

NGUS-005

RC/D4

NG 03-005

DOCKET NO. _____

In the Matter of IN THE MATTER OF THE FILING BY
 MONTANA-DAKOTA UTILITIES CO., A
 DIVISION OF MDU RESOURCES
 GROUP, INC. FOR APPROVAL OF AN
 EXTENSION OF A CONTRACT WITH
 DEVIATION WITH MERILLAT
 CORPORATION

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
10/7 03	Filed and Docketed;
10/9 03	Weekly Filings;
10/28 03	Order Approving Contract with Deviators;
10/28 03	Docket Closed.
12/24 03	Revised Tariff Page



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

October 6, 2003

Ms. Pamela Bonrud
Executive Director
South Dakota Public Utilities
Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501

RECEIVED

OCT 07 2003

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: Contract with Deviation
Merillat Corporation
Docket No. NG03-___

Dear Ms. Bonrud:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits for Commission approval Section No. 4, 10th Revised Sheet No. 1 (Exhibit A) and the underlying Agreement between Montana-Dakota and Merillat Corporation (Merillat) executed on October 2, 2003. The existing agreement with Merillat effective on May 1, 1998 pursuant to the South Dakota Public Utilities Commission's Order issued on July 24, 1998 (Docket No. NG98-002) will expire on October 31, 2003. The attached agreement provides for service to continue to Merillat for a one-year term ending October 31, 2004 under the terms described below.

The attached Agreement (Exhibit B) provides for the sale of a maximum daily delivery quantity of 2,800 dk of firm natural gas to Merillat at a charge comprised of the following rate components:

- Transmission pipeline charges based on Commission authorized pipeline related charges authorized in the 100% load factor rate applicable under the Purchased Gas Cost Adjustment Rate 88.
- A distribution charge of 34.8¢ per dk and a monthly base rate of \$150.00 per month as applicable under the existing agreement. There are no changes in the distribution rate components from those currently authorized in Docket No. NG98-002.
- This contract continues to provide Merillat with two pricing options for the purchase of its gas commodity supply requirements. Those two options are 1) The company will provide customer with a fixed price quotation for all or a portion of its requirements up to 2,800 mcf per day and/or 2) the gas

commodity charge will be the price per dk applicable for system supply under the Company's Purchased Gas Cost Adjustment Rate 88.

- Any deliveries above 2,800 mcf/d will be provided as interruptible service under the authorized Large Interruptible General Gas Service Rate 85.

Merillat is a large volume, high load factor customer, and it is in the best interest of the other customers for Montana-Dakota to enter into another agreement which will satisfy Merillat's request for firm sales gas service at a competitive price that allows Montana-Dakota to continue to provide natural gas service to this facility.

The existing firm customers will continue to benefit under this renegotiated contract through Merillat's contribution toward transmission pipeline demand costs and distribution cost recovery, which would not exist if Merillat were to utilize an alternate fuel.

In accordance with ARSD 20:10:13:30, Montana-Dakota hereby requests that this request be approved by November 1, 2003.

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 ARSD 20:10:13:17.

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

Included herein is a second set of the affected tariffs on which Montana-Dakota has indicated the revisions requested by lining through the existing language which the Company proposes to delete and highlighting the new language proposed. As part of this filing, Montana-Dakota has also eliminated the reference to the Ipswich Public School contract, which expired in 2001, from the List of Gas Contracts with Deviations tariff sheet.

Please refer all inquires regarding this filing to:

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

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

Mr. Douglas W. Schulz
Senior Attorney & Assistant Secretary
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

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,



Donald R. Ball
Assistant Vice President-
Regulatory Affairs

Attachments

cc: D. Schulz

EXHIBIT A

LIST OF GAS CONTRACTS WITH DEVIATIONS

<u>Name and Location Of Customer</u>	<u>Type or Class of Service</u>	<u>Execution And Expiration Dates</u>	<u>Most Comparable Regular Tariff Schedule No.</u>	<u>Contract Differences</u>
Morris, Inc.	Firm Commercial	05-10-01 To 11-16-11	Rate 66	Rate
Merillat Corporation	Firm Commercial	11-01-03 To 10-31-04	Rate 70	Rate

Date Filed: October 7, 2003 **Effective Date:** _____

Issued By: Donald R. Ball, Assistant Vice President – Regulatory Affairs

Docket No.: _____

LIST OF GAS CONTRACTS WITH DEVIATIONS

<u>Name and Location Of Customer</u>	<u>Type or Class of Service</u>	<u>Execution And Expiration Dates</u>	<u>Most Comparable Regular Tariff</u>	
			<u>Schedule No.</u>	<u>Contract Differences</u>
Morris, Inc.	Firm Commercial	05-10-01 To 11-16-11	Rate 66	Rate
Ipswich Public School	Firm Commercial	07-15-96 To 07-14-01	Rate 66	Rate/ Minimum Bill
Merillat Corporation	Firm Commercial	05-01-98 11-01-03 To 10-31-03 <u>04</u>	Rate 70	Rate

Date Filed: _____ Effective Date: _____

Issued By: _____

Docket No.: _____

EXHIBIT B

FIRM GAS SERVICE AGREEMENT

THIS AGREEMENT, made this 2 day of October, 2003, is by and between MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., a Delaware corporation, hereinafter called "Company", and Merillat Corporation located at Rapid City, South Dakota, hereinafter called "Customer".

WHEREAS, Customer is presently a firm service customer of Company and Company currently has sufficient capacity available to provide such service; and

WHEREAS, Company and Customer desire to enter into a new agreement which will satisfy Customer's request for firm gas service;

NOW, THEREFORE, Company and Customer, each in consideration of the terms and conditions of this Agreement, agree as follows:

1. Delivery Quantities: Customer requests and Company agrees to provide Customer firm natural gas service with a maximum daily delivery quantity (MDDQ) of 2,800 decatherms (dk). In no event is Company obligated to provide more than 2,800 dk of firm gas on any day. Should, however, Customer require volumes in excess of this maximum, and provided Company determines such volumes to be available, all volumes purchased by Customer in excess of 2,800 dk per day will be provided on an interruptible basis and pursuant to the "Maximum Rate per dk" under Montana-Dakota's authorized Large Interruptible General Gas Service (Rate 85). The terms and conditions of Rate 85 will be in effect for all volumes sold to Customer in excess of 2,800 dk per day.
2. Term: Deliveries and charges hereunder shall commence on November 1, 2003 and expire on October 31, 2004, unless amended by the Parties in writing.
3. Pipeline Charges: Customer agrees to pay Company the Commission authorized pipeline related charges as set forth in the Company's Purchased Gas Cost Adjustment Rate 88 as restated to reflect an allocation of demand charges at a 100% load factor equivalent basis.
4. Distribution Charges: Customer agrees to pay Company a base rate of \$150.00 per month and a distribution commodity charge of \$0.348 per dk for firm natural gas service hereunder.
5. Firm Gas Commodity Charges: To the extent possible, Company agrees to provide Customer with fixed price quotations for firm gas commodity supply at mutually agreeable times for each contract

year or other agreed upon period. It is understood that the fixed price quotations will be subject to prevailing market conditions which are largely beyond the control of Company. Customer shall have the option of accepting the proposed fixed price for the agreed upon natural gas commodity by notifying Company of their intent to do so within fifteen (15) minutes of receiving a quotation. If Customer chooses not to accept the proposed fixed price, or to accept the fixed price for only a portion of the total gas requirements, Customer shall pay the commodity price per dk for natural gas adjusted for distribution losses, as established in the monthly Purchased Gas Cost Adjustment Rate 88 for all firm volumes not covered by the fixed price option. Customer agrees to pay Company monthly for the actual quantity of natural gas delivered, regardless of the firm gas commodity pricing option selected. The Unrecovered Purchased Gas Cost Adjustment procedures and Surcharge Adjustment prescribed in the Purchased Gas Cost Adjustment Rate 88 will apply to either gas commodity pricing option.

6. Daily Nominations: Company shall perform all nominations for deliveries hereunder; provided, however, that Customer and Company shall consult on a periodic basis regarding natural gas service requirements and Customer shall provide timely notice to Company of potential non-weather related gas requirement changes that may appreciably affect daily or monthly natural gas usage levels.
7. Penalties: In the event Customer uses natural gas in excess of the MDDQ set forth in Paragraph 1, the penalty for failure to curtail or interrupt provision set forth in the currently effective Rate 85 rate schedule shall apply. Company, in its discretion, may physically restrict Customer's supply of natural gas to the MDDQ set forth in Paragraph 1 in the event Customer fails to curtail or interrupt use of natural gas in excess of this MDDQ.
8. Taxes: In addition to the rates specified above, Company shall collect from Customer and Customer agrees to pay Company the sales, use, excise, or other such taxes and city fees that are legally effective and applicable to the service provided hereunder.
9. Delivery Point: Delivery of natural gas under this Agreement shall be at Company's meter and regulation facilities located on Customer's property at 4300 S. Highway 79, Rapid City, SD 57709.
10. Metering and Measurement: Company will meter the quantity of natural gas delivered to Customer at the delivery point set forth in Paragraph 9. Such meter measurement will be conclusive upon both parties unless such meter is found to be inaccurate by more than two percent, in which case the quantity supplied Customer shall be determined between Company and Customer by calculations

taking into consideration the time of year, the schedule of Customer's operations and other pertinent facts. Company will test meters in accordance with applicable state utility rules and regulations. Customer shall maintain and pay for necessary electric power and telephone service required for Company's electronic measurement equipment.

11. Terms & Conditions of Service Payment: Service under this Agreement is subject to the terms and conditions of service set forth in General Provisions of Rate 100 or any amendments thereto.
12. Assignment: Customer agrees it will not assign this Agreement except upon written consent of Company.
13. Government Regulation: The terms of this Agreement are subject to approval by the South Dakota Public Utilities Commission and to all valid laws, orders, rules and regulations of any and all other duly constituted authorities having jurisdiction over the subject matter herein. Company reserves the right to make unilateral rate filings for rate changes or new rates with the South Dakota Public Utilities Commission.
14. Entire Agreement: This is the entire Agreement between the parties hereto and may be amended only by written agreement, properly executed by both parties.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date and year above written.

CUSTOMER

COMPANY

MERILLAT CORPORATION

MONTANA-DAKOTA UTILITIES CO.
A Division of MDU Resources Group, Inc.

By: Richard E. Krull
Richard E. Krull
Plant Manager
Rapid City Plant

By: David L. Goodin
David L. Goodin
Vice President of Operations

Witness: Wayne Bunge
* WAYNE BUNGE
Title: PLANT ENGINEER

*Please type or print the names below the signature lines.

Report of Tariff Schedule Change

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

Section No.	Class of Service	New Sheet No.
4	Contracts with Deviations	10th Revised Sheet No. 1

Change: New Service Agreement
 (State part of tariff schedule affected by change, such as: Applicability, availability, rates, etc.)

Reason for Change Existing contract expires 10/31/03

Present Rates
 Proposed Rates
 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 \$
1	N/A	N/A	N/A	N/A	N/A	N/A

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

Received: _____

Montana-Dakota Utilities Co.
 (Reporting Utility)

By: _____
 Executive Director
 South Dakota
 Public Utilities Commission

By: Donald R. Ball
 Ass't Vice President- Regulatory Affairs
 (Name and Title)

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of October 2, 2003 through October 8, 2003

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 report. Phone: 605-773-3201

CONSUMER COMPLAINTS

CT03-153 **In the Matter of the Complaint filed by Myrt Liebig, Aberdeen, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.**

Complainant states that she purchased a ten year pre-paid long distance service plan. Service was terminated after only four years of service. Complainant seeks to be reimbursed for one half of the original purchase price of the contract.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 10/02/03
Intervention deadline: N/A

ELECTRIC

EL03-027 **In the Matter of the Filing by Xcel Energy for Approval of its 2002 Economic Development Annual Report and 2003 Economic Development Plan.**

On October 6, 2003, the Commission received a filing from Xcel Energy in accordance with Docket EL91-004 requesting: (1) approval of its 2002 economic development report; and (2) approval of its 2003 economic development budget.

Staff Analyst: Steve Wegman
Staff Attorney: Kelly Frazier
Date Docketed: 10/06/03
Intervention Deadline: 10/24/03

NATURAL GAS

NG03-005 **In the Matter of the Filing by Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. for Approval of an Extension of a Contract with Deviation with Merillat Corporation.**

Application of Montana-Dakota Utilities Co. for approval of a contract with Deviations with Merillat Corporation. Merillat Corporation is currently served pursuant to a Contract with Deviations approved by the Commission in Docket NG98-002 which will expire on October 31, 2003. The new contract provides for service to continue to Merillat until October 31, 2004. Tariff revisions reflecting the new contract are included in the filing. Approval with less than 30 days notice was requested by Montana-Dakota.

Staff Analyst: Dave Jacobson

Staff Attorney: Karen Cremer
Date Docketed: 10/07/03
Intervention Deadline: 10/15/03

TELECOMMUNICATIONS

TC03-184 In the Matter of the Filing by Qwest Corporation for Approval of its Statement of Generally Available Terms and Conditions.

On October 1, 2003, Qwest Corporation filed an Updated Exhibit B to the Statement of Generally Available Terms and Conditions (SGAT). Qwest modified Exhibit B to include revised Performance Indicator Definition (PID) OP-5, New Service Quality. The modified PID was unanimously adopted by the Long Term PID Administration (LTPA) participants on August 6, 2003. Qwest requests that the Commission either approve the amended Exhibit B effective November 1, 2003, as agreed by the LTPA, or otherwise allow it to go into effect in accordance with 47 U.S.C. Section 252(f)(3). Qwest further requests that the Commission deem this revised Exhibit B to modify the SGAT and existing interconnection agreements that currently contain the PIDs as an exhibit. On October 3, 2003, Qwest Corporation filed an errata to the above filing. In its filing, due to a computer error, Qwest inadvertently left out three (3) pages of the OP-5 PID. With this filing, Qwest is providing the OP-5 PID in its entirety. Additionally, with this filing, Qwest is modifying the existing OP-3 PID, Installation Commitments Met, to reflect that there is no longer a different standard for the line-sharing measurement in Colorado.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer
Date Docketed: 10/06/03
Intervention Deadline: 10/24/03

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

IN THE MATTER OF THE FILING BY)	ORDER APPROVING
MONTANA-DAKOTA UTILITIES CO., A)	CONTRACT WITH
DIVISION OF MDU RESOURCES GROUP, INC.)	DEVIATIONS
FOR APPROVAL OF AN EXTENSION OF A)	
CONTRACT WITH DEVIATIONS WITH)	NG03-005
MERILLAT CORPORATION)	

On October 7, 2003, the Public Utilities Commission (Commission) received a filing by Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDU), requesting approval of its 10th Revised Sheet No. 1, Section No. 4, of MDU's State of South Dakota Gas Rate Schedule, covering Contracts with Deviations and the underlying contract with Merillat Corporation (Merillat) of Rapid City, South Dakota. The proposed contract would be effective November 1, 2003 through October 31, 2004.

MDU stated that Merillat is a large volume, high load factor customer, and it is in the best interest of the other customers for MDU to enter into another agreement which will satisfy Merillat's request for firm sales gas service at a competitive price that allows MDU to continue to provide natural gas service to this facility.

The existing firm customers will continue to benefit under this renegotiated contract through Merillat's contribution toward transmission pipeline demand costs and distribution cost recovery, which would not exist if Merillat were to utilize an alternate fuel.

In accordance with ARSD 20:10:13:30, MDU hereby requests that this request be approved by November 1, 2003.

MDU 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 ARSD 20:10:13:17.

On October 16, 2003,, at a regularly scheduled meeting, the Commission considered the request for approval of the Contract with Deviations.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A, specifically, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-11. Further, the Commission finds that MDU's request for approval of a Contract with Deviations is just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED, that as of the date of this order the request seeking approval of a Contract with Deviations is in the public interest and is hereby granted; and it is further

ORDERED, that a waiver of the notice requirements of ARSD 20:10:13:15 and 20:10:13:17 shall be granted; and it is further

ORDERED, that the above-mentioned tariff is approved and is effective for service rendered on and after the date of this order.

Dated at Pierre, South Dakota, this 28th day of October, 2003.

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: Melaine Kalls

Date: 10/29/03

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

RECEIVED

DEC 24 2003

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

December 23, 2003

Ms. Pam Bonrud
South Dakota Public Utilities
Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501

Re: Contract with Deviation
Docket No. NG03-005

Dear Ms. Bonrud:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits Section 4 - 1st Revised Sheet No. 1, reflecting an effective date of service rendered on and after October 28, 2003 pursuant to the Commission's Order dated October 28, 2003 approving the Merillat contract.

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,

Tamie A. Aberle
Pricing & Tariff Manager

Attachment



Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.
 400 N 4th Street
 Bismarck, ND 58501

**State of South Dakota
 Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 4
 1st Revised Sheet No. 1
 Canceling Original Sheet No. 1

LIST OF GAS CONTRACTS WITH DEVIATIONS

Page 1 of 1

<u>Name and Location of Customer</u>	<u>Type or Class of Service</u>	<u>Execution and Expiration Dates</u>	<u>Most Comparable Regular Tariff</u>	
			<u>Schedule No.</u>	<u>Contract Differences</u>
Morris, Inc.	Firm Commercial	05-10-01 To 11-16-11	Rate 66	Rate
Merillat Corporation	Firm Commercial	11-01-03 To 10-31-04	Rate 70	Rate

Date Filed:	December 26, 2003	Effective Date:	Service Rendered on and after October 28, 2003
Issued By:	Donald R. Ball Asst. Vice President-Regulatory Affairs		
Docket No.:	NG03-005		