

NG99-001


**MONTANA-DAKOTA
UTILITIES CO.**

A Division of MDU Resources Group, Inc.

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

RECEIVED

FEB 1 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

January 29, 1999

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

Re: Gas Extension Policy Rate 120
Incremental Expansion Surcharge
Docket No. NG99-_____

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits for Commission approval Section No. 5, 1st Revised Sheet Nos. 20-20.3 and Original Sheet No. 20.4 of Gas Extension Policy Rate 120 (Attachment A).

The revision to the Gas Extension Policy Rate 120 schedule is proposed in order to provide for the use of an Incremental Expansion Surcharge (Surcharge) for certain gas main extension projects. In some cases, the cost to provide natural gas service to an area of either new or existing homes discourages customers from participating thereby resulting in insufficient load to make the project a viable or practical investment for the Company or the potential new customers. The proposed Surcharge provides for a payment option that may make the required contribution more palatable to the new customers while still ensuring that existing customers are not subsidizing the extension required for serving the new customers. As with the other payment options available under the Gas Extension Policy, the proposed Surcharge mechanism will be offered as an option to the affected customers, if the group of customers do not agree to a surcharge, the gas extension will not be constructed.

The Surcharge proposed by the Company is comprised of the following components:

- The Surcharge option will be made available, at the Company's discretion, to participating customer groups consisting of 10 or more homes.
- The contribution requirement associated with the project will be determined in accordance with the approved Gas Extension Policy Rate 120.

- An up-front payment of \$100 will be collected from each customer participating in the project.
- A standard Surcharge of \$5.00 per month plus \$1.50 per dk will be added to the otherwise applicable rate schedule for projects where the contribution requirement is expected to be recovered within a 5-year period.
- For projects where the standard Surcharge will not provide for recovery of the contribution requirement within a 5-year period, a charge of \$5.00 per month plus a per dk charge designed to recover the contribution requirement will be added to the otherwise applicable rate schedule.
- In any event, the Surcharge will continue until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is recovered. The Surcharge will apply to the premise regardless if ownership changes prior to the time the Surcharge is removed.
- The net present value of the contribution requirement will be considered as a contribution in aid of construction and will not be refundable to customers.

This proposed mechanism will serve to provide customers desiring to use natural gas service another option for funding the investment that is uneconomical for the Company to make based on construction costs and the expected load to be served from the extension. Extensions that would not otherwise be made will also serve to benefit the existing firm customers by spreading the system fixed costs over additional sales volumes. As stated previously, the portion of the extension that will be recovered by the Surcharge will be treated as a contribution in aid of construction and will be not be recovered from the existing customers.

Included in Attachment A 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 clearly highlighting the new language proposed.

Included as Attachment B is the South Dakota "Report of Tariff Schedule Change" form required pursuant to ARSD 20:10:13:26. In addition, included as Attachment C is the "Data Requirements" in accordance with the Commission's Order No. F-3563 which discloses certain information for miscellaneous filings.

The Company will comply with ARSD 20:10:13:18 by posting the Notice shown in Attachment D in a conspicuous place in each business office in its affected gas service

territory in South Dakota for at least 30 days before the change becomes effective.

Please refer all inquires 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 inquires, correspondence and pleadings to:

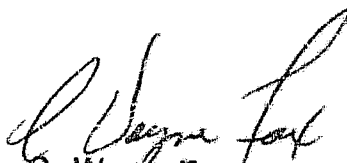
Mr. Tom K. Hopgood
Senior Attorney
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

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

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. Ball
T. Hopgood

FIRM GAS SERVICE EXTENSION POLICY Rate 120

The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide firm sales or firm transportation service to customers is as follows:

A. General Rules and Regulations Applicable to all Firm Service Extensions

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in paragraph A.3.
2. The Company may require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. 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 Investment=

Annual Customer Charge + (Project Estimated 3rd Year Annual Dk x Unit Margin)
Levelized Annual Revenue Requirement Factor

4. Cost of the extension shall include, if applicable, the gas main extension(s), valves, tap setting and associated equipment, barricade, service stub(s), any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), and other costs excluding the distribution meter and regulator.

The service stub is that portion of the gas service extending from the main to the private property line or easement boundary.

The service line is that portion of the gas service extending from the service stub to the connection at the house regulator and/or meter. Service lines are installed at customer's expense and are owned by and shall be maintained at customer's expense except for those customers served under General Services Rate 66.

For those customers served under General Services Rate 66, the service line will be treated in accordance with Rate 125.

5. Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer or the developer and Company.
6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

(Continued)

Date Filed: February 1, 1999

Effective Date:

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

(Continued)

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions

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

1. Contribution -

- a. When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with paragraph A.3.
- b. The contribution shall be made by:
 - i. 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 monthly 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, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, 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 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 surety or guarantor shall reimburse the Company for such recalculated contribution requirement, or
 - iv. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.
- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- d. If within the five-year period from the extension(s) in service date, the number of active customers and related volume exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment.

(Continued)

Date Filed: February 1, 1999

Effective Date: _____

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

(Continued)

FIRM GAS SERVICE EXTENSION POLICY Rate 120

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B. Customer Extensions (Cont.)

1. e. The recalculated contribution requirement shall be collected from the new applicant(s).
2. Refund -
 - a. The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guarantee requirements.
 - b. No refunds will be made until the new applicants begin taking service from the Company.
 - c. If the addition of new customers will increase the contribution required from existing customer(s), the extension will be considered a new extension and treated separately.
3. Incremental Expansion Surcharge -
 - a. The Company, in its sole discretion, may offer an Incremental Expansion Surcharge (Surcharge) to groups of customers requesting service totaling 10 or more when the total estimated cost would otherwise have been prohibitive under the Company's present rates and gas service extension policy. The contribution requirement to be collected under the Surcharge shall be the amount of the capital expenditure in excess of the Maximum Allowable Investment determined in accordance with 1A.3.
 - i. A minimum up-front payment of \$100.00 will be collected from each customer who signs an agreement to participate in the expansion.
 - ii. For projects that are expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus \$1.50 per dk.
 - iii. For projects that are not expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus a commodity charge designed to provide recovery of the contribution requirement.
 - b. The Surcharge shall remain in effect until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is collected.

Date Filed: February 1, 1999

Effective Date: _____

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

(Continued)

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions (Cont.)

3. c. The Surcharge shall apply to all customers connecting to natural 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.

C. Developer Extensions

Cost participation may be required for extensions such as a subdivision or mobile home court, in which a developer is installing roads, utilities, etc., before housing is built.

1. Contribution -

- a. 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.3.
- b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Developer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or a written guarantee 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 surety shall reimburse the Company for such recalculated contribution requirement, or
 - iii. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.
- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

(Continued)

Date Filed: February 1, 1999

Effective Date _____

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

(Continued)

FIRM GAS SERVICE EXTENSION POLICY Rate 120

C. Developer Extensions (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 recalculating 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 \$25. Developers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety 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 separately.

Date Filed: February 1, 1999

Effective Date

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

**TARIFFS REFLECTING
PROPOSED CHANGES**



FIRM GAS SERVICE EXTENSION POLICY Rate 120

The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide firm sales or firm transportation service to customers is as follows:

A. General Rules and Regulations Applicable to all Firm Service Extensions

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in paragraph A.3.
2. The Company may require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. 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 Investment=

$$\frac{\text{Annual Customer Charge} + (\text{Project Estimated 3rd Year Annual Dk} \times \text{Unit Margin})}{\text{Levelized Annual Revenue Requirement Factor}}$$

4. Cost of the extension shall include, if applicable, the gas main extension(s), valves, tap setting and associated equipment, barricade, service stub(s), any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), and other costs excluding the distribution meter and regulator.

The service stub is that portion of the gas service extending from the main to the private property line or easement boundary.

The service line is that portion of the gas service extending from the service stub to the connection at the house regulator and/or meter. Service lines are installed at customer's expense and are owned by and shall be maintained at customer's expense except for those customers served under General Services Rate 66.

For those customers served under General Services Rate 66, the service line will be treated in accordance with Rate 125.

5. Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer or the developer and Company.
6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

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Date Filed: _____ Effective Date: _____

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

(Continued)

FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions

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

1. Contribution -

- a. When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with paragraph A.3.
- b. The contribution shall be made by:
 - i. 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 monthly 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, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, 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 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 surety or guarantor shall reimburse the Company for such recalculated contribution requirement, or
 - iv. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.
- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- d. If within the five-year period from the extension(s) in service date, the number of active customers and related volume exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment.

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Date Filed: _____ Effective Date: _____

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

(Continued)

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions (Cont.)

1. e. The recalculated contribution requirement shall be collected from the new applicant(s).
2. Refund -
 - a. The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guarantee requirements.
 - b. No refunds will be made until the new applicants begin taking service from the Company.
 - c. If the addition of new customers will increase the contribution required from existing customer(s), the extension will be considered a new extension and treated separately.
3. Incremental Expansion Surcharge -
 - a. The Company, in its sole discretion, may offer an Incremental Expansion Surcharge (Surcharge) to groups of customers requesting service totaling 10 or more when the total estimated cost would otherwise have been prohibitive under the Company's present rates and gas service extension policy. The contribution requirement to be collected under the Surcharge shall be the amount of the capital expenditure in excess of the Maximum Allowable Investment determined in accordance with §A 3.
 - i. A minimum up front payment of \$100.00 will be collected from each customer who signs an agreement to participate in the expansion.
 - ii. For projects that are expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus \$1.50 per dk.
 - iii. For projects that are not expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus a commodity charge designed to provide recovery of the contribution requirement.
 - b. The Surcharge shall remain in effect until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is collected.

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Date Filed: _____ Effective Date: _____

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

(Continued)

FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions (Cont.)

- b. c. The Surcharge shall apply to all customers connecting to natural 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.

C. Developer Extensions

Cost participation may be required for extensions such as a subdivision or mobile home court, in which a developer is installing roads, utilities, etc., before housing is built.

1. Contribution -

- a. 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.3.
- b. The contribution shall be made by:

i. A one-time payment prior to construction, or

ii. Developer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or a written guarantee 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 surety shall reimburse the Company for such recalculated contribution requirement, or

iii. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.

- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

(Continued)

Date Filed: _____

Effective Date: _____

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

(Continued)

FIRM GAS SERVICE EXTENSION POLICY Rate 120

C. Developer Extensions (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 recalculating 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 \$25. Developers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety 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 separately.

Date Filed: _____

Effective Date: _____

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

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.
5	Firm Gas Service Extension Policy Rate 120	1st Revised 20-20.3
5	Firm Gas Service Extension Policy Rate 120	Original 20.4

Change: Expansion Surcharge provision added to Firm Gas Service Extension Policy
 (State part of tariff schedule affected by change, such as: Applicability, availability, rates, etc.)

Reason for Change: Additional option provided to customers where gas extension is required

Present rates n/a
 Proposed Rates n/a
 Approximate annual reduction in revenue n/a
 Approximate annual increase in revenue n/a

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 \$
All					40,240	

Received: _____

By: _____
 Executive Director
 South Dakota
 Public Utilities Commission

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

DATA REQUIREMENTS
PURSUANT TO DOCKET NO. F-3563

1. **Background**

The currently effective Firm Gas Service Extension Policy Rate 120 was approved by the Commission on January 19, 1994.

2. **Explanation**

A. Changes to the Firm Gas Service Extension Policy Rate 120 are proposed in order to provide for the use of an Incremental Expansion Surcharge (Surcharge) for certain gas main extension projects. The proposed Surcharge provides for a payment option that may make the required contribution more palatable to the new customers while still ensuring that existing customers are not subsidizing the extension required for serving the new customers.

B. The proposed tariff sheets are:

Section No. 5, 1st Revised Sheet Nos. 20-20.3

Section No. 5, Original Sheet No. 20.4

Firm Gas Service Extension Policy Rate 120

C. The proposed rate changes provides an additional payment option for customers requiring a gas service extension.

D. The affected tariffs are applicable to all areas served by Montana-Dakota Utilities Co. in South Dakota.

E. There are no additional special conditions, limitations, qualifications or restrictions upon the proposed tariffs.

3. **Financial Impact**

Not determinable.

4. **Precedential Effect**

None.

**On February 1, 1999 Montana-Dakota Utilities Co.,
a Division of MDU Resources Group, Inc., filed
with the South Dakota Public Utilities Commission
revised Rate 120, which affects Montana-Dakota
Utilities Co.'s firm natural gas service extensions in
South Dakota. The revised rate and South Dakota
rules and regulations are available in this office for
inspection. Please inquire at the cashier's desk.**

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of January 28, 1999 through February 3, 1999

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

W-99-001 In the Matter of the Filing by Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. for Approval of Gas Extension Policy Rate 120.

Montana-Dakota Utilities is proposing to revise the Gas Extension Policy Rate 120 schedule in order to provide for the use of an Incremental Expansion Surcharge (Surcharge) for certain gas main extension projects. The proposed Surcharge provides for a payment option that may make the required contribution more palatable to the new customers while still ensuring that existing customers are not subsidizing the extension required for serving the new customers.

Staff Attorney: Karen Cremer

Staff Analyst: Keith Senger

Date Filed: 02/1/99

Intervention Deadline: 02/19/99

TELECOMMUNICATIONS

TC99-011 In the Matter of the Application of CenturyTel Long Distance, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

CenturyTel Long Distance, Inc. (CenturyTel) is a switchless reseller of interexchange telecommunications services. CenturyTel will offer outbound presubscribed and casual calling service, toll free inbound service and travel card service.

Staff Attorney: Karen Cremer

Staff Analyst: Michele Farris

Date Filed: 01/29/99

Intervention Deadline: 02/19/99

TC99-012 In the Matter of the Application of Atlantic Telephone Company, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota

Atlantic Telephone Company, Inc. (Atlantic) is a reseller which intends to

offer 1+ and 101XXXX direct outbound dialing, 800/888 toll-free inbound dialing, and travel card service on a statewide basis. Atlantic intends to market its services primarily to small to mid-sized businesses and residential customers.

Staff Attorney: Camron Hoseck

Staff Analyst: Harlan Best

Date Filed: 02/02/99

Intervention Deadline: 02/19/99

TC99-013 In the Matter of the Application of TRI-M Communications, Inc. dba TMC Communications for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

TRI-M Communications, Inc. dba TMC Communications (TMC) proposes to provide intrastate long distance telecommunications service, including debit cards, over resold transmission facilities. TMC will also provide South Dakota customers with service to foreign countries.

Staff Attorney: Camron Hoseck

Staff Analyst: Michele Farris

Date Filed: 02/3/99

Intervention Deadline: 02/19/99

You may receive this listing and other PUC publications via our website or via internet e-mail.
You may subscribe to the PUC mailing list at <http://www.state.sd.us/puc/>

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY) ORDER APPROVING GAS
MONTANA-DAKOTA UTILITIES CO., A) EXTENSION POLICY RATE
DIVISION OF MDU RESOURCES GROUP, INC.) 120
FOR APPROVAL OF GAS EXTENSION)
POLICY RATE 120) NG99-001

On February 1, 1999, the Public Utilities Commission (Commission) received an application from Montana-Dakota Utilities Company (MDU) for approval of Section No. 5, 1st Revised Sheet Nos. 20-20.3 and Original Sheet No. 20.4 of Gas Extension Policy Rate 120. According to the filing, "The revision to the Gas Extension Policy Rate 120 schedule is proposed in order to provide for the use of an Incremental Expansion Surcharge (Surcharge) for certain gas main extension projects."

On June 22, 1999, at its regularly scheduled meeting, Commission Staff reported that it had reviewed MDU's filing and recommended approval of the above referenced tariffs. Commission Staff also recommended that MDU file a report listing terms and conditions with Staff anytime that this tariff is applied. 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 shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED that the revised tariffs Section No. 5, 1st Revised Sheet Nos. 20-20.3 and Original Sheet No. 20.4 of Gas Extension Policy Rate 120, are hereby approved and are effective for service rendered on and after the date of this order.

Dated at Pierre, South Dakota, this 25th day of June, 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 envelopes, with charges prepaid thereon.	
By:	<u><i>Dulaine Kalbs</i></u>
Date:	<u>6/25/99</u>
(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.

327 North Fourth Street
Bismarck, ND 58501
(701) 221-7900

August 9, 1999

RECEIVED

AUG 11 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

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

Re: Tariffs Reflecting Effective Dates
Docket Nos.:
NG98-012
EL99-011
~~NG99-001~~

Dear Mr. Bullard:

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

- Docket No. NG98-012: Section No. 3, 2nd Revised Sheet Nos. 5-5.1 effective May 5, 1999.
- Docket No. NG99-001: Section 5, 1st Revised Sheet Nos. 20-20.3 and Original Sheet No. 20.4 effective June 25, 1999.
- Docket No. EL99-011: Section No. 3, 16th Revised Sheet Nos. 28-29; 10th Revised Sheet No. 29.1; 16th Revised Sheet No. 30 and 12th Revised Sheet No. 30.1 effective June 25, 1999.

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,

Jamie A. Aberle

Tamie A. Aberle
Pricing and Tariff Manager

Attachments

ELLSWORTH AIR FORCE BASE Rate 64

AVAILABILITY:

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

RATE:

Base Rate Per Meter: \$95.00 per month

Interruptible Sales

Commodity Charge: \$1.867 per dk

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, §V.11, or any amendments or alterations thereto.

COST OF PURCHASED GAS ADJUSTMENT:

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

GAS DELIVERY MANAGEMENT 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 dk is a negotiable fee subject to approval by the South Dakota Public Utilities Commission.

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 shall have the right to interrupt deliveries to customers under this schedule without being required to give previous notice of intention to so

Date Filed: April 13, 1999

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NG98-012

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

(Continued)

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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, \$V.10.

2. 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 customer'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.
3. CONTRACT - Terms of service other than the rate shall be as specified in contracts between EAFB and the Company.
4. RULES - The foregoing schedule is subject to Rates 100 through 134 and any amendments or alterations thereto or additional rules and regulations promulgated by the Company under the laws of the state.

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NG98-012

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Regulatory Affairs & General Services



FIRM GAS SERVICE EXTENSION POLICY Rate 120

The policy of Montana-Dakota Utilities Co. for gas extensions necessary to provide firm sales or firm transportation service to customers is as follows:

A. General Rules and Regulations Applicable to all Firm Service Extensions

1. An extension will be constructed without a contribution if the estimated capital expenditure is cost justified as defined in paragraph A.3.
2. The Company may require customer or developer cost participation if the estimated capital expenditure is not cost justified.
3. 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 Investment=

$$\frac{\text{Annual Customer Charge} + (\text{Project Estimated 3rd Year Annual Dk} \times \text{Unit Margin})}{\text{Levelized Annual Revenue Requirement Factor}}$$

4. Cost of the extension shall include, if applicable, the gas main extension(s), valves, tap setting and associated equipment, barricade, service stub(s), any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), and other costs excluding the distribution meter and regulator.

The service stub is that portion of the gas service extending from the main to the private property line or easement boundary.

The service line is that portion of the gas service extending from the service stub to the connection at the house regulator and/or meter. Service lines are installed at customer's expense and are owned by and shall be maintained at customer's expense except for those customers served under General Services Rate 66.

For those customers served under General Services Rate 66, the service line will be treated in accordance with Rate 125.

5. Where cost participation is required, such extension is subject to execution of the Company's standard agreement for extensions by the customer or the developer and Company.
6. A refund will be made only when there is a reduction in the amount of contribution required within a five-year period from the extension(s) in service date. Interest will be calculated annually by the Company on any refund amounts and shall be equal to the average commercial paper interest rate (A1/P1), not to exceed 12 percent per annum.

No refund shall be made by Company after the five-year refund period and in no case shall the refund excluding interest, exceed the amount of the contribution.

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Regulatory Affairs & General Services

FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions

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

1. Contribution -

- a. When a contribution is required, the customer(s) shall pay the Company the portion of the capital expenditure not cost justified as determined in accordance with paragraph A.3.
- b. The contribution shall be made by:
 - i. 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 monthly 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, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, 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 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 surety or guarantor shall reimburse the Company for such recalculated contribution requirement, or
 - iv. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.
- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.
- d. If within the five-year period from the extension(s) in service date, the number of active customers and related volume exceeds the third-year projections, the Company shall recompute the contribution requirement by recalculating the maximum allowable investment.

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions (Cont.)

1. e. The recalculated contribution requirement shall be collected from the new applicant(s).
2. Refund -
 - a. The Company will refund to the original contributor(s) the amount required to reduce their contribution to the recalculated contribution requirement. No refunds will be made for amounts less than \$25. Customers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety or guarantee requirements.
 - b. No refunds will be made until the new applicants begin taking service from the Company.
 - c. If the addition of new customers will increase the contribution required from existing customer(s), the extension will be considered a new extension and treated separately.
3. Incremental Expansion Surcharge -
 - a. The Company, in its sole discretion, may offer an Incremental Expansion Surcharge (Surcharge) to groups of customers requesting service totaling 10 or more when the total estimated cost would otherwise have been prohibitive under the Company's present rates and gas service extension policy. The contribution requirement to be collected under the Surcharge shall be the amount of the capital expenditure in excess of the Maximum Allowable Investment determined in accordance with §A.1.
 - i. A minimum up-front payment of \$100.00 will be collected from each customer who signs an agreement to participate in the expansion.
 - ii. For projects that are expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus \$1.50 per dk.
 - iii. For projects that are not expected to be recovered within a 5-year period, the Surcharge shall be set at a fixed monthly charge of \$5.00 per month plus a commodity charge designed to provide recovery of the contribution requirement.
 - b. The Surcharge shall remain in effect until the net present value of the contribution requirement, calculated using a discount rate equal to the overall rate of return authorized in the last rate case, is collected.

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

B. Customer Extensions (Cont.)

3. c. The Surcharge shall apply to all customers connecting to natural 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.

C. Developer Extensions

Cost participation may be required for extensions such as a subdivision or mobile home court, in which a developer is installing roads, utilities, etc., before housing is built.

1. Contribution -

- a. 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.3
- b. The contribution shall be made by:
 - i. A one-time payment prior to construction, or
 - ii. Developer may post a bond, irrevocable letter of credit, or a written guarantee commitment in the amount of the required contribution prior to construction. Such bond, issued by a bonding company authorized to do business in the state, letter of credit, or a written guarantee 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 surety shall reimburse the Company for such recalculated contribution requirement, or
 - iii. Customer, upon approval by Company, may finance the amount of the required contribution subject to the following conditions: 1) maximum contribution to be financed shall be determined by the Company at its sole discretion, 2) maximum term shall be five years, 3) interest will be charged at the Company's incremental weighted cost of capital.
- c. Upon completion of construction, the contribution amount will be adjusted to reflect actual costs, and an additional charge may be levied or a refund may be made.

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FIRM GAS SERVICE EXTENSION POLICY Rate 120

C. Developer Extensions (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 recalculating 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 \$25. Developers who have posted a bond, letter of credit, or written guarantee commitment will be notified of any reduction in surety 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 separately.

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OCCASIONAL POWER PURCHASE Rate 95
NON-TIME DIFFERENTIATED

AVAILABILITY:

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.

RATE:

Metering charge for single phase service \$1.95 per month
Metering charge for three phase service \$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 sales to the Company.

(Continued)

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Issued By: G. Wayne Fox, Vice President
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SHORT-TERM POWER PURCHASE Rate 96
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) facilities for the purpose of generating short-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 10 CFR, Part 292.

RATE:

Metering charge for single phase service \$ 6.10 per month
Metering charge for three phase service \$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

ON-PEAK

1.812¢ per Kwh

OFF-PEAK

1.167¢ per Kwh

Summer Peak Periods: The On-Peak Period 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 Off-Peak Period is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAK

1.945¢ per Kwh

OFF-PEAK

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 zones, and between 7 a.m. and 9 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)

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Regulatory Affairs & General Services



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SHORT-TERM POWER PURCHASE Rate 95
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 combustion 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 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:

$$MCP = \frac{MCP \text{ per Kw} \times MCF}{.85} \times \text{maximum monthly on-peak demand (Kw)}$$

where: MCP = Monthly Capacity Payment
 MCF = Monthly On-Peak Period Capacity Factor

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.

(Continued)

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 Regulatory Affairs & General Services

LONG-TERM POWER PURCHASE Rate 97
TIME DIFFERENTIATED

AVAILABILITY:

To any qualifying cogeneration and small power production (COG/SPP) 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 15 CFR, Part 292.

RATE:

Metering charge for single phase service \$ 6.10 per month
Metering charge for three phase service \$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

ON-PEAK

1.812¢ per Kwh

OFF-PEAK

1.167¢ per Kwh

Summer Peak Periods: The On-Peak Period 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 Off-Peak Period is defined as all other hours.

WINTER - October 1 through March 31

ON-PEAK

1.946¢ per Kwh

OFF-PEAK

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 zones, and between 7 a.m. and 9 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.

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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 December. Such payments are to be based on the capacity cost of base load generation.

Monthly capacity payment = \$15.34 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 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:

$$MCP = \frac{MCP \text{ per Kw} \times MCF}{.85} \times \text{X maximum monthly on-peak demand (Kw)}$$

where: MCP = Monthly Capacity Payment
 MCF = Monthly On-Peak Period Capacity Factor

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 sales to the Company.

(Continued)

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