAS SERVICE EXTENSION POLICY Page 120

### Customer Extensions (Cont.)

- C. The Surcharge shall apply to all customers connecting to ratural gas service within the expansion area until the contribution requirement is satisfied.
  - d. The net present value of the Surcharge will be treated as a contribution-in-aid of construction for accounting purposes.

### Developer Extensions

Cost participation may be required for extensions such as a substruction of mobile home court, in which a developer is installing thats, willties, etc., before housing is built.

Contribution -

- When a contribution is required, the developer shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with paragraph A 1
- The contribution shall be made by:
  - i. A one-time payment prior to construction, or
  - ii. Developer may post a bond, irrevocable latter of gradit. or a written guarantee commitment in the angust of the required contribution prior to construction. Such hand. issued by a bonding company authorized to the pustment to the state, letter of credit, or a written nutrantee commitment, shall be effective for the original five year term and is subject to approval and acceptance by the Company. If at the end of the original five year term a contribution requirement exists in the subject project based on a recalculated maximum expenditure, the sure shall reinburse the Company for and recalculated contribution requirement, or
  - Customer, upon approval by Company, why Circums the grown of the required contribution publicat to the fallowing conditions: 1) maximum contribution to be financed small be determined by the Company at its sale discretize it maximum term shall be five years. It interest will be charged at the Company's incremental weighted that of capital.
- Upon completion of construction, the contribution asset will be C. adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

Date Filed: February 1, 1999 Effective Date Service Rendered on coation have Je



### STATE OF SOUTH DAKOTA GAS RATE SCHEDULE

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A Consequent MED Pressures Grave to:
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Section 700 2014 Sheet No. 2014 Sheet No.

Cancelling ,

### FIRM GAS SERVICE EXTENSION POLICY BULG 128

- C. <u>Developer Extensions</u> (Cont.)
  - 2. Refund
    - a. If within the five-year period from the extension(s) in service date, the number of active customers and related volumes exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculation the maximum allowable investment. Such recalculation shall be done annually based upon the anniversary of the extension(s) in service date.
    - b. The Company will refund to the developer the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than the Developers who have posted a bond, letter of tredit, or written guarantee commitment will be notified of any reduction in surely or guaranty requirements.
    - c. If the addition of new customer(s) will increase the contribution required from the developer, the extension will be considered a new extension and treated apparately.

Date Filed: February 1, 1999 Effective Date Settle Published on the Land 15, 1981

Docket No.

Issued By: C Wayne Fox Vice President



### STAITE OF SOUTH DAKOTA ELECTRIC RATE SCHEDULE

UTILITIES CO STRUMENTALISMOS FACERE SERVENTIALISMOS

SD P.U.C. 16th Revised Cancelling 15th Revised Section No.
Sheet No.
Sheet No.

Page 1 of 2

### OCCASIONAL POWER PURCHASE Rate 95 NON-TIME DIFFERENTIATED

### AVALUABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating occasional electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, Part 292.

### BATE:

Metering charge for single phase service Metering charge for three phase service

\$1.95 per month \$7.70 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

### 1.516¢ per Kwh

(Energy delivered per month to Company is limited to 600 Kwh per month, Delivery in excess of this limit will not be compensated.)

### ENERGY SALES TO SMALL QUALIFYING FACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

### SPECIAL TERMS AND CONDITIONS:

- 1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
- 2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
- 3. The customer shall, with prior written consent of the Company, furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and dalar to the Company.

(Contamied)

Date Filed:	June 1, 1999	Effective Date Bill's rendered on or after
Docket No.		Jac 25, 1594

EL 99-011 Issued By: C. Wayne Fox, Vice President

### MINNA-IMMIN

### STATE OF SOUTH DAKOTA ELECTRIC RATE SCHEDULE

SD P.U.C. 16th Revised Sheet No. Cancelling 15th Revised Sheet No.

Section No.

Page 1 of 3

### SHORT-TERM POWER PURCHASE Rate 96 TIME DIFFERENTIATED

### AVAILANZI.TY:

to the qualitying cogeneration and small power production (COG/SPP) fittilities for the purpose of generating short-term electric energy in This schedule is applicable to design and small power production facilities with a design capacity 100 to or less, that are Qualifying Facilities as defined under 18 CFR, Part 192.

### **海流学数** :

Marge for single phase service Metaring charge for three phase service

\$ 6.10 per month \$14.20 per month

Matter delivered to and accepted by Company by a qualifying facility shall

\* April 1 through September 30

the paid for by Company as follows:

OM-PEAK

OFF-PEAK

1.812¢ per Kwh

1.167¢ per Kwh

Figure Peak Periods: The On-Peak Period is defined as those hours between 7 3.M. and 11 p.m. Central Time, Monday through Friday in Central Time and between 6 a.m. and 10 p.m. Mountain Time, Monday through Friday in Mauritain Time zones. The Off-Peak Period is defined as all other haurt.

程理理解 · October 1 through March 31

ON-FEAK

OFF-PEAK

1.946¢ per Kwh

1.287¢ per Kwh

Winter Peak Periods: The On Peak Period is defined as those hours between 8 8.2. and 10 p.m. Central Time, Monday through Friday in Central Time somes, and between 7 a.m. and 9 p.m. Mountain Time, Monday through Friday in Manutain Time zones. The Off-Peak Period is defined as all other BOUTH.

Befinitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

(Continued)

Cale Filed June 1, 1999

Effective Date: Bills rendered on or after

June 25, 1999

Docket No. EL 99-011

## MATIANA-IMIKOTA STATE OF SOUTH DAKOTA ELECTRIC RATE SCHEDULE

SD P.U.C.

10th Revised
Cancelling 9th Revised

Section No. 3 Sheet No. 29.1 Sheet No. 29.1

Page 2 of 3

## SHORT-TERM POWER PURCHASE Rate 96 TIME DIFFERENTIATED

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of January, June through September, and December. Such payments are to be based on the capacity cost of communication turbine peaking generation.

Monthly capacity payment = \$6.00 per Kw

Monthly capacity payments will be made based on a monthly 85 percent on peak period capacity factor for the months of January, June through factories, and December. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The conthly capacity payment applicable for the months of January, June through September, and December will be made based on the following formula:

MED = REF DOE KM X MCE

X maximum monthly on-peak demand (Kw)

where: MCP - Monthly Capacity Payment

MCF - Monthly On-Peak Period Capacity Factor

ENERGY SALES TO SHALL QUALIFYING FACILITY:

mervice provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

### SECTAL TERMS AND CONDITIONS:

- 1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
- 2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.

(Continued)

Date Filed: June 1, 1999

Effective Date: Bills rendered on or after

June 25, 1999

Docket No. EL99-011

## MONTANA-DAKOTA

### STATE OF SOUTH DAKOTA ELECTRIC RATE SCHEDULE

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SD P.U.C. 16th Revised Cancelling 15th Revised Section No. \_\_ Sheet No. \_\_ Sheet No.

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## LONG-TERM POWER PURCHASE Pate 97 TIME DIFFERENTIATED

### AVAILABILITY

To any qualifying cogeneration and small power production (COG/SPF) facilities for the purpose of generating long-term electric energy in parallel with the Company's system. This schedule is applicable to cogeneration and small power production facilities with a design capacity of 100 Kw or less, that are Qualifying Facilities as defined under 18 CFR, part 292.

### PATE:

Metering charge for single phase service Metering charge for three phase service

\$ 6.10 per month \$14.20 per month

Energy delivered to and accepted by Company by a qualifying facility shall be paid for by Company as follows:

SUMMER - April 1 through September 30

CN-PEAK

OFF-PEAK

1.812¢ per Kwh

1.167¢ per Kwh

Summer Peak Periods: The <u>On Peak Period</u> is defined as those hours between 7 a.m. and 11 p.m. Central Time, Monday through Friday in Central Time zones, and between 6 a.m. and 10 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The <u>Off-Peak Period</u> is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAK

REF PEAK

1.946¢ per Kwh

1.287¢ per Kwh

Winter Peak Periods: The On-Peak Period is defined as those hours between 8 a.m. and 10 p.m. Central Time, Monday through Friday in Central Time momes, and between 7 a.m. and 5 p.m. Mountain Time, Monday through Friday in Mountain Time zones. The Off-Peak Period is defined as all other hours.

Definitions of on-peak and off-peak periods are subject to change with change in Company's system operating characteristics.

(Continued)

Data Filed: June 1, 1999

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### STATE OF SOUTH DAKOTA **ELECTRIC RATE SCHEDULE**

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SD P.U.C. 12th Revised Cancelling 11th Revised Sheet No.

Section No. Sheet No.

Continued)

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### LONG-TERM POWER PURCHASE Rate 97 TIME DIFFERENTIATED

Monthly capacity payments will be made on the basis of actual avoidance of capacity during the months of January, June through September, and Minimiber. Such payments are to be based on the capacity cost of base load generation.

Monthly capacity payment = \$15.34 per Kw

Munthly capacity payments will be made based on a monthly 85 percent on-peak period capacity factor for the months of January, June through September, and December. The capacity factor is the quotient of the average monthly on-peak period metered capacity (Kw) delivered to the Company during a month, divided by the maximum monthly on-peak metered capacity (Kw) delivered to the Company during a month. All referenced metered capacity readings refer to one hour measured demands (Kw). The monthly capacity payment applicable for the months of January, June through September, and December will be made based on the following formula:

MCD = MCP DET KW X MCF K maximum monthly on-peak demand (Kw) .85

where: MCP = Monthly Capacity Payment

MCF = Monthly On-Peak Period Capacity Factor

### STRENGY SALES TO SMALL QUALIFYING PACILITY:

Service provided to such customers by the Company shall be billed at the appropriate rate, by class of customers (i.e., residential, general service, etc.) that is currently on file with the Commission.

### SEECIAL TERMS AND CONDITIONS:

- 1. The rates shall be reviewed annually, updated if necessary, and revised upon the Commission's approval.
- 2. The Company shall install appropriate metering facilities to record all flows of energy necessary to bill and pay in accordance with the charges and payments contained in this rate schedule.
- 3. The customer shall, with prior written consent of the Company. furnish, install and wire the necessary service entrance equipment, meter sockets, meter enclosure cabinets, or meter connection cabinets that may be required by the Company to properly meter usage and makes to the Company.

(Continued)

Date Filed: June 1, 1999 Effective Date: Bill's rendered on an after June 25, 1999

Docket No. EL99-011