

READING FILE.

Service Date: August 31, 1981

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

In the Matter of the Application by)
Montana-Dakota Utilities Company to)
Adopt Increased Rates for Electric)
Service in the State of Montana.)

UTILITY DIVISION
DOCKET NO. 81.1.2
INTERIM ORDER NO. 4799a

FINDINGS OF FACT

1. On January 5, 1981, The Montana-Dakota Utilities Company (MDU) filed with the Commission an application for increased electric rates. The filing was assigned Docket No. 81.1.2. Following the hearing in this Docket but prior to final decision, the Montana Supreme Court handed down its decision in MDU v. Bollinger et al., Cause No. 80-346.

2. Based on the Court's decision, MDU on July 14, 1981, filed "consolidated petitions of applicant." Those petitions consisted of the following proposals:

- (1) The Commission would agree to making no coal expense adjustment in this Docket;
- (2) The Commission would grant an interim increase in the amount \$265,000, to be effective September 1, 1981, this number representing the proposed coal expense adjustment in this docket;
- (3) Should the Commission take the steps outlined in Paragraphs 1 and 2, MDU would waive its right to a rehearing under the Montana Court's decision, and would seek to dismiss the District Court case now pending before Judge Nat Allen.

3. On August 17, 1981, the Commission voted to allow all parties in this docket to comment on MDU's consolidated petition. No comments were received.

4. The Commission finds that MDU's petitions are reasonable and in the best interests of MDU's ratepayers. Two methods for monitoring the reasonableness of captive coal expenses were proposed in this docket. Under the competitive price method sponsored by MDU, its claimed coal expenses are reasonable when compared to prices charged by other companies. Likewise, under the rate of return method sponsored by the Montana Consumer Counsel, when it is adjusted to reflect the Montana Supreme Court's decision, the claimed coal expenses are reasonable when compared to profit levels of other coal companies. Therefore, no coal expense adjustment is justified in this docket. By granting the increase requested by MDU, the Commission will simply allow MDU to collect revenues to which it is entitled, while at the same time avoiding the substantial additional costs that would be incurred by additional administrative hearings and by pursuit of the litigation now pending.

CONCLUSIONS OF LAW

1. Applicant, the Montana-Dakota Utilities Company is a corporation providing electric services within the State of

Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides, in part, "the Commission may, in its discretion, temporarily approve increases pending a hearing or final decision."

4. The rate level approved herein is a reasonable means of providing interim relief to MDU. The rebate provisions of Section 69-3-304, MCA, protect ratepayers in the event any revenue increase authorized prior to a Final Order is found to be unjustified.

ORDER

The Montana Public Service Commission orders that:

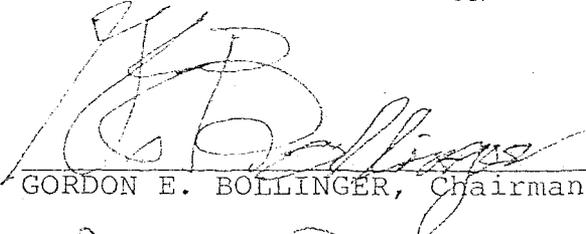
1. Applicant, Montana-Dakota Utilities Company is hereby GRANTED interim relief in the amount of \$265,000 on an annual basis to be effective for services rendered on and after September 1, 1981.

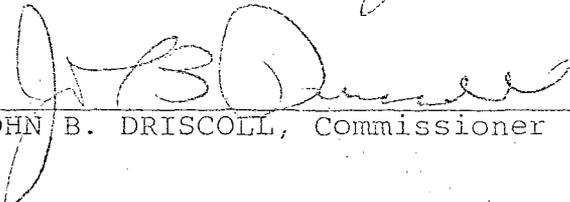
2. The Montana-Dakota Utilities Company is authorized to file tariffs repricing electric service to the degree necessary to generate \$265,000 in additional annual revenues. This increase shall be allocated to all customers on a uniform cents per kilowatthour basis.

3. Interim revenues are subject to rebate should the final order in this docket determine that a lesser increase is warranted.

DONE IN OPEN SESSION this 28th day of August, 1981, by a vote of 5-0.

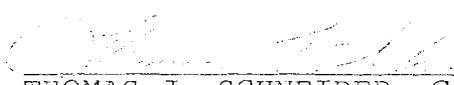
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.


GORDON E. BOLLINGER, Chairman


JOHN B. DRISCOLL, Commissioner

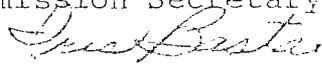

HOWARD L. ELLIS, Commissioner


CLYDE JARVIS, Commissioner


THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

By:  Acting Secretary

(SEAL)

NOTE: You may be 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 a ruling on that motion, or upon the passage 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. 38.2.4806 ARM.