

Service Date: August 24, 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 Request of	)	UTILITY DIVISION
Montana-Dakota Utilities Co. (MDU)	)	
to clarify base rate language on	)	DOCKET NO. 89.4.14
Transportation Rates 81, 82 and	)	
84.	)	DEFAULT ORDER NO. 5422
_____	)	

On April 19, 1989 the Commission received a request from MDU to implement clarifications to the base rate language on transportation Rates 81, 82 and 84. MDU states that the clarifications are necessary in order to properly apply the appropriate industrial or general purpose base rate on transportation service billings. MDU states the present tariff language is not specific enough to denote that industrial service is tied together through Rates 82 and 85 or that general service is tied together under Rates 70 and 81. Further, MDU states the current language is deficient in that an industrial customer could request some service under Rate 70 and pay the \$6 base rate but escape paying the \$265 base rate under Rate 82. The proposed language is intended to correct this deficiency.

In addition, MDU proposes to include base rate provisions for Rate 84 consistent with the base rate provisions for Rates 81 and 82 as required by the Commission in Docket No. 87.12.77.

The Commission issued a Notice of Opportunity for Public Hearing on June 15, 1989. The NOPH allowed any interested party to request a hearing, with a July 17, 1989 deadline for such requests. No party protested MDU's filing or requested a hearing.

While the Commission approves of MDU's filing, it also finds it necessary to make several comments. First, in the future MDU should serve all filings upon the Montana Consumer Counsel. This courtesy would expedite the processing of such filings.

Second, some concerns arise due to many on-going dockets, the proposals in which seem inconsistent. As an example, the clear intent of the filing in Docket No. 89.4.14 is so that MDU can charge customers the greatest Base Rate (Services Charges) on the various tariffs from which service is taken. A customer could in theory simultaneously take Rate 70, 82, 85, 84 and 90 service. Yet, only one Base Rate would be charged. A cost of service study is needed to determine whether MDU's proposal in this Docket has any merit.

Third, MDU has made it clear in past dockets that base volumes are firm volumes. In turn, MDU has billed these firm volumes at Rate 70 firm rates. In this Docket, MDU noted eight

customers (Data Response PSC-5) that take firm service. Yet, in Docket No. 88.11.53, MDU proposed "minimum levels of firm usage" (Don Ball Direct at p. 37 and Data Response PSC-78) that would greatly expand the number of customers taking firm service and the level of firm, noninterruptible volumes. Thus the number of customers served on two or more tariffs, but through just one meter, will be greatly expanded.

In summary, approval of MDU's filing is granted, but with much concern. A cost of service study is needed to determine the merits of MDU's proposal in this Docket. MDU's next general gas filing must address the concerns the Commission raises in this Order.

#### CONCLUSIONS OF LAW

The Applicant, Montana-Dakota Utilities 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.

The Commission properly exercises jurisdiction over the Applicant's rates and operations. Section 69-3-102, MCA, and Title 69, Chapter 3, Part 3, MCA.

The Commission has provided adequate public notice of all proceedings and opportunity to be heard to all interested parties in this Docket. Title 2, Chapter 4, MCA.

The changes approved herein are just, reasonable, and not unjustly discriminatory. Section 69-3-330, MCA.

ORDER

NOW THEREFORE, IT IS ORDERED THAT:

1. The Application in Docket no. 89.4.14 is granted.
2. MDU shall revise its tariff sheets accordingly.

DONE IN OPEN SESSION at Helena, Montana this 23rd day of August, 1989 by a 5 - 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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WALLACE W. "WALLY" MERCER, Commissioner

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DANNY OBERG, Commissioner

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JOHN B. DRISCOLL, 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 38.2.4806, ARM.