

NG97-019

OW/HR/SW
Ch. 2 mem. subject

NG97-019

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 A
CONTRACT WITH DEVIATION WITH
MERRILLAT CORPORATION

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
11/1/97	<i>Filed and docketed;</i>
11/2/97	<i>Substitute 7th Revised Mat No. 1;</i>
12/22/97	<i>Order Approving Contract with Revision;</i>
12/1/97	<i>Docket Closed</i>

NG97-019

 **MONTANA-DAKOTA**

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58507
(701) 222-7900

RECEIVED

NOV 04 1997

November 3, 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

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

Re: Contract with Deviation
Docket No. NG97-___

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits for Commission approval Section No. 4, 7th Revised Sheet No. 1 (Exhibit A) and the underlying Agreement between Montana-Dakota and Merillat Corporation (Merillat) in accordance with ARSD 20 10 13 09 which requires that a utility rendering service to a customer under a contract with deviation maintain an up-to-date summary list of all such contracts in its tariff schedules. Montana-Dakota has entered into an Agreement with Merillat for delivery of firm natural gas service to Merillat's facility located at Rapid City, South Dakota at a rate that deviates from the currently authorized Rate 70 applicable to firm natural gas service provided by Montana-Dakota in the South Dakota Natural Gas System, exclusive of the East River System. Merillat previously utilized interruptible transportation service on Montana-Dakota's distribution system but due to changes in plant operations now requires firm service.

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 rate comprised of the following rate components. The fixed monthly charge to Merillat will be based on the FERC approved rates on Williston Basin Interstate Pipeline Company's (WBI) System for the quantities requested by Merillat under Firm Transportation Rate (FT-1), No-Notice Service (FTN-1) and Firm Storage Service Rate (FS-1) and a distribution base rate of \$150.00 per month. The commodity related charges, based on actual deliveries, include the WBI

commodity related transportation charges under rate schedule FT-1, a distribution charge of 45.8¢ per dk and the gas commodity itself. The contract provides 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 to be effective for a one-year period or 2) if customer chooses not to accept the proposed fixed price, the gas commodity charge will be the price per dk as reported in the first issue of the month of delivery of Inside FERC's Gas Market Report in the table titled "Prices of spot gas delivered to Pipeline", - under the heading - "Index for Colorado Interstate Gas Co - Rocky Mountains" plus distribution fuel requirements of 1.12%.

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 an agreement which will satisfy Merillat's request for firm sales gas service at a competitive price. The effective rate under this contract has been designed to reflect Merillat's load factor of approximately 59% which is significantly greater than the overall load factor of the Black Hills' firm customers of approximately 26%.

The existing firm customers benefit in two ways: 1) the purchased gas cost adjustment applicable to the existing customers will decrease by approximately 8¢ per dk, and 2) the firm distribution margin of 45.8¢ per dk to be collected from Merillat will aid in maintaining firm rate stability.

The Merillat contract will be considered a separate rate class in the calculation of the Purchased Gas Cost Adjustment pursuant to the terms of the currently authorized Rate 88.

In accordance with ARSD 20 10 13 30, Montana-Dakota hereby requests that this request be approved no later than December 1, 1997 in order to effectively serve the customer who is in need of firm natural gas service on an expedited basis. The attached Agreement has been signed by the customer and will not have an adverse impact on existing customers.

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 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.

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:

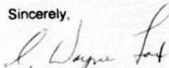
Mr. Douglas W. Schulz
Senior Attorney
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

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. Schulz
D. Ball

Exhibit A

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C.

Section No. 4

7th Revised

Sheet No. 1

Canceling 6th Revised

Sheet No. 1

Page 1 of 1

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>
Horizon, Inc. Rapid City Airport	Firm Commercial	10-27-92 to 10-27-97	Rate 120	Surcharge Payment Option
B & L Aviation, Inc. Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Surcharge Payment Option
Rapid City Regional Airport, Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Payment Surcharge Option
West Jet Air Center Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Surcharge Payment Option
Budget AVIS National Car Wash Rapid City Airport	Firm Commercial	10-30-92 to 10-30-97	Rate 120	Surcharge Payment Option
HPD, Inc. Thrifty Car Rental Rapid City Airport	Firm Commercial	11-02-92 to 11-02-97	Rate 120	Surcharge Payment Option
Air Vantage Rapid City Airport	Firm Commercial	11-10-92 to 11-10-97	Rate 120	Surcharge Payment Option
Overland West, Inc. Hertz Rent-a-Car Rapid City Airport	Firm Commercial	11-16-92 to 11-16-97	Rate 120	Surcharge Payment Option
SD National Guard Rapid City Airport	Firm Commercial	11-19-92 to 11-19-97	Rate 120	Surcharge Payment Option
J. Geoffrey Slingsby Rapid City Airport	Firm Commercial	12-14-92 to 12-14-97	Rate 120	Surcharge Payment Option
Morris, Inc.	Firm Commercial	04-19-96 to 04-18-00	Rate 66	Rate/ Minimum Bill
Ipswich Public School	Firm Commercial	07-15-96 to 07-14-01	Rate 66	Rate/ Minimum Bill
Merillat Corporation	Firm Commercial	12-01-97 to 10-31-98	Rate 70	Rate

Date Filed November 4, 1997

Effective Date _____

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

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C. Section No. _____

Sheet No. _____

Sheet No. _____

Cancelling _____

Page 1 of 1

LIST OF GAS CONTRACTS WITH DEVIATIONS

Name and Location of Customer	Type or Class of Service	Execution and Expiration Dates	Most Comparable Regular Tariff	
			Schedule No.	Contract Differences
Horizon, Inc. Rapid City Airport	Firm Commercial	10-27-92 to 10-27-97	Rate 120	Surcharge Payment Option
B & I Aviation, Inc. Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Surcharge Payment Option
Rapid City Regional Airport, Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Payment Surcharge Option
West Jet Air Center Rapid City Airport	Firm Commercial	10-28-92 to 10-28-97	Rate 120	Surcharge Payment Option
Budget AVIS National Car Wash Rapid City Airport	Firm Commercial	10-30-92 to 10-30-97	Rate 120	Surcharge Payment Option
MPD, Inc. Thrifty Car Rental Rapid City Airport	Firm Commercial	11-02-92 to 11-02-97	Rate 120	Surcharge Payment Option
Air Vantage Rapid City Airport	Firm Commercial	11-10-92 to 11-10-97	Rate 120	Surcharge Payment Option
Overland West, Inc. Hertz Rent-a-Car Rapid City Airport	Firm Commercial	11-16-92 to 11-16-97	Rate 120	Surcharge Payment Option
SD National Guard Rapid City Airport	Firm Commercial	11-19-92 to 11-19-97	Rate 120	Surcharge Payment Option
J. Geoffrey Slingsby Rapid City Airport	Firm Commercial	12-14-92 to 12-14-97	Rate 120	Surcharge Payment Option
Morris, Inc.	Firm Commercial	04-19-96 to 04-18-00	Rate 66	Rate/ Minimum Bill
Ipswich Public School	Firm Commercial	07-15-96 to 07-14-01	Rate 66	Rate/ Minimum Bill
Merillat Corporation	Firm Commercial	12-01-97 to 10-31-98	Rate 70	Rate

Date Filed: November 4, 1997

Effective Date: _____

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

Exhibit B

FIRM GAS SERVICE AGREEMENT

THIS AGREEMENT, made this 30th day of October, 1997, 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, 57709 hereinafter called "Customer"

WHEREAS, Customer is presently an interruptible transportation service customer of Company under Company's Large Interruptible General Gas Transportation Service Rate 82, and

WHEREAS, Customer has made changes in the operation of its Rapid City, South Dakota facility and has requested firm sales gas service rather than interruptible transportation service, and

WHEREAS, Company currently has sufficient capacity available to provide firm sales gas service to Customer, and

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

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

1. Effective November 1, 1997, Customer requests that Company provide to Customer 2,800 decatherms (dk) of firm natural gas as a maximum daily delivery quantity (MDDQ) constituting firm service equating to an estimated annual quantity of 600,350 dk per year. Company and Customer agree that the annual quantity set forth is an estimate and that the actual annual quantity may be higher or lower depending upon the actual need of Customer from year to year, which will vary depending on weather and other conditions. In no event is Company obligated to provide more than 2,800 dk of firm gas on any day.
2. Deliveries and charges hereunder shall commence as specified in Paragraph 1 of this Agreement provided the approval required by Paragraph 12 is received by that time. Customer agrees to service hereunder from the date of approval through October 31, 1998. Written notice of termination by either Company or Customer must be given at least 60 days prior to the end of this initial term. Absent such termination notice, the Agreement shall

continue for additional terms of equal length until written notice is given, as provided herein, prior to the end of any subsequent term.

- 3 Interstate Transmission Pipeline Charges. Customer agrees to pay Company all charges incurred by Company under Federal Energy Regulatory Commission (FERC) approved rates on the Williston Basin Interstate Pipeline Company (WBI) system in order to provide the natural gas service to Customer hereunder. The following items shall be included as fixed monthly charges and shall be billed by Company as incurred and paid by Customer in uniform monthly amounts. Upon the effective date of this Agreement, the fixed monthly charges for service to Customer hereunder will be based on the following unit amounts:

<u>FT-1 (Firm Transportation) Rate</u>	<u>Units (dk)</u>
MDDQ (Maximum Daily Delivery Quantity) - FT-1	2,800
FTN-1 (No-Notice Firm Transportation Service)	855
<u>ES-1 (Firm Storage Service) Rate</u>	<u>Units (dk)</u>
Capacity Reservation	31,030
Delivery Reservation	855
Injection	31,030
Withdrawal	31,030
Fuel	62,060

The commodity-related transmission pipeline charges shall be based on actual volumes used by Customer each month and the currently effective WBI FERC tariffs; provided, however, that the basis for commodity-related fuel and unaccounted for gas charges (i.e., in-kind or fuel charge reimbursement) shall be the same as the basis used for Company system supply sales to other retail sales customers. The rates charged by WBI, are subject to change through unilateral rate filings with and approval by the FERC.

- 4 Distribution Charges. Customer agrees to pay Company a base rate of \$150.00 per month and a distribution commodity charge of \$0.458 per dk for firm natural gas service hereunder. Monthly bills are also subject to adjustment for pipeline related gas cost items as provided in Rate 88 attached hereto.

5. Gas Commodity Charges. Upon approval of this Agreement by the South Dakota Public Utilities Commission, and annually thereafter for the term of this Agreement, Company agrees to provide Customer with a fixed price quotation for gas commodity supply. The initial quotation shall cover the period from the effective date of this Agreement through October 31, 1998, and subsequent price quotations shall be effective for one (1) year periods thereafter. 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 their full natural gas commodity requirement by notifying Company, in writing, of their intent to do so within twenty-four (24) hours of receiving a quotation. If Customer chooses not to accept the proposed fixed price, Customer shall pay a commodity price per dk as reported in the first issue of the month of delivery of Inside FERC's Gas Market Report in the table titled "Prices of Spot Gas Delivered to Pipelines, - *under the heading* - Index for Colorado Interstate Gas Co. - Rocky Mountains," plus distribution fuel requirements of 1.12%. Customer agrees to pay Company monthly for the actual quantity of natural gas delivered, regardless of the gas commodity pricing option selected.
6. Daily Nominations. Company shall perform all nominations for deliveries hereunder, provided, however, that the Customer and the Company shall consult on a periodic basis regarding natural gas service requirements and the Customer shall provide timely notice to the Company of potential non-weather related gas requirement changes that may appreciably affect daily or monthly gas usage levels.
7. Penalties. In the event customer uses natural gas in excess of the MDDQ set forth in Paragraph 3, any associated penalties assessed by WBI shall be passed on to Customer.
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 the 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 as correct an estimate as it is possible to make, 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 Metretek electronic metering equipment.
- 11 Customer agrees it will not assign this Agreement except upon written consent of Company.
- 12 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.
- 13 Customer shall furnish Company all information as may be required or appropriate to comply with reporting requirements of duly constituted authorities having jurisdiction over the matter herein.

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

CUSTOMER

COMPANY

MERRILLAT CORPORATION

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

By 

Title V.P. FINANCE RESURTEL

By 

Ronald G. Skarphol
Vice President
Marketing & Business Development

Witness 

Title Executive Secretary

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

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

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

Page 1 of 6

PURCHASED GAS COST ADJUSTMENT Rate 88

1. **APPLICABILITY:**

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

(Continued)

Date Filed February 26, 1997 Effective Date May 1, 1997
Docket No. 97-002
Issued By C. Wayne Fox, Vice President -
Regulatory Affairs & General Services

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C. Section No. 3
1st Revised Sheet No. 29.1
Cancelling Original Sheet No. 29.1

(Continued)

Page 2 of 6

PURCHASED GAS COST ADJUSTMENT Rate 88

3. PURCHASED GAS COST ADJUSTMENT: (Cont.)

- (b) (3) The gas commodity cost shall reflect all commodity related gas costs estimated to be in effect for the month the PGA will be in effect and annual dk requirements.
- (4) The return on prepaid demand and commodity balances and storage balances shall be computed on an annual basis at the overall rate of return on rate base.

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

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

- (1) Demand costs shall be apportioned to all state jurisdictions served by Montana-Dakota on the basis of the overall ratio of each state's Maximum Daily Delivery Quantity (MDDQ).
- (2) Demand costs for large interruptible sales customers shall be stated on a 100% load factor basis.
- (3) All commodity costs and other costs associated with the acquisition of gas for general system supply shall be apportioned to each state on the basis of total dks sold in each state, regardless of the actual points of delivery of such gas.
- (4) The return requirement related to prepaid demand and commodity charges and gas storage balances shall be included on a per dk basis. The prepaid demand and storage balances shall be apportioned to all states on the basis of each state's MDDQ. The prepaid commodity charges shall be apportioned to all states on the basis of annual dks sold in each state. The unit cost shall be calculated using a thirteen month average balance and the currently authorized return on rate base.

(Continued)

Date Filed February 26, 1997

Effective Date May 1, 1997

Docket No. 2097-002

Issued By C. Wayne Fox, Vice President

Regulatory Affairs & General Services

STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

SDP.U.C.

Section No. 31st RevisedSheet No. 29.2Cancelling OriginalSheet No. 29.2

Page 3 of 6

(Continued)

PURCHASED GAS COST ADJUSTMENT Rate 88

3. PURCHASED GAS COST ADJUSTMENT: (Cont.)

(c) (5) All costs related to specific end-use transactions shall not be included in the cost of gas supply determination but shall be directly billed to the customer(s) contracting for such service.

(d) The PGA shall be applied to each of Montana-Dakota's rate schedules excluding Rate 66, recognizing differences among customer classes consistent with the cost of gas supply included in the applicable class sales rate.

4. SURCHARGE ADJUSTMENT:

(a) All sales rate schedules shall be subject to a Surcharge Adjustment to be effective on May 1 of each year. The Surcharge Adjustment per dk sold shall reflect amortization of the applicable balance in the Unrecovered Purchased Gas Cost Account calculated by dividing the applicable balance by the estimated dk sales for the twelve months following the effective date of the adjustment.

5. UNRECOVERED PURCHASED GAS COST ACCOUNT:

- (a) Items to be included in the Unrecovered Purchased Gas Cost account, as calculated in accordance with Subsection 5(b) are:
- (1) Charges for gas supply which Montana-Dakota is unable to reflect in a Purchased Gas Cost Adjustment by reason of the one-tenth of one cent minimum limitation set forth in Subsection 2(b)
 - (2) Amounts of increased/decreased charges for gas supplies which were paid during any period after the effective date of the most recent general rate case, but not yet included in sales rates.
 - (3) Refunds received from supplier(s) with respect to gas supply. Such refunds received shall be credited to the Unrecovered Purchased Gas Cost Account.
 - (4) Carrying charges or credits as determined in Section 5(b)(2)

(Continued)

Date Filed February 26, 1997Effective Date May 1, 1997

Printed on 497 T-100

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

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

(Continued)

PURCHASED GAS COST ADJUSTMENT Rate 88

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

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

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

(i) Montana-Dakota shall first determine each month the unit cost for that month's natural gas supply as adjusted to levelize demand charges.

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

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

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

(Continued)

Date Filed February 26, 1997

Effective Date May 1, 1997

Docket No. 4097-002

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

STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

(Continued)

PURCHASED GAS COST ADJUSTMENT Rate 88

5. UNRECOVERED PURCHASED GAS COST ACCOUNT: (Cont.)
- (b) (1) (iii) The resulting difference (which may be positive or negative) shall be multiplied by the dks sold during that month under each rate schedule. The resulting amounts shall be reflected in an Unrecovered Purchased Gas Cost Account for each rate schedule.
- (2) Montana-Dakota will calculate carrying charges on the amounts in the Unrecovered Purchased Gas Cost Account, Account 191, at the rate of interest for a three-month Treasury Bill as published monthly by the Federal Reserve Board for the preceding month. The amount to be included in Account 191 for carrying charges shall be determined as follows: each month, Account 191 shall be debited (if the balance in said account is a debit balance) and shall be credited (if the balance in said account is a credit balance) for a carrying charge, which shall be the product of (i) and (ii) below:
- (i) The balance in Account 191 as of the end of the immediately preceding month, exclusive of carrying charges accrued pursuant to this Subsection (b)(2) and net of the related deferred tax amounts in Accounts 283 or 190, as appropriate.
- (ii) One-twelfth of the annual interest rate as set forth in this Subsection (b)(2). The carrying charges shall be accrued in a supplementary Unrecovered Purchased Gas Cost Account for each rate schedule, and carrying charges shall not be computed on the amounts in such supplementary account.
- (c) Reduction of Amounts in the Unrecovered Purchased Gas Cost Account.
- (1) The amounts in the Unrecovered Purchased Gas Cost Account shall be decreased each month by an amount determined by multiplying the currently effective surcharge adjustment included in rates for that month (as calculated in Section 4) by the dks sold during that month under each

(Continued)

Date Filed February 26, 1997

Effective Date May 1, 1997

Docket No. WG97-002

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

STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE

SD P.U.C.

Section No. 31st RevisedSheet No. 29.5Cancelling OriginalSheet No. 29.5

(Continued)

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PURCHASED GAS COST ADJUSTMENT Rate 88

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

Date Filed February 26, 1997Effective Date May 1, 1997Docket No. 1037-000Issued 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.
4	List of Gas Contracts with Deviations	7th Revised 1

Change: Addition of Merrillat Corporation to list of contracts with deviations
 (State part of tariff schedule affected by change, such as: Applicability, availability, rates, etc.)

Reason for Change: New contract

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 \$
South Dakota Excluding East River					1	New Contract

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

Received _____

By _____

Executive Director
 South Dakota
 Public Utilities Commission

By _____

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



UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7600

RECEIVED

NOV 25 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

November 24, 1997

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

Re: Contract with Deviation
Docket No. NG97-019

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits Substitute 7th Revised Sheet No. 1 in order to properly reflect the current list of gas contracts with deviations along with the proposed contract filed in the above-referenced Docket. The Rapid City Airport extension agreements have been completed and should not have been included on the tariff sheet submitted on November 4, 1997.

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.

Section No. 4Substitute 7th RevisedSheet No. 1Cancelling 5th RevisedSheet No. 1

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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	04-19-96 to 04-18-00	Rate 66	Rate/ Minimum Bill
Ipswich Public School	Firm Commercial	07-15-96 to 07-14-01	Rate 66	Rate/ Minimum Bill
Merrillat Corporation	Firm Commercial	12-01-97 to 10-31-98	Rate 70	Rate

Date Filed November 25, 1997

Effective Date _____

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

**STATE OF SOUTH DAKOTA
GAS RATE SCHEDULE**

SD P.U.C.

Section No. _____

Sheet No. _____

Sheet No. _____

Cancelling _____

Page 1 of 1

LIST OF GAS CONTRACTS WITH DEVIATIONS

Name and Location of Customer	Type or Class of Service	Execution and Expiration Dates	Most Comparable Regular Tariff	
			Schedule No.	Contract Differences
Horizon, Inc. Rapid-City Airport	Firm-Commercial	10-27-92 to 10-27-99	Rate 120	Surcharge Payment Option
B & L Aviation, Inc. Rapid-City Airport	Firm-Commercial	10-28-92 to 10-28-99	Rate 120	Surcharge Payment Option
Rapid-City Regional Airport, Rapid-City Airport	Firm-Commercial	10-28-92 to 10-28-99	Rate 120	Payment Surcharge Option
West Jet Air Center Rapid-City Airport	Firm-Commercial	10-28-92 to 10-28-99	Rate 120	Surcharge Payment Option
Budget AVIS National Car Wash Rapid-City Airport	Firm-Commercial	10-30-92 to 10-30-99	Rate 120	Surcharge Payment Option
HFD, Inc. Thrifty Car Rental Rapid-City Airport	Firm-Commercial	11-02-92 to 11-02-99	Rate 120	Surcharge Payment Option
Air Vantage Rapid-City Airport	Firm-Commercial	11-10-92 to 11-10-99	Rate 120	Surcharge Payment Option
Overland West, Inc. Hertz Rent-a-Car Rapid-City Airport	Firm-Commercial	11-16-92 to 11-16-99	Rate 120	Surcharge Payment Option
90 National Guard Rapid-City Airport	Firm-Commercial	11-19-92 to 11-19-99	Rate 120	Surcharge Payment Option
J. Geoffrey Slingsby Rapid-City Airport	Firm-Commercial	12-14-92 to 12-14-99	Rate 120	Surcharge Payment Option
Morris, Inc.	Firm Commercial	04-19-96 to 04-18-00	Rate 66	Rate/ Minimum Bill
Ipswich Public School	Firm Commercial	07-15-96 to 07-14-01	Rate 66	Rate/ Minimum Bill
Merillat Corporation	Firm Commercial	12-01-97 to 10-31-98	Rate 70	Rate

Date Filed _____ Effective Date: _____

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

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY)
MONTANA-DAKOTA UTILITIES CO., A)
DIVISION OF MDU RESOURCES GROUP, INC.)
FOR A CONTRACT WITH DEVIATION WITH)
MERILLAT CORPORATION)

ORDER APPROVING
CONTRACT WITH
DEVIATION
NG97-019

On November 4, 1997, the Public Utilities Commission (Commission) received a filing from Montana-Dakota Utilities Co., a division of MDU Resources Group, Inc. (MDU) of its 7th Revised Sheet No. 1, Section No. 4, of MDU's State of South Dakota Gas Rate Schedule, covering Contracts with Deviations and a copy of the underlying contract. On November 25, 1997, MDU filed Substitute 7th Revised Sheet No. 1, Section No. 4.

In the proposed contract, MDU proposes to serve the Merillat Corporation plant in Rapid City, South Dakota. The contract is a firm gas service agreement and it was reviewed by the Commission as a contract with deviations. MDU further requested a waiver of any and all applicable notice requirements.

At a duly noticed meeting on December 2, 1997, MDU explained its filing and provided a justification for the Commission's consideration under the provisions of ARSD 20:10:13:20 and for waiver of the notice requirements under ARSD 20:10:13:15 and 20:10:13:17. Commission staff provided testimony of its analysis of the contract and recommended its approval. The Commission, upon considering the explanation and justification, approved the Contract and the waiver of the notice provisions.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A-4 and 49-34A-6. The Commission further finds that the filing is just and reasonable and shall be approved and that a waiver of notice shall be granted pursuant to ARSD 20:10:13:20. As the Commission's final decision in this matter, it is therefore

ORDERED that MDU's State of South Dakota Gas Rate Schedule, Substitute 7th Revised Sheet No. 1, Section No. 4, covering Contracts with Deviations, is approved, and is effective for billings on and after December 2, 1997, 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.

Dated at Pierre, South Dakota, this 13th day of December, 1997.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By	<u>Alderie Koko</u>
Date	<u>12/13/97</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.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-1900

February 10, 1998

RECEIVED

FEB 12 1998

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

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

Re: Docket No. NG97-019

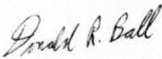
Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits the tariff sheet approved in the above referenced docket reflecting the effective dates of such tariff.

The attached List of Gas Contracts with Deviations approved in Docket No. NG97-019 reflects an effective date of service rendered on and after December 2, 1997 pursuant to the Commission's Order dated December 12, 1997.

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
Regulatory Affairs Manager

Attachments

**STATE OF SOUTH DAKOTA
 GAS RATE SCHEDULE**

SD P.U.C. Section No. 4
 Substitute 7th Revised Sheet No. 1
 Cancelling 6th Revised Sheet No. 1

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Date Filed: November 25, 1997 Effective Date: Service Rendered on and after
 Docket No. NG97-019 December 2, 1997

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