

Service Date: June 1, 1981

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

IN THE MATTER of the Application)	
of the Great Falls Gas Company)	UTILITY DIVISION
for Authority to Increase Rates)	DOCKET NO. 81.4.44
and Charges for Natural Gas Service)	INTERIM ORDER NO. 4804
_____)	

FINDINGS OF FACT

1. On April 24, 1981, Great Falls Gas Company (Applicant of GFG) filed an application with this Commission for authority to increase natural gas rates by \$1,431,607.

2. At the time of the original filing the Applicant made a motion for interim relief in the amount of \$1,185,390.

3. In this Docket the Applicant has demonstrated to the Commission that interim relief is required. The interim level in this order is derived on the basis of the current test year, the preceding rate of return, test period sales volumes, and actual test period expenses. No changes in decisions from the prior Docket are used to calculate interim relief.

4. Interim rules and guidelines call for "a clear showing that the petitioning utility is suffering an obvious income deficiency." The Commission finds that reference to adjustments and rate of return approved in the most recent GFG general rate order provide the most appropriate means to measure financial performance. Applying these parameters to current test year booked income and rate base sensibly annualized and corrected for accounting errors not only provides a financial picture consistent with the most recent Commission order (thus providing a basis for accurate comparability), but also prejudging issues in the current case is avoided.

5. A table prepared consistent with the above criteria shows that GFG operations for the test period produced an overall return of 8.59 percent. This compares with 10.44 percent approved in Order No. 4741b.

6. The Commission finds the rate base for the purposes of this interim order to be \$5,901,918.

7. The following table shows the derivation of the interim relief:

Operating Revenues	\$24,103,173
Less:	
Purchased Gas	21,213,960
Other Operation	1,726,355
Maintenance	179,945
Depreciation	263,056
Taxes - Other than Income	<u>145,544</u>
Net Income Before Taxes	\$ 574,313
Less:	
State Tax	9,159
Federal Tax	<u>58,952</u>
	\$ 506,952
Net Operating Income	\$ 5,901,918
Rate of Return	10,44%
Required Revenue	616,160
Current Revenue	<u>506,952</u>
Revenue Deficiency	109,208
Return Deficiency	<u>217,027</u>
	<u> </u>

8. The Commission finds that this difference constitutes an income deficiency in this instance, that deferred rate relief until a final order can be issued may adversely affect the utilities financial condition, and further that under its current ratemaking standards, the utility may be entitled to rate relief at the time a final order is issued in the proceedings.

CONCLUSIONS OF LAW

1. Great Falls Gas Company is a public utility furnishing natural gas service to consumers in the State of Montana. As such it is subject to the supervision, regulation and control of this Commission, Section 69-3-102, MCA.

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

3. If the final decision of the Commission is to disapprove the increase granted on an interim basis, the Commission will order a rebate thereof with interest of 13.50% to all customers, as was agreed by the parties of the prehearing conference.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Great Falls Gas Company is hereby granted authority to implement on an interim basis increased rates designed to generate \$217,027 in additional revenues on an annual basis.

2. Great Falls Gas is to file revised rate schedules spreading the increased revenues to the existing customer classes on a uniform percentage basis.

3. Nothing in this Interim Order precludes the Commission from adopting in its final order after reviewing the entire record in this Docket a revenue requirement different from that contained in this Order.

4. The interim relief granted in this Order is to be effective for natural gas service rendered on and after June 1, 1981

DONE IN OPEN SESSION this 1st day of June, 1981 by a vote of 5 to 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
Commissioner 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.

Service Date: June 5, 1981

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

* * * *

IN THE MATTER of The Application)	
of The GREAT FALLS GAS COMPANY)	UTILITY DIVISION
For Authority To Establish In-)	DOCKET NO. 81.4.44
creased Rates For Natural Gas)	INTERIM ORDER NO. 4804
Service In The State of Montana.)	
_____)	

ERRATA SHEET

Page 2:

1. In Finding of Fact No. 5 please replace 8.59 with 7.29.
2. Finding of Fact No. 7 should be replaced with the following:
7. The following table shows the derivation of the interim relief:

Operating Revenues	\$24,103,173
Less:	
Purchased Gas	\$21,213,960
Other Operation	\$ 1,726,355
Maintenance	\$ 179,945
Depreciation Taxes - Other than Income	\$ 263,056
Deferred Tax Expense	\$ 145,544
Net Income Before Taxes	<u>\$ 87,200</u>
	\$ 487,113
Less:	
State Tax	\$ 9,159
Federal Tax (Net Inv. Cr.)	<u>\$ 47,991</u>
Net Operating Income	\$ 5,901,918
Rate of Return	\$ 10,44%
Required Revenue	\$ 616,160
Current Revenue	<u>\$ 429,963</u>
Revenue Deficiency	\$ 186,197
Return Deficiency	<u>\$ 369,769</u>

Page 3:

1. In Order Finding No. 1 please replace \$217,027 with \$369,769.

These changes result from the noninclusion of deferred tax expense of \$87,200 and amortization of investment tax credits of \$10,211 in the computation of interim relief in Order No. 4804. They do not result from changes in any basic philosophies set forth in the Order.