

Service Date: August 30, 1991

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

\* \* \* \* \*

IN THE MATTER of the Application	)
of the MONTANA POWER COMPANY for	)UTILITY DIVISION
Authority to Implement a Cost	)
Accounting Mechanism and to	)DOCKET NO. 91.6.24
Increase Rates and Charges to	)
Cover the Unreflected Costs of	)INTERIM ORDER NO. 5561a
Purchasing Energy from the Montana	)
One and Broadwater Dam Qualifying	)
Power—Production Facilities	)
_____	)

INTERIM ORDER

Discussion

1. On June 27, 1991, the Montana Power Company (MPC or Company) filed an application which proposed a cost accounting mechanism and increased electric rates to cover the unreflected costs of purchasing power from the Montana One and Broadwater Dam qualifying power-production facilities (QFs)

2. On July 22, 1991, the Commission approved Interim Order No. 5561 which authorized a rate increase to cover increased QF costs of \$668,014. That Order specified August 29, 1991, for implementation of the rate increase and allowed accrual of the July 22, 1991, to August 29, 1991, portion of the \$668,014 cost increase.

3. On August 13, 1991, the Commission received from MPC an amendment to the original application to reflect increased costs for higher capacity and energy volumes MPC is required to purchase from Montana One. The higher volumes reflect the Commission's resolution in Docket No. 91.4.15 of the contract dispute between MPC and Colstrip Energy Limited Partnership, the owner of Montana One. After off-system purchases and losses are netted out, the net effect of Docket No. 91.4.15 is an increase in costs of \$1,062,629. This amendment, combined with the original request of \$668,014, results in a net request of \$1,730,643 for Docket No. 91.6.24.

4. The Commission finds that Interim Order No. 5561 reflects none of the additional costs resulting from Docket No. 91.4.15. Therefore, the Commission finds it proper to authorize a rate increase reflecting the additional costs of \$1,062,629 and allow accrual of the portion of these costs from the effective date of this Interim Order to August 29, 1991.

5. Again, the Commission wishes to make clear to MPC that the treatment afforded the issue of increased QF costs is for this Docket only. Interim approval of this cost increase is being granted due the relationship in time of this Docket to Docket No. 90.6.39 wherein a complete review of the Company's operations was done. The Commission is very sensitive to single issue filings. Given such, if MPC has concerns about QF cost escalations which will occur on July 1, 1992, the Company should request rate treatment for those increased costs within the context of its next general electric rate case and not as an isolated single issue.

6. Due to a change in the implementation date of rates out of Order No. 5484k, Docket No. 90.6.39 (see Order No. 5484l, Docket No. 90.6.39), and a change in

the Commission's determination of a proper amortization period, paragraph 2 of the Order section in Interim Order No. 5561 is modified as described in paragraph 1 of the Order section of this Interim Order.

#### CONCLUSIONS OF LAW

1. Applicant, Montana Power Company, provides electric service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

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

3. Section 69-3-304, MCA, provides, in part, that the Commission may, in its discretion, make temporary approvals of requests pending a hearing or final decision.

4. The proposal approved herein is a reasonable means of providing interim relief to MPC. The rebate provisions of Section 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

#### ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS  
THAT:

1. The Commission Hereby Orders that paragraph 2 of the Order section in Interim Order No. 5561 is modified as follows:

2. Applicant is authorized to accrue the increase of \$668,014 granted in Interim Order No. 5561 from the effective date of that Order to August 29, 1991. If any or all of the Montana One and/or Broadwater Dam

costs are found to be unreasonable in the Final Order in this Docket, those costs shall be refunded to the full extent that any collections have been made from ratepayers. Interest shall be computed at 12.1 percent.

2. Applicant, Montana Power Company, is hereby ordered to implement on an interim basis rates designed to recover increased costs of \$1,062,629. The rate increase approved in this Interim Order is in addition to the rate increase authorized in Interim Order No 5561. This increase shall be applied using the rate design approved in Docket No. 90.6.39.

3. Applicant shall accrue the additional \$1,062,629 resulting from the resolution of Docket No. 91.4.15 from the effective date of this Interim Order to August 29, 1991.

4. If any or all of the additional Montana One costs allowed recovery in this Interim Order are found to be unreasonable in the Final Order in this Docket, those costs shall be refunded to the full extent that any collections have been made from ratepayers. Interest on such refunds shall be computed at 12.1 percent.

DONE IN OPEN SESSION at Helena, Montana, this 26th day of August, 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.

Chairman