NG98-013

NG98-013

DOCKET NO. NG98-013

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 REVISIONS TO ITS PURCHASED GAS COST ADJUSTMENTS, RATES 88 AND 89

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
12/4 98	Filed and Docketed;
12/10 98	Weekly Filing;
12/23 98	Revised Tariff Sheets;
1/6 99	Order Approving Purchased Gas Cost Adjustment;
1/6 99	Docket Closed.
1/20 99	Final Tariff Sheets.

NG98-013

RECEIVED

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.
400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

December 11, 1998

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

Re: Purchased Gas Cost Adjustment
Rate 88 and Rate 89

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., respectfully submits for Commission approval an original and ten(10) copies of a proposed change to its Purchased Gas Cost Adjustment (PGA) Rate 88 and East River Natural Gas System Purchased Gas Cost Adjustment Rate 89. Montana-Dakota requests that the proposed tariff changes be made effective February 1, 1999 in conjunction with the regularly scheduled PGA.

Montana-Dakota's currently authorized tariffs provide for changing the PGA each month when the average cost of gas supply changes by at least $0.001 per dk. Montana-Dakota is proposing to modify the existing PGA tariffs to provide for changing the PGA each month when the average cost of gas supply changes by at least ten (10) cents per dk. The May 1 PGA will be filed each year, regardless of the amount of the change.

In May 1997 Montana-Dakota switched from an semiannual PGA to a monthly PGA to permit tracking of the market price for natural gas in a timely manner. The ability to change the PGA in a timely matter is essential in order to minimize the amounts collected in the balancing account and to track the market for gas supplies. However, there are certain months, primarily the summer months, when the change in the PGA will typically be minimal. Montana-Dakota is proposing a ten cent change as a threshold before a filing is made in order to minimize the work involved by the Company, the Commission and the Commission Staff in changing the PGA when the change is small. The proposed change will not significantly affect the amounts that will be reflected in the balancing account.

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 inquiries 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 inquiries, correspondence and pleadings to:

Mr. Tom K. Hopgood
Senior Attorney
MDU Resources Group, Inc.
P. O. Box 5650
Bismarck, ND 58506-5650

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

C. Wayne Fox
Vice President
Regulatory Affairs & General Services

Attachments
cc: T. Hopgood
D. Ball

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 10 (ten) cents per dk. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

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)

EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

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 General Services 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 10 (ten) cents per dk. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

3. PURCHASED GAS COST ADJUSTMENT:
(a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply for the East River System as compared to the cost of gas supply established in initial rates or as 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 delivery at interconnections with South Dakota Intrastate Pipeline (SDIP). The East River System supply is defined as gas available for use by all customers served under General Services 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 East River System gas supply and hedging program gains, losses and transaction costs related to the East River System gas supply.

(b) The PGA shall be computed as follows:

(1) Demand Costs, if applicable, shall include all annual gathering, transportation and storage demand charges at current rates.

(Continued)

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)~~ 10 (ten) cents per dk. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

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)

EAST RIVER NATURAL GAS SYSTEM

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 General Services 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 each adjustment is at least ~~0.1 cent four-tenth of one cent~~ 10 (ten) cents per dk. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

3. PURCHASED GAS COST ADJUSTMENT:

(a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply for the East River System as compared to the cost of gas supply established in initial rates or as 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 delivery at interconnections with South Dakota Intrastate Pipeline (SDIP). The East River System supply is defined as gas available for use by all customers served under General Services 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 East River System gas supply and hedging program gains, losses and transaction costs related to the East River System gas supply.

(b) The PGA shall be computed as follows:

(1) Demand Costs, if applicable, shall include all annual gathering, transportation and storage demand charges at current rates.

(Continued)

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of December 10, 1998 through December 16, 1998

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

NG98-013 In the Matter of the Application of Montana-Dakota Utilities Co. for approval of Revisions to its Purchased Gas Cost Adjustments, Rates 88 and 89.

Application by Montana-Dakota Utilities Co. to revise its Purchased Gas Cost Adjustments, Rates 88 and 89 to change the minimum threshold which necessitates the filing of revised PGA rate adjustments. Currently, if the monthly adjustment changes less than $.001 per dekatherm, a new adjustment is not required. With this filing the minimum threshold would be raised to $.10 per dekatherm.

Staff Attorney: Karen Cremer
Staff Analyst: Dave Jacobson
Date Filed: 12/14/98
Intervention Deadline: NA

TELECOMMUNICATIONS

TC98-208 In the Matter of the Filing by Kadoka Telephone Company for Approval of Switched Access Rates.

This filing reflects the switched access rates as determined by dividing the Commission approved revenue requirement by the Commission approved minutes of use for the cost study companies, excluding U S WEST Communications. The rates will become effective on January 1, 1999.

Staff Attorney: Karen Cremer
Staff Analyst: Harlan Best
Date Filed: 12/10/98
Intervention Deadline: 12/24/98

TC98-209 In the Matter of the Application of Telecommunications Cooperative Network, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

Application by Telecommunications Cooperative Network, Inc. for a Certificate of Authority to provide resold interexchange telecommunications services in the state of South Dakota. Proposed services include both inbound and outbound intraLATA toll services.

Staff Attorney: Camron Hoseck
Staff Analyst: Kylie Tracy
Date Filed: 12/16/98
Intervention Deadline: 12/31/98

TC98-210 In the Matter of the Request for a Ruling Regarding Toll Limitation.

On December 3, 1998, the Commission received a letter from TELEC Consulting Resources asking for "written confirmation that the ruling regarding toll control and toll limitation as detailed in Amended Order TC97-163, XIV, issued March 10, 1998, applies to all South Dakota eligible telecommunications carriers (ETCs), not just U S WEST." Since this order was only applicable to U S WEST, the Commission is seeking comments on whether it should issue an order in this docket applicable to all currently designated ETCs reflecting the change in the toll limitation requirement made by the FCC in its Fourth Order on Reconsideration. Comments will be accepted until December 29, 1998.

Staff Attorney: Karen Cremer
Staff Analyst: Harlan Best
Date Filed: 12/03/98
Deadline for Comments: 12/29/98

TC98-211 In the Matter of the Filing by Mount Rushmore Telephone Company for Approval of Switched Access Rates.

This filing reflects the switched access rates as determined by dividing the Commission approved revenue requirement by the Commission approved minutes of use for the cost study companies, excluding U S WEST Communications. The rates will become effective on January 1, 1999.

Staff Attorney: Karen Cremer
Staff Analyst: Harlan Best
Date Filed: 12/16/98
Intervention Deadline: 12/24/98

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/

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

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

December 22, 1998

RECEIVED

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

Re: Docket No. NG98-013 - Purchased Gas
Cost Adjustment Rate 88 and Rate 89

Dear Mr. Bullard:

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group Inc., respectfully submits for Commission approval an original and ten(10) copies of substitute tariff sheets for Purchased Gas Cost Adjustment (PGA) Rate 88 and East River Natural Gas System Purchased Gas Cost Adjustment Rate 89.

These attached tariffs are substituted for the tariff sheets filed in this docket on December 12, 1998 and reflect language to clarify the intent of the proposed change pursuant to discussions with Staff. Montana-Dakota requests that the proposed tariff changes be made effective February 1, 1999 in conjunction with the regularly scheduled PGA.

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 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

Donald R. Ball
Regulatory Affairs Manager

Attachments

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 10 (ten) cents per dk compared to the currently effective adjustment. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

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.

Date Filed: December 23, 1998 Effective Date: ____

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

EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate [illegible]

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 General Services 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 OF 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 10 (ten) cents per Dk compared to the currently effective adjustment. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

3. PURCHASED GAS COST ADJUSTMENT:

(a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply for the East River System as compared to the cost of gas supply established in initial rates or as 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 delivery at interconnections with South Dakota Intrastate Pipeline (SDIP). The East River System supply is defined as gas available for use by all customers served under General Services 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 East River System gas supply and hedging program gains, losses and transaction costs related to the East River System gas supply.

(b) The PGA shall be computed as follows:

(1) Demand Costs, if applicable, shall include all supply, gathering, transportation and storage demand charges at current rates.

(Continued)

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 ~~[illegible]~~ [illegible] cents per dk compared to the currently effective adjustment. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

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 81. 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)

EAST RIVER NATURAL GAS SYSTEM
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 General Services 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 ~~[illegible]~~ (ten) cents per dk as compared to the currently effective adjustment. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

3. PURCHASED GAS COST ADJUSTMENT:
   (a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply for the East River System as compared to the cost of gas supply established in initial rates or as 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 delivery at interconnections with South Dakota Intrastate Pipeline (SDIP). The East River System supply is defined as gas available for use by all customers served under General Services 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 East River System gas supply and hedging program gains, losses and transaction costs related to the East River System gas supply.

   (b) The PGA shall be computed as follows:

      (1) Demand Costs, if applicable, shall include all annual gathering, transportation and storage demand charges at current rates.

(Continued)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF MONTANA-DAKOTA UTILITIES COMPANY, A DIVISION OF MDU RESOURCES GROUP, INC. FOR APPROVAL OF REVISIONS TO ITS PURCHASED GAS COST ADJUSTMENT, RATES 88 AND 89	ORDER APPROVING PURCHASED GAS COST ADJUSTMENT NG98-013

On December 14, 1998, Montana-Dakota Utilities Company (MDU) filed with the Public Utilities Commission (Commission) an application for approval to revise its Purchased Gas Cost Adjustment, Rates 88 and 89, to change the minimum threshold which necessitates the filing of revised PGA rate adjustments. According to the application, "MDU's currently authorized tariffs provide for changing the PGA each month when the average cost of gas supply changes by at least $0.001 per dk. MDU is proposing to modify the existing PGA tariffs to provide for changing the PGA each month when the average cost of gas supply changes by at least 10 cents per dk. The May 1 PGA will be filed each year, regardless of the amount of the change. The proposed change will not significantly affect the amounts that will be reflected in the balancing account." MDU requests that the proposed tariff changes be made effective February 1, 1999, in conjunction with the regularly scheduled PGA. The revised tariffs are as follows:

Section No. 3, 3rd Revised Sheet No. 29
Section No. 3, 4th Revised Sheet No. 30

At its regularly scheduled December 30, 1998, meeting, the Commission considered MDU's application. Commission Staff recommended approval of the application.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically, 49-34A-2, 49-34A-6, 49-34A-8, 49-34A-10 and 49-34A-25. Further, the Commission finds that the revisions to the tariff are just and reasonable and shall be approved. It is therefore

ORDERED that the above-referenced revised tariff schedules are approved and are effective for service rendered on and after February 1, 1999.

Dated at Pierre, South Dakota, this 6th day of January, 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: Delaine Kolbo

Date: 1/6/99

(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) 222-7900

RECEIVED
JAN 20 1999
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

January 18, 1999

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

Re: Purchased Gas Cost Adjustment
Docket No. NG98-013

Dear Mr. Bullard:

Montana-Datota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., herewith submits its 3rd Revised Sheet Nol 29 and its 4th Revised Sheet No. 30, as originally filed on December 23, 1998, reflecting an effective date of service rendered on and after February 1, 1999 pursuant to the Commission's Order dated January 6, 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,

Donald R. Ball / [illegible]

Donald R. Ball
Regulatory Affairs Manager

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 10 (ten) cents per dk compared to the currently effective adjustment. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

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,

(Continued)

EAST RIVER NATURAL GAS SYSTEM
PURCHASED GAS COST ADJUSTMENT Rate 89

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 General Services 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 10 (ten) cents per dk compared to the currently effective adjustment. The adjustment to be effective May 1 shall be filed each year, regardless of the amount of the change.

3. PURCHASED GAS COST ADJUSTMENT:
(a) The monthly PGA shall reflect changes in Montana-Dakota's cost of gas supply for the East River System as compared to the cost of gas supply established in initial rates or as 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 delivery at interconnections with South Dakota Intrastate Pipeline (SDIP). The East River System supply is defined as gas available for use by all customers served under General Services 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 East River System gas supply and hedging program gains, losses and transaction costs related to the East River System gas supply.

(b) The PGA shall be computed as follows:

(1) Demand Costs, if applicable, shall include all annual gathering, transportation and storage demand charges at

(Continued)