

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

<b>IN THE MATTER OF THE FILING BY PAM )</b>	
<b>NATURAL GAS REQUESTING THE )</b>	<b>ORDER DENYING PETITION;</b>
<b>COMMISSION TO PROMULGATE RULES )</b>	<b>ORDER OPENING DOCKET</b>
<b>ESTABLISHING STANDARDS OF CONDUCT )</b>	
<b>FOR LOCAL DISTRIBUTION COMPANIES, )</b>	<b>NG96-007</b>
<b>THEIR AGENCY BUSINESS AND AFFILIATED )</b>	
<b>MARKETING ENTITIES )</b>	

On March 29, 1996, the Public Utilities Commission (Commission) received a petition from PAM Natural Gas (PNG) requesting that the Commission promulgate rules establishing standards of conduct for local distribution companies (LDCs), their agency business and affiliated marketing entities. PNG asserts in its petition that standards of conduct are necessary to ensure the emergence of competitive alternatives to natural gas end-users. PNG further asserted that its proposed rules incorporated the type of safeguards established in FERC Order 497. PNG, in addition to requesting the Commission to promulgate permanent rules, requested that the Commission establish interim rules to be enforced during the rule making period or, alternatively, to "order all LDCs to cease and desist any new Affiliated Marketing or Agency sales and marketing activity to any customer not currently under contract for the period of these proceedings."

At its regularly scheduled April 23, 1996, meeting, the Commission reviewed PNG's filing. The Commission found that it had jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, specifically 1-26-5, 1-26-6, 1-26-13, and 49-34A-27. Jennifer Erickson, a representative of PNG, presented PNG's position. Rod Leyendecker and Tom Hitchcock, representatives of Northwestern Public Service, Dave Gerdes representing Montana Dakota Utilities, and Chris Cook of MidAmerican Energy presented the position of their companies. Commission Staff recommended that the Commission not adopt emergency rules and that a rulemaking be initiated.

Upon advice of Commission counsel, the Commission unanimously voted to deny the Petition and to open an investigative docket into the matter of establishing standards of conduct for LDCs, their agency business and affiliated marketing entities. An investigative docket will allow other interested persons or entities to propose rules. The Commission also directed the executive director to establish a procedural schedule in this matter. As the Commission's final decision in this matter, it is therefore,

ORDERED, that PNG's Petition to promulgate rules is hereby denied. It is further

ORDERED, that investigative docket NG96-011 be opened to investigate the matter of establishing standards of conduct for LDCs, their agency business and affiliated marketing entities.

Dated at Pierre, South Dakota, this 7th day of May, 1996.

**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:

Delaine Kalbo

Date:

5/9/96

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Kenneth Stofferahn  
KENNETH STOFFERAHN, Chairman

James A. Burg  
JAMES A. BURG, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner