

Service Date: April 15, 1992

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

\* \* \* \* \*

IN THE MATTER OF the Joint	)	UTILITY DIVISION
Application of Consumers Gas	)	
Company and the Town of	)	
Sunburst for Approval of Sale/	)	DOCKET NO. 92.1.3
Purchase of the Sunburst/	)	
Sweetgrass Gas System.	)	ORDER NO. 5616

ORDER APPROVING TRANSFER OF ASSETS

BACKGROUND

On January 22, 1992 the Montana Public Service Commission (Commission) received an application from the Town of Sunburst for approval of the sale of Consumers Gas Company to the Town of Sunburst and for subsequent approval of rates for the natural gas service to the towns of Sunburst and Sweetgrass.

The Town of Sunburst timely notified qualified electors by legal publication in the Shelby Promoter on January 16, 23 and 30, 1992 of registration deadlines and special municipal election scheduled for March 3, 1992. The election was for the purpose of issuing Governmental Obligation Bonds to finance the purchase of Treasure State Pipeline and Consumer Gas Company Systems and real estate.

By letter dated January 20, 1992 (copy received at the Commission January 22, 1992), Consumers Gas Company informed all of its customers of the proposed sale of the gas

system to the Town of Sunburst. Consumers Gas strongly encouraged the residents of Sunburst to vote for the purchase in the interest of obtaining significant reductions in rates and securing long term viability of the system.

On March 12, 1992 Consumers Gas Company officially notified the Commission of its intention to sell the Sunburst-Sweetgrass gas system to the Town of Sunburst. The gas system includes the distribution portion owned by Consumers Gas and the transmission portion owned by Treasure State Pipe Line Company. Upon acquisition the Town will operate the system as a municipally owned system (municipal utility). The Town Council, according to Consumers Gas, anticipates reductions to end-use customers of up to \$3.00 per MCF.

On March 16, 1992 Treasure State Pipe Line Company and Consumers Gas Company submitted documentation in support of its application for approval of the transfer to the Town, including copies of the Bill of Sale, Quit Claim Deed and Assignment of Right-of-Way Agreements, Rights-of-Way and Easements. Consumers Gas proposed closing the transaction March 31, 1992.

The Commission received further documentation on the Transition Plan for compliance with the Natural Gas Pipeline Safety Act requirements, to meet concerns that the Town is fit and able to operate a natural gas utility.

On March 30, 1992 the Commission approved the transfer from Consumers Gas Company and Treasure State Pipe Line of the agreed upon assets to the Town of Sunburst.

#### FURTHER FINDINGS

The Commission finds that both Consumers Gas Company (with Treasure State Pipeline Company) and the Town of Sunburst have adequately supported the application for approval of the Sale/Purchase of the Sunburst/Sweetgrass Gas System.

The Commission finds that upon closing the transaction on or after March 31, 1992 the Town of Sunburst will be providing natural gas service to customers in Sunburst and Sweetgrass as a municipal utility, subject to Commission regulation under Title 69, Chapter 7, MCA.

The Commission finds that the Town has installed a transition/training plan for operation with the intention of complying with the Natural Gas Pipeline Safety Act of 1968 (see § 69-3-207, MCA). Provided that the Town demonstrates satisfactory completion of the training program, the Commission will deem the Town fit and able to provide natural gas service in a safe manner at just and reasonable rates.

#### CONCLUSIONS OF LAW

The Montana Public Service Commission exercises jurisdiction over the natural gas rates and service provided by Consumers Gas Company as a public utility, pursuant to §§ 69-3-101 and 69-3-102, MCA.

Public utilities are required to provide reasonably adequate service and facilities for reasonable rates. § 69-3-201, MCA. The transfer to the Town of Sunburst will not result in inadequate service or unreasonable rates.

An entity operating a natural gas utility shall comply with the Natural Gas Pipeline Safety Act of 1968 or be subject to fines and penalties for any violation. § 69-3-207, MCA.

The Montana Public Service Commission has general powers to do all things necessary and convenient in the exercise of its jurisdiction, including the power to approve sale/purchase and transfers of the assets and operating responsibilities of public utilities, to ensure the continued provision of adequate service at reasonable rates. § 69-3-103, MCA.

The Town of Sunburst is fit, willing and able to assume

the service responsibilities associated with ownership of the gas system, and upon acquisition will be subject to limited rate regulation as a municipal utility under Title 69, Chapter 7, MCA.

ORDER

The Montana Public Service Commission grants its approval of the transfer of the assets of the natural gas system in the towns of Sweetgrass/Sunburst of Treasure State Pipe Line and Consumers Gas Company to the Town of Sunburst.

The Montana Public Service Commission approves the tariff filed by the Town of Sunburst which contains a rate of \$6 for the first Mcf or less per month and \$6 for all additional Mcf per month. The Town of Sunburst shall comply with rules and regulations promulgated pursuant to Title 69 for municipal utilities.

The Town of Sunburst shall submit updated reports on the Transition Plan and its continued training on requirements for compliance with the safety provisions of the Natural Gas Act.

Done and Dated this 13th day of April, 1992 by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

---

DANNY OBERG, Vice Chairman

---

BOB ANDERSON, Commissioner

---

JOHN B. DRISCOLL, Commissioner

---

TED C. MACY, Commissioner

---

WALLACE W. "WALLY" MERCER, 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 ARM 38.2.4806.