

Service Date: May 15, 1989

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

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IN THE MATTER of the Structure of ) UTILITY DIVISION  
the Montana Power Company's Gas ) DOCKET NO. 87.8.38  
Rates: Gas Transportation Issues. ) ORDER NO. 5409

ORDER TERMINATING DOCKET

On July 31, 1987 Montana Power Company (MPC) filed an application with the Montana Public Service Commission (Commission) to restructure natural gas rates. This Docket was assigned No. 87.8.38.

On December 2, 1982 the Commission issued a Consolidation and Procedural Order in this docket. In addition to the Application of the Montana Power Company to restructure natural gas rates, several pending proceedings were consolidated into this docket for final disposition. See paragraphs 22-27. In addition, the Commission requested that MPC and other interested parties address the following issues: "... the feasibility and desirability of |MPC gas transportation services, as well as information necessary to derive transportation tariffs such as

operational conditions, capacity constraints and just and reasonable charges for transportation service" See paragraphs 28-31 (hereafter collectively referred to as "transportation issues").

Pursuant to the Procedural Order described above, MPC filed its initial direct testimony on the "transportation issues" on or about February 11, 1988. Answer testimony in response to MPC's direct testimony was filed by other parties to the proceeding on or about April 15, 1988. On May 2, 1988, a meeting was held with the Commission staff, at MPC's request. All parties to this docket were notified of this meeting.

As a result of this meeting, and on May 10, 1988 the Commission issued a Bifurcation and Amended Procedural Order. This order bifurcated the transportation issues from the other issues in this proceeding. A separate procedural schedule was also set for the transportation issues, and further testimony was to be filed.

On October 28, 1988 MPC requested that the Commission suspend further proceedings in the Gas Transportation phase of the docket, pending further settlement discussions between the parties.

On November 9, 1988 the Commission staff granted this request.

On April 3, 1989 MPC filed a motion with the Commission to terminate this Docket as it relates to Gas Transportation matters. No objections to this motion have been filed with the Commission. In support of its motion, the Company states that the settlement conferences have reached the point of diminishing returns, and should be discontinued. Rather than return to the procedural schedule set for this docket, MPC requests that this docket be terminated, and that MPC be directed to file, by September 30, 1989, a comprehensive gas transportation plan, which includes the following:

1. A description of the gas transportation services that MPC will provide, and the general terms and conditions that would apply.
2. A rate filing (meeting regulatory requirements) showing whether an increase, decrease, or no change in rates to retail customers and wholesale customers will result.
3. A rate filing (meeting regulatory requirements) establishing the justification for gas transportation rates.
4. A description of the restructuring, if any, of MPC's Gas Utility necessary to implement the gas transportation plan.
5. A legal brief describing the role of the PSC and the extent of its jurisdiction over the implementation of the gas transportation plan.
6. Proposed administrative rules, if any, necessary to implement the gas transportation plan.
7. All documents filed in the official record for Docket 87.8.38 shall be incorporated by reference.

The Commission grants MPC's motion to terminate the gas transportation phase of this docket. MPC is directed to file a comprehensive gas transportation plan with the Commission by September 30, 1989. The Commission believes that the Company should carefully reconsider its decision to include a general rate filing with the gas transportation filing, as it appears likely (given this history of this docket) that the two parts would need to be bifurcated. The Commission is reluctant to specify what should be contained in the gas transportation filing. Certainly, MPC's list is a good start, and should be viewed as a minimum. Given the amount of time, money, and effort already expended by the parties to this proceeding, the Commission believes it is only fair that all work product to date, found in the official record of this docket, be incorporated in the future proceeding.

The Commission assumes that the upcoming filing will include a comprehensive cost of service study for MPC's gas system.

It should be noted that an order on the cost of service phase of this docket is forthcoming. It is further assumed that the methodology contained in this upcoming order will serve as a base for the Company's September filing, and that any deviations from this methodology will be substantially justified and explained.

CONCLUSIONS OF LAW

1. All Findings of Fact are hereby incorporated as Conclusions of Law.

2. The Applicant, Montana Power Company, furnishes natural gas service to consumers in Montana, and is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission. Section 69-3-101, MCA.

3. The Montana Public Service Commission properly exercises jurisdiction over Montana Power Company's rates and operations. Section 69-3-102, MCA, and Title 69, Chapter 3, Part 3, MCA.

4. The Montana Public Service Commission has provided adequate public notice of all proceedings, and an opportunity to be heard to all interested persons in this Docket. Section 69-3-303, MCA, Section 69-3-104, MCA, and Title 2, Chapter 4, MCA.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION HEREBY ORDERS:

1. The Gas Transportation Phase of this docket is hereby terminated.

2. The Company is directed to file a comprehensive gas transportation plan by September 30, 1989, in accordance with this Order.

Done and Dated this 11<sup>th</sup> day of May, 1989 by a vote of

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BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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CLYDE JARVIS, Chairman

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HOWARD L. ELLIS, Vice Chairman

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JOHN B. DRISCOLL, Commissioner

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WALLACE W. "WALLY" MERCER, Commissioner

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DANNY OBERG, Commissioner

ATTEST:

Ann Purcell  
Acting Commission Secretary

(SEAL)

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