

Service Date: November 13, 1979

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application)
of the MONTANA POWER COMPANY for) DOCKET NO. 6741
Authority to Increase Rates and) INTERIM RATE ORDER 4574
Charges for Natural Gas Service.)

FINDINGS OF FACT

1. On October 18, 1979, THE MONTANA POWER COMPANY made application to this Commission for authority to increase rates in order to offset the effect of an increase in the border price of Canadian Natural Gas to \$ 3. 4 5 per MMBtu.
2. The border price of natural gas imported from Canada increased on November 3, 1979 from \$2.80 per MMBtu to \$3.45 per MMBtu.
3. Based on the gas supply source mix employed by the Commission in Order Nos. 4521 and 4521A, the annual impact on Montana Power Company's natural gas utility operations produced by, the increased border price is \$11,911,000 above the level of costs found in Order No. 4545.
4. The application utilizes the rate base, rate of return, natural gas supply mix and expenses, other than those affected by the increased border price, which were utilized in the Commission's Order Nos. 4521 and 4521A.
5. Applicant has certified that the granting of the requested increase would not violate the applicable Guidelines issued by the Federal Council on Wage and Price Stability (COWPS) as set forth in 6 CFR Section 705C-8.

CONCLUSIONS OF LAW

1. The Commission may, in its discretion, temporarily approve increases pending a hearing or final action. If the final action is to disapprove the increase the Commission shall order a rebate to all consumers for the amount collected retroactive to the date of the temporary approval. 69-3-304, MCA.

2. The application of The Montana Power Company will be noticed for hearing at a later date.

ORDER

1. Applicant, Montana Power Company, is authorized to increase its rates to recover increased gas costs as a result of the increase in the border price of Canadian Natural Gas to \$3.45 per MMBtu from \$2.80 per MMBtu.

2. The increase granted herein is subject to rebate should the final order in this docket determine that a lesser increase than authorized by this order is required.

3. In the event a rebate is directed by the final order in this docket, provision shall be made in that order to cause all uncollected rebates to be escheated to the State of Montana in the manner provided by law.. 4574

4. The increased rates shall be collected upon a constant uniform cents per Mcf basis.

5. The filed tariffs shall be effective for services rendered on and after November 5, 1979.

DONE IN OPEN SESSION by a vote of 4-1 at a meeting of the Public Service Commission held in Helena, Montana on November 5, 1979.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

ATTEST:

Madeline L. Cottrill
Secretary

(SEAL)

Gordon E. Bollinger, Chairman

Clyde Jarvis, Commissioner

Thomas J. Schneider, Commissioner

James R. Shea, Commissioner
(Voting to Dissent)

George Truman, Commissioner

NOTICE: You are entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38-2.2(64)-P2750, ARM

DISSENT OF COMMISSIONER JAMES R. SHEA
MONTANA POWER APPLICATION
Docket # 6741
Order # 4574
November 5, 1979

DISSENT OF COMMISSIONER, JAMES R. SHEA

Docket No. 6741

The attached, consisting of pages one, two, three and four, is a brief dissent in the above docket.

Canadian Natural Gas price is being increased from \$2.80 to \$3.45 per Mcf.

This dissent conforms to a position I have held and maintained for a number of years.

This dissent is not in any way to be construed as being in opposition to the Montana Power Company.

It is a position that I believe will sooner or later have to be addressed by various public utility companies and high ranking United States officials and Canadian officials.

The object to such a meeting would be to see if a lower pricing structure could be agreed to by both nations.

On October 31, 1975, in Docket No. 6348, Order No. 4220, I wrote in my dissent:

"Since 1972, the Canadian Government has increased the price of gas to Montana consumers six times.

In my opinion, and unless strong resistance is given by this Commission and other Montana and United States government officials to the Canadian position that prices imposed by the Canadian Government will increase even higher."

On February 23, 1977, Docket No. 6348, Order No. 4220C, I wrote in my dissent that:

"Regulatory decisions must take into account their immediate and long term impact on residential, commercial and industrial accounts. "It is interesting to note that an excess of gas now in Canada has resulted in wells being capped and the owners are waiting for increased prices." dissent went on to say:

"If the price of Canadian gas is permitted to rise without strong regulatory and buyer resistance such increases might result in a serious problem. Many people will find the cost of fuel too burdensome to bear."

"If pass-through costs are going to be permitted at all levels then when can the consumer obtain any representation

of whether or not costs are justified fair or equitable."
"More and more increases will follow and the suppliers of the product, in this instance the Canadians, will obtain 'all the traffic will bear'."

The above comments were made in 1975 and 1977. Now two years later we find that Canadian costs have increased sharply and the price paid today for Canadian gas is up over 1700% since 1970.

Sometime and somewhere some governmental agency is going to have to say NO to price increases.

Who in our government today, state and nationally, is speaking for the poor, the senior citizens, and those in the middle income group to halt these price increases?

Fuel is a vital necessity of providing needs to many for the very sustenance of life.

To whom can the people go?

I believe the Montana Power Company has progressed substantially in recent months in its efforts to curb gas price increases, however, the effort must be increased in Montana and in all of the states that purchase Canadian gas.

The cooperation of the Congress and the President to this effort to me has not been demonstrated.

Congress has failed to fulfill its obligation to the American people and the executive department -- from the President to the Department of Energy -- has performed very poorly in taking a firm stand for the American people.

Today there is great hardship in Montana for thousands of people who are unable to meet high fuel costs. People are going without medicine and food to pay utility bills as was testified to at various Public Service Commission hearings in 1979.

When all is said and done the utility does not suffer to a great extent when it cannot immediately pass on these increased costs to its consumers.

Eventually yes! However, once the Commission allows the increase those bearing the burden of payment are the consumers who have been made captive by a foreign nation to pay the price of gas.

I believe that there can be no judicial review by a United

States consumer if he or she does not like the price o. the Canadian commodity.

I would encourage Canadians and the United States to meet on common ground to work out a solution fair to all parties -one that would be fair to the Canadian people and to those who make the United States their home.

This should be done before people are further hurt -- socially and economically.

Canada needs the United States and the United States needs Canada.

Let us endeavor to work for a better North America -- one that brings dignity and trust and a cared for feeling to all within its borders.

Therefore, I respectfully dissent to the majority decision.

James R. Shea, Commissioner
District 4