

Service Date: June 19, 1981

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 GREAT FALLS GAS COMPANY For	)	UTILITY DIVISION
Authority To Establish A Balancing	)	DOCKET NO. 81.4.44
Account To Account For Its Zero	)	ORDER NO. 4804a
Interest Conservation Loan Program.	)	
_____	)	

FINDINGS OF FACT

1. On April 24, 1981 Great Falls Gas Company (GFG) filed its application for authority to increase natural gas rates. Included was its application for approval of a zero interest conservation loan program (ZIP).

2. The application stated:

"Applicant requests that its proposed zero interest conservation loan program be approved by this Commission on or before August 13, 1981, so as to compliment the Company's expanded and improved residential conservation audit program and to allow Applicant's customers to utilize the conservation loan program for conservation measures and improvements in advance of the 1981-1982 heating season. The Applicant's proposed zero interest conservation loan program will offer its customers no interest loans to a maximum of \$1500 to be repaid in monthly installments over a maximum of five years for financing cost effective conservation measures. The expenses incurred by the Applicant to finance the zero interest conservation loan program will be accumulated monthly, based upon the Applicant's monthly borrowing rate. At the end of every six months, the Applicant will submit a statement to the Commission showing the expenses for that period reduced by any benefit the Applicant may receive from any credits allowed it pursuant to Montana law against its Montana corporation license tax. The net amount will be allowed as an increase to the Applicant's utility rates on a uniform cents per mcf basis for the next twelve months, which amount will be adjusted six months later."

3. The Commission shares GFG's concern that some form of ZIP be in place to allow ratepayers to install conservation equipment before the winter of 1981-1982.

4. The Commission therefore approves the balancing account as described above.

5. The conservation program proposed by GFG, while not requiring the approval of the Commission, appears to be a starting point. It is anticipated that parties to rate cases, the public and Commission may want to offer suggestions in the future to fine tune the proposed ZIP.

6. GFG also applied for approximately 2.7¢/Mcf (using applied for volumes) to cover annual interest and tax expense it estimates will be incurred during the first year after implementation of its ZIP. The Commission finds the estimates to be unacceptable and, because of the balancing account the 2.7¢/Mcf is unneeded.

7. Since the Company will be incurring interest expense before it is able to recover it through reconciliation of the balancing account, the Commission finds interest computed at the overall rate of return on the average monthly balance to be appropriate.

8. In the interests of maintaining a workable hearing schedule the Commission finds that GFG should make every attempt to plan its reconciliation applications pertaining to the balancing account to coincide with its general rate applications. The first reconciliation should be applied for in time for the October, 1981 general rate case hearing.

9. As a final matter, the Commission finds that the existing conservation loan balances should be converted to zero interest status on a prospective basis.

#### CONCLUSIONS OF LAW

1. GFG 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.

#### ORDER

1. A balancing account is approved to account for interest expense (net of taxes) associated with the zero interest loan program proposed by GFG.

DONE IN OPEN SESSION this 15th day of June, 1981, at Helena, Montana, by a 4  
-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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GORDON E. BOLLINGER, Chairman

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HOWARD L. ELLIS, Commissioner

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CLYDE JARVIS, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Madeline L. Cottri11  
Commission 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.