

Service Date: December 2, 1986

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)	UTILITY DIVISION
of the Belle Creek Gas Cooperative)	
Association to Abandon Natural Gas)	DOCKET NO. 86.9.54
Service to Members and Customers.)	ORDER NO. 5239

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FINAL ORDER

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BACKGROUND

1. Belle Creek Gas Cooperative Association (Belle Creek or Petitioner) is a cooperative association which provides natural gas service to members and non-members in Powder River County, Montana. The Petitioner furnishes natural gas to approximately twenty (20) customers.

2. On or about September 22, 1986, the Montana Public Service Commission (Commission) received a Petition to Abandon Natural Gas Service, filed by Belle Creek.

3. In the Petition, Belle Creek stated that it was unable to obtain liability insurance coverage for less than \$25,000 per year. such a premium would require a corresponding rate increase to each of Belle Creek's customers in the amount of \$1,250 each. According to the Petitioner, such an increase is unreasonable and prohibitive. The Petitioner also indicated that

propane was available as an alternative fuel source at lesser cost and minimal inconvenience to consumers.

4. On or about October 15, 1986, the Commission issued a Notice of Opportunity for Public Hearing in this Docket. This notice provided in part as follows: "If, however, no hearing is requested by November 17, 1986, an appropriate order may be issued based upon evidence submitted with the application."

The Commission has not received any requests for hearing or protests to the Petition.

FINDINGS OF FACT

5. The Petitioner has carried general liability insurance to protect the association, its directors, officers, and members for any and all liability for any and all claims which may arise in carrying on its utility business.

6. The Petitioner has been unable to obtain liability insurance coverage from any insurance carrier upon the expiration of its present coverage. One insurance carrier has indicated that if it provides coverage, then the minimum cost of liability coverage would be \$25,000 per year. Such a premium for liability insurance would necessitate a corresponding rate increase to each customer in the amount of \$1,250. The Petitioner cannot afford an annual insurance cost of \$25,000.

7. A discontinuance of natural gas service to its customers would not have an undue impact on the customers. The discontinuance of service would require each customer to convert the customer's present furnace to propane for a minor charge. There are several firms furnishing propane gas in the area which the Petitioner serves and the customers will be able to obtain propane gas without creating any undue hardship to said customers.

8. That a rate increase to cover the Petitioner's present operations and a \$25,000 annual premium for liability insurance would increase the cost of natural gas per customer over and above the amount they would pay for propane gas.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission properly exercises jurisdiction over the parties and subject matter in this proceeding .

2. The Commission has provided interested persons reasonable notice and an opportunity to participate in this matter.

3. Every public utility is required to furnish reasonably adequate service. 69-3-201, MCA.

4. “A public utility may not discontinue its service without approval of the Public Service Commission.” Great Northern Railway Co. v. Board of Railroad Commissioners, 130 Mont. 250 252 (1956).

5. The Commission may grant permission to abandon utility service only if it finds that abandonment is consistent with the public convenience and necessity. This finding often rests upon unusual or financial conditions which make continued operation a significant hardship for the utility owner. Milwaukee Railway Co. v. Board of Railroad Commissioners, 126 Mont. 568 (1953).

6. In this proceeding, the public convenience and necessity requires that the Commission approve the Petition for Abandonment filed by Belle Creek. It is clear that Belle Creek cannot be operated at a profit, and service alternatives exist which are preferable from the consumer’s standpoint.

7. Based upon the facts in this proceeding, and for the reasons articulated above, the Commission concludes that the Petition for Abandonment filed by Belle Creek should be granted.

ORDER

IT IS HEREBY ORDERED that the Belle Creek Gas Cooperative Association is authorized to cease operations immediately upon receipt of this Order. This authorization however, is conditional upon the following: First, Belle Creek shall not terminate service to any customer who has not made alternate arrangements for service, and is connected to, or ready to operate, under the same. This condition shall remain in effect until all customers have converted to alternative service. Second, Belle Creek shall take all necessary steps to comply with the

abandonment procedures found in 49 C.F.R. §S192.727. The Commission staff shall be notified by Belle Creek prior to abandonment and shall have the opportunity to monitor the abandonment procedures. When the entire line has been completely abandoned in compliance with this Order, Belle Creek may dispose of the same as it deems appropriate.

IT IS FURTHER ORDERED that a full, true and correct copy of this Order shall be sent forthwith by first class United States Mail to the Petitioner and to all other appearances herein in conformance with the service list in this Docket.

Done and Dated this 1st day of December, 1986 by a vote of 5 – 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commission

DANNY OBERG, Commissioner

ATTEST:

Ann Purcell
Acting 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.