

Service Date: July 1, 1982

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 )  
PACIFIC POWER AND LIGHT COMPANY for Au-) UTILITY DIVISION  
thority to Adopt New Rates and Charges ) DOCKET NO. 82.6.41  
for Electric Service Reflecting Region-) ORDER NO. 4916  
al Act Power Exchange. )

FINDINGS OF FACT

1. On June 11, 1982, the Pacific Power and Light Company (Applicant, Company, or PP&L) filed with the Montana Public Service Commission an application for authority to increase the currently effective Schedule 98 billing credit. This proposal would pass through to the Company's Montana domestic and rural customers increased benefits resulting from the Company's Residential Purchase and Sale Agreement (Exchange Agreement) with the Bonneville Power Administration (BPA), as authorized by the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act).
2. The application was assigned Docket No. 82.6.41.
3. Pursuant to Section 5(c)(2) of the Regional Act and effective July 1, 1982, the level of the Company's residential and farm load which qualifies under the provision of the Exchange Agreement increases from 60 percent to 70 percent.
4. Because the currently effective Schedule 98 billing credit is based upon the 60 percent level of exchange, the Company

proposes that a revised Schedule 98 billing credit of 0.985 cents per kilowatt-hour, based upon the 70 percent level, be authorized by the Commission to become effective with service on and after July 1, 1982.

5. The Schedule 98 credit is the estimated difference between the price received from BPA for the sale of power at the Company's Average System Cost for Montana and the purchase price of any equivalent amount of power at BPA's PF-1 rate multiplied by 70 percent of the estimated qualifying load. This total credit is then divided by qualifying sales, measured at the meter, to determine the unit credit (PP&L Exh. DWS, p. 3).

6. The Company determined its Average System Cost for Montana to be 24.49 mills per KWH (PP&L Table DWS 3-1).

7. The Company sponsored the prefiled testimony and exhibits of Mr. David W. Sloan (Exhibits DWS 1, 2, 3-T; DWS 1, 2, 3), which provide the Company's calculations of Average System Cost and resulting Schedule 98 billing credit.

8. The revised tariff schedules, as proposed by the Company, are designed to produce an additional net decrease in the Company's revenues from its qualifying Montana electric customers of \$381,000, or 2.2 percent based upon the period twelve months ended December 31, 1981.

9. The Commission finds that the Company's calculations and resulting billing credit properly reflect the provisions of the Exchange Agreement.

10. The Commission determines that the effective date of the

new Schedule 98 billing credit is July 1, 1982 with the following qualifications. PP&L must reflect this billing credit for its Montana irrigation and domestic general service customers beginning July 1, 1982 and continue as such on a monthly basis. On July 1, 1982, PP&L must begin accruing the related increased billing credit for its Montana residential customers at 12 percent interest. On October 1, 1982, PP&L must begin reflecting the increased billing credit as accrued at 12 percent interest rate for its residential customers since July 1, 1982.

11. The Commission finds that the residential billing credit that will have accrued at 12 percent interest rate from July 1, 1982, through September 30, 1982, should be applied ratably over the six-month period ending March 31, 1983. During that six-month time period, any outstanding balance must be accrued at an interest rate of 12 percent. In determining the applicable, accrued billing credit for each residential customer over the aforementioned six-month period, the Company should use estimated normalized sales volumes to provide for a smooth process of applying the accrued billing credits.

12. The Commission finds that a 12 percent interest rate to be applied to the accrued billing credits and any outstanding balance during the period October 1, 1982, through March 31, 1982, is proper as this is the interest rate currently applied to customer deposits.

13. Whereas the Commission in Order No. 4843b, Finding of Fact No. 12, determined that "As of May 27, 1982, PP&L must calculate, thereafter, its ASC (Average System Cost) by administering the methodology used by BPA in its ASC analysis of PP&L issued on March 29, 1982," the Commission now

determines that PP&L may use its own methodology for calculating ASC for Montana, pending the outcome of the related FERC decision.

14. The Company is directed to file a revised Schedule 98 billing credit, reflecting the figures, methodology, and procedure approved herein.

#### CONCLUSIONS OF LAW

1. Applicant, Pacific Power and Light Company, is a corporation providing electric 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.

#### ORDER

THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The Applicant, Pacific Power and Light Company is hereby granted authority to implement a modified rate credit in the manner described in the Findings of Fact portion of this Order.

DONE IN OPEN SESSION this 28th day of June, 1982, by a vote of 4 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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GORDON E. BOLLINGER, Chairman

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JOHN B. DRISCOLL, Commissioner

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HOWARD L. ELLIS, Commissioner

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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 Re consideration 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.