

Service Date: May 6, 1986

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

IN THE MATTER Of Application ) UTILITY DIVISION  
Of GREAT FALLS GAS COMPANY For )  
Authority To Decrease Rates And ) DOCKET NO. 86.4.14  
Charges For Natural Gas Service ) INTERIM ORDER NO. 5198a

FINDINGS OF FACT

1. On April 21, 1986, the Commission's Order No. 5197 granted Montana Power Company a natural gas decrease created by a decrease in the Canadian Border Price for gas.

2. Order No. 5197 will result in decreased purchase gas costs to the Great Falls Gas Company (GFG or Company). The decrease has been identified to be \$.315/Mcf at 14.9 PSIA in Docket No. 86.4.13, Order No. 5197.

3. Currently, the Company's rate design features an inverted winter rate. The original objective in designing an inverted winter rate was to provide a more accurate correlation between marginal supply costs and the retail price. The Canadian border price at that time was \$4.47/MMBTU, eventually reaching \$4.94. However, the border price has since fallen to \$2.15/MMBTU.

4. Accordingly, upon its own motion, the Commission has initiated this Docket to investigate the appropriate method by which the above-described decrease in purchased gas costs should be passed through to ratepayers.

5. Two options appear to exist: First, the price reduction could be applied equally across the board on a cents per Mcf basis to all customers for all Mcf purchased. Second, the price reduction could be applied strictly to the tail block portion of the rate structure.

6. Consistent with Order No. 5117 and Order No. 5178, the Montana Public Service Commission finds that the second option described above should be implemented by the Company on an interim basis. That is, the reduced gas costs should be reflected exclusively in a reduction of the winter tail block price. It is believed that this will serve to reduce the marginal rate, help load growth, and provide a more accurate correlation between marginal supply costs and the retail price.

7. The resulting reduction in the winter tail block rate will reduce the differential between the tail block rate and the winter discount rate to less than \$.05/Mcf.

8. The Commission feels that this differential is insufficient to warrant the continued use of the winter discount rate.

9. The Commission finds that the Company should reduce its price for gas to account for the decreased cost of purchased gas in accordance with the terms of this order. The winter discount rate may be discontinued.

10. The Company will file tariffs representing this decrease plus rebates resulting from Order No. 5178 and Order No. 5153a.

11. The Commission is cognizant of the change in the Company's rate design that will be implemented by this Order. Accordingly, this change is made on an interim basis, subject to the issuance of a final order in this Docket. Absent a request for a hearing from an interested party, this interim order will, in all likelihood, be made final within 20 days from the date of service.

#### CONCLUSIONS OF LAW

1. Great Falls Gas Company, is a corporation providing service within the State of Montana and as such is a "public utility" within the meaning of Section 6S-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Company'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 or decreases pending a hearing or final decision."

4. The rate levels and the spread approved herein are reasonable. The rebate provisions of Section 69-3-304, MCA protect ratepayers in the event that any revenue decreases authorized by this order are found to be unjustified in the final order in this Docket.

ORDER

1. Great Falls Gas Company, is hereby granted interim relief reflecting Findings of Fact in this order.

2. Such relief is to become effective for meter readings on and after April 21, 1986 and remain in effect until such time as a final decision is reached in this matter.

3. The decreased rates shall be collected upon a constant uniform cents per Mcf basis.

4. If the final decision is to disapprove a decrease, the Commission may order a surcharge for the amount not collected retroactive to the date of the temporary approval.

DONE IN OPEN SESSION at Helena, Montana this 29th day of April, 1986, by a 3 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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CLYDE JARVIS, Chairman

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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.