

Service Date: March 8, 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            ) DOCKET NO. 85.1.2  
Track Its Reduced Gas Purchase            ) ORDER NO. 5117a  
Expense.

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, GFC 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 GFC. The ongoing savings to GFC was calculated to be \$1,500,003 in annual revenue requirements.

3. The Commission found that the decreased gas costs should be passed on to GFG customers as rapidly as possible and was, therefore, accepted. Rates reflecting the ongoing savings became 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 over-collection 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 over-collection was calculated to be \$229,843.

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

6. Since the date of the original application in Docket No. 85.1.2 and Interim Order No. 5117 GFG has discovered an error in its over-collection calculation. The amount of the over-collection by recalculation is \$131,029. The negative surcharge authorized by Interim Order No. 5117 of \$.322 per Mcf was applied in February 1985 resulting in an excess refund of \$98,992.

7. The Commission finds the excess refund to be contrary to GFG's and the Commission's intent to refund through the negative surcharge only the actual over-collection. Therefore, the Commission approves a surcharge of 5.07¢/Mcf to allow the collection of the inadvertent excess refund. The surcharge will be effective for meter readings on and after March 5, 1985

through meters read on and before September 30, 1985. The surcharge will be applied to both blocks of GFG's rate design.

#### 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 implement a 5.07¢ surcharge 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 meter readings on and after March 5, 1985 and on and before September 30, 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.

3. The findings in this order are to be implemented in conjunction with those in Order No. 5117.

DONE IN OPEN SESSION at Helena, Montana this 4th day of March, 1985 by a 4 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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Clyde Jarvis, Chairman

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John B. Driscoll, Commissioner

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Howard L. Ellis, Commissioner

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Danny Oberg, 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.