

Service Date: February 28, 1991

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 GREAT FALLS GAS COMPANY for)	
Approval of Changes in Rate)	DOCKET NO. 90.3.20
Structure and Classification of)	
its Montana Customers.)	ORDER NO. 5539a
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FINAL ORDER ACCEPTING STIPULATION

On February 8, 1991, Great Falls Gas Company (GFG or Company) filed a stipulation which was entered into by GFG and the Montana Consumer Counsel (MCC). The stipulation contains a two part rate reduction. The first part is a permanent reduction in the base rate equivalent to an annual reduction of \$100,000 in revenue. The second part is a temporary reduction, accomplished through a suspension of the NIP loan surcharge, which is also equivalent to \$100,000. After the second \$100,000 reduction is accomplished the Company will apply to the Commission for reinstatement of the NIP loan surcharge to recover the amounts associated with the ongoing NIP program. The stipulation is appended to this Order as Attachment A.

During the preliminary discussion of procedural matters in this Docket, MCC suggested that a review of GFG's revenues, expenses and rate base might be in order to verify that those levels were appropriate. GFG agreed to join MCC in such a review on an informal basis, advising the Commission staff of its progress on a periodic basis.

On February 14, 1991, a stipulation meeting was held at the Commission offices where GFG and MCC explained to the Commission the reasons for entering into the stipulation.

Commission Analysis

In the April 12, 1990, issue of Public Utilities Fortnightly, Great Falls Gas was reported to have earned a return

on equity of 20.4 percent. While the return in that article was a consolidated return, it is well beyond the authorized return on equity of 12.25 percent. Against the background of an extremely high return on equity, the Commission staff, MCC and GFG examined the revenues, expenses and rate base of GFG on an informal basis. The result of that examination is the stipulation into which GFGC and MCC have entered. The Commission reviewed the stipulation and finds it is a reasonable means of addressing GFGC's recent high equity returns. The Commission approves the stipulation filed by GFG and MCC in Docket No. 90.3.20.

CONCLUSIONS OF LAW

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

2. The Applicant, Great Falls Gas Company, provides natural gas service in the State of Montana and as such is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission within the meaning of Section 69-3-101, MCA.

3. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana rates operations pursuant to Title 69, Chapter 3, MCA.

4. The rate levels and spread approved herein are just, reasonable, and not unjustly discriminatory. Sections 69-3-303 and 69-3-210, MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. This Order approves only the stipulation between GFG and MCC concerning a two part rate reduction for natural gas service. All other issues in Docket No. 90.3.20 are still open for Commission consideration.

2. This Order shall be effective for meter readings on and after February 19, 1991.

DONE IN OPEN SESSION at Helena, Montana, this 19th day of February, 1991, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

HOWARD L. ELLIS, Chairman

DANNY OBERG, Vice Chairman

WALLACE W. "WALLY" MERCER, Commissioner

JOHN B. DRISCOLL, Commissioner

BOB ANDERSON, Commissioner

ATTEST:

Ann Peck
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.