

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

<b>IN THE MATTER OF THE APPLICATION OF )</b>	<b>ORDER APPROVING TARIFF</b>
<b>MONTANA-DAKOTA UTILITIES CO. FOR )</b>	<b>REVISIONS</b>
<b>APPROVAL OF REVISIONS TO ELLSWORTH )</b>	
<b>AIR FORCE BASE RATE 64. )</b>	<b>NG98-012</b>

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 5¢ 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. On March 11, 1999, at a duly noticed ad hoc meeting, the Commission found that MDU's service provided to Ellsworth Air Force Base was a sales service, and therefore all charges assessed to Ellsworth 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. Commission Staff is to review MDU'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. MDU resubmitted the Ellsworth 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 shall 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 5<sup>th</sup> day of May, 1999.

<b>CERTIFICATE OF SERVICE</b>
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>Melanie Kalbo</u>
Date: <u>5/6/99</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