

Service Date: January 28, 1985

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 for	)	UTILITY DIVISION
Authority to Establish Rates to	)	
Track its Reduced Gas Purchase	)	DOCKET NO. 85.1.2
Expense.	)	ORDER NO. 5117

INTERIM ORDER

FINDINGS OF FACT

1. On January 22, 1985, the Commission approved a reduction in Montana Power Company's (MPC) rates to reflect lower Canadian gas prices. The rate reduction was to be effective for meters read on and after January 25, 1985 for all customer classes.

2. Since Great Falls Gas Company (GFG) purchases 100% of its gas from MPC, its purchase gas expense would also decline. Accordingly, GFG filed its application January 23, 1985 to reduce its gas rates on an ongoing basis to reflect the exact amount of the reduction in prices MPC charges GFG. The ongoing savings to GFG was calculated to be \$1,500,003 in annual revenue requirements.

3. The Commission finds that the decreased gas costs should be passed on to GFG customers as rapidly as possible and is, therefore, accepted. Rates reflecting the ongoing savings will

become effective for meters read on and after February 1, 1985.

4. Since GFG had completed its January billing cycle, it petitioned the Commission that it would be burdensome to re-read its customers' meters on January 25, the effective date of the MPC rate decrease. However, if this were not done, GFG would incur far lower purchased gas costs for that month than were being reflected in rates. Accordingly, GFG petitioned the Commission to allow a one-month negative surcharge during February to pass the overcollection back to its customers. The surcharge would apply to both the initial and tail block rates, since that is how it was accumulated. The amount of the overcollection was calculated to be \$229,843.

5. The Commission finds the immediate flow through to customers of the overcollection to be in the public interest and approved GFG's proposed one-month negative surcharge of \$.322 per Mcf, which will be applied to volumes sold during February.

6. GFG's application references a loss in sales volumes to Malmstrom Air Force Base that would occur September 1, 1985. The Commission reserves passing through any rate change resulting from this change in this Order. This Docket will be held open, and GFG may petition for a change in rates at the time the sales volume loss occurs.

7. GFG's application also includes a Waiver of Minimum Filing Requirements. The Commission does not see a need for

information required in the Minimum Filing Requirements for purposes of this Order, and they are, therefore, waived.

8. GFG proposes that the reduced gas costs be reflected exclusively in the "all other Mcf" price. Reducing exclusively the all other Mcf (or winter tail block) price "will serve to reduce the marginal rate to help load growth ..." (Application, p.4). The proposed price change is provided in Table 1.

TABLE 1

GFG'S PROPOSED PRICE CHANGE (\$/Mcf @ 13.28 PSIA)

	Existing	Gas Cost	Resulting
	Price	Reduction	Price
Winter - First 15 Mcf	3.9631	0	3.9631
All Other Mcf	5.0445	(.4097) <u>1/</u>	4.6348

9. The original objective in designing an inverted winter rate was to provide a more accurate correlation between marginal supply costs and the retail price.2/ The Canadian border price at that time was \$4.47/MMBTU, eventually reaching \$4.94. However, the border price has since fallen to \$3.15/MMBTU resulting in the GFG proposal to reduce rates. The existing tail block price is \$5.6599 (at 14.9 PSIA).

10. The Montana Public Service Commission finds the GFG proposal an appropriate interim response to changing marginal supply

---

1/ See Appendix E.

2/ See Docket No. 6701, Order No. 4602a, Findings No. 48 - 50

costs. Applying the reduced revenue requirement to exclusively the winter tail block allows a more accurate correlation between marginal supply costs and the retail price, while avoiding an increase to the winter - first 15 Mcf price.<sup>3/</sup>

11. The proposed interim prices as provided in Table 1 are accepted.

#### CONCLUSIONS OF LAW

1. GFG is a corporation providing gas services within the State of Montana, and, as such, is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Commission properly exercises jurisdiction over GFG's natural gas utility operations under Title 69, Chapter 3, MCA.

3. The Company is authorized to reduce rates on an interim basis, pending hearing on the merits. (69-3-304).

#### ORDER

1. The Commission orders GFG to file rate schedules reflecting the Findings of Fact above to be effective for meters read on and after February 1, 1985.

2. A hearing or Notice of Opportunity for Public Hearing will be issued in the future to allow parties the option of pursuing items of interest to them.

---

<sup>3/</sup> The resulting "all other" price falls to \$5.200 at 14.9 PSIA.

DONE IN OPEN SESSION at Helena, Montana this 28th day of January, 1985 by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

---

CLYDE JARVIS, Chairman

---

HOWARD L. ELLIS, Vice Chairman

---

JOHN B. DRISCOLL, Commissioner

---

DANNY OBERG, Commissioner

---

TOM MONAHAN, Commissioner

ATTEST:

Trenna Scoffield  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.