

Service Date: December 3, 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 ) FINAL ORDER NO. 5561b  
Purchasing Energy from the Montana )  
One and Broadwater Dam Qualifying )  
Power-Production Facilities. )  
\_\_\_\_\_ )

FINAL ORDER

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).

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.

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 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.

On August 26, 1991, the Commission approved Interim Order No. 5561a which authorized a rate increase reflecting the additional costs of \$1,062,629 and allowed accrual of the portion of these costs from that effective date to August 29, 1991. In Docket No. 91.8.31, Order No. 5566, the Commission authorized continued accrual of these costs to November 1, 1991.

On October 7, 1991, the Commission issued a Notice of Opportunity for Public Hearing explaining the current filing and the procedures required to challenge the requested rate increase. Comments and/or requests for hearing were to be filed by November 1, 1991. No comments or requests for hearing have been received. The Commission finds that the \$1,730,643 revenue increase granted in Interim Order Nos. 5561 and 5561a should be approved on a final basis.

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 to the relationship in time of this Docket to Docket No. 90.6.39 wherein a complete review of the Company's operations was done. Generally the Commission does not favor 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.

#### 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. The rate level approved herein is just, reasonable, and not unjustly discriminatory. Sections 69-3-330 and 69-3-201, MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Interim rate increases authorized in Interim Order Nos. 5561 and 5561a are made permanent by the issuance of this Final Order.

DONE IN OPEN SESSION at Helena, Montana, this 25th day of November, 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.