

Service Date: August 10, 1981

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

In the Matter of the Application)
of Montana-Dakota Utilities Co.)UTILITY DIVISION
for Authority to Establish)DOCKET NO. 81.7.62
Increased Rates for Gas Service.)INTERIM ORDER NO. 4834)

FINDINGS OF FACT

1. On July 13, 1981, the Montana-Dakota Utilities Co. (Applicant, Company, or MDU) filed with the Montana Public Service Commission an Application for Authority to Establish Increased Rates for Natural Gas service in the State of Montana. Such Application contemplates an additional annual revenue increase before income taxes of \$7,242,000, for an overall percentage increase of 11% for gas service.

2. As part of the Application the Company requested interim relief in the amount of \$2,260,000 to take effect on September 1, 1981, with the balance of \$4,982,000 to become effective December 1, 1981, in time for the 1981-1982 heating season. In order to meet the December 1 deadline the Company enclosed with its Application a proposed Procedural Order expediting the hearings process by setting the opening hearing date for November 18, 1981.

3. On July 29, 1981, the Commission received the Montana Consumer Council's Response to MDU's Proposed Procedural Order. The response, resisting the Company's proposed Procedural Order and asking for a significant postponement of all dates contained therein, argued that the Montana Consumer Council's office would not be able to retain consultants on such short notice.

4. On July 31, 1981, the Company filed a Stipulation in these proceedings agreeing that

(a) the make-whole adjustment to MDU's last concluded general rate case for its natural gas operation under the Commission's current interim rate policy is \$4,181,500;

(b) if the Commission authorizes interim rate relief effective on or before September 1, 1981, in the amount of the make-whole adjustment MDU will request no further interim rate relief in this docket, and the procedural order for this docket can be amended accordingly, including a provision for final hearing held at the convenience of the Commission;

8 MDU contemplates entering into off-system sales of natural gas, which sales, if approved by the FERC, and finally consummated, will reduce MDU's need for a revenue increase by \$2,036,364, such reduction to be reflected in reduced rates for Montana consumers immediately upon approval by the FERC. (The off-line sales contemplated herein, to include sales different from the original application for such sales, will be reflected in tariff sheets filed with the Commission prior to the commencement of such sales.)

(d) should it be determined during the course of these proceedings that the interim relief found reasonable herein is in excess of the revenue requirement found appropriate in a final determination, the excess shall be refunded to include interest at MDU's last authorized cost of equity capital.

5. The Commission, in considering these matters during the course of a regularly scheduled agenda meeting on the

morning of August 3, 1981, found the terms of the Stipulation to be a fair and reasonable approach to interim relief in that 1) the terms provide for relief based on the current Commission make-whole policy, 2) the terms mitigate certain concerns of the office of the Montana Consumer Council as regards the proposed Procedural Order in the instant proceeding, and 3) the terms provide for immediate relief to Montana ratepayers in the event of FCC approval of any off-system sales made by the Company.

6. The granting of interim relief in this matter should in no way be misinterpreted to mean that any issue in the case has been decided before all the evidence has been presented and heard during the course of these proceedings.

CONCLUSIONS OF LAW

1. Applicant, Montana-Dakota Utilities Company, is a corporation providing service 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 levels and spread approved herein are a reasonable means of providing interim relief to MDU. The rebate provisions of Section 69-3-304, MCA, protect ratepayers in the event that any revenue increases

authorized by this Order are found to be unjustified in the final order in this Docket.

ORDER

1. Applicant, Montana-Dakota Utilities Co. is hereby granted interim rate relief reflecting increased annual revenues of \$4,181,500 to its natural gas operations; such relief to be spread across customer classes on a uniform cents per MCF basis in such a manner as to retain the twenty-five percent rate differential between "winter" and "remainder of year" rates.

2. Such relief is to become effective on the effective date of this order and remain in effect until such time as a final decision is reached in this matter.

3. Applicant will notify the Commission upon receipt of information regarding any FCC action pertaining to off-line sales and submit tariff sheets reflecting any reduction in revenues arising from FCC authorized off-system sales.

4. Interim revenues granted herein are subject to rebate should the final order in this docket determine that the interim revenues granted herein are excessive. Any such rebate would include interest at MDU's last authorized cost of equity capital.

DONE IN OPEN SESSION THIS 10th 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

(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.