

Service Date: August 25, 1993

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

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IN THE MATTER OF MONTANA-DAKOTA)	UTILITY DIVISION
UTILITIES COMPANY, Application)	
for Authority to Implement)	DOCKET NO. 93.5.18
the Gas Cost Tracking)	
Procedure.)	ORDER NO. 5713

* * * * *
INTERIM ORDER
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INTRODUCTION

1. On May 3, 1993, Montana-Dakota Utilities Company (MDU or Company) filed before the Montana Public Service Commission (PSC or Commission) its Spring 1993 application to implement its semiannual Gas Cost Tracking Adjustment Procedure provided by MDU tariffed Rates 87 and 88 (tracker). The filing was designated Docket 93.5.18.

2. On December 16, 1992, the PSC issued a final order, Order No. 5570e, in Docket No. 91.5.18, a consolidation of MDU's three trackers (Fall 1990 Docket No. 90.11.75, Spring 1991 Docket No. 91.5.18, and Fall 1991 Docket No. 91.11.51). That Order has reserved one issue (MDU contracting for gas supplies) and, consequently, rates remain interim.

PRELIMINARY FINDINGS OF FACT

3. All introductory matters which can properly be considered Findings of Fact and should be so considered to preserve the integrity of this Order are hereby incorporated as

Findings of Fact.

4. As stated above, on May 3, 1993, MDU filed with the PSC a semiannual application to implement its tracker procedure. MDU requested an order allowing the adjustment to be implemented effective June 1, 1993.

5. The tracking procedure provides for adjusted rates on the basis of a Current Gas Cost Tracking Adjustment and an Unreflected Gas Cost Tracking Adjustment amortized over a projected six-month sales period.

6. In its application, MDU discusses the various Williston Basin Interstate Pipeline (WBIP) filings before the Federal Energy Regulatory Commission (FERC) that have occurred since the PSC last authorized a gas cost tracking adjustment for MDU. Exhibit 6 of the application indicates that the net effect of the FERC authorized WBIP tariff changes represent an increased gas cost to MDU.

7. MDU in its application provides direct purchase gas contract pricing changes that have occurred since the Commission last authorized a gas cost tracking adjustment. Exhibit 8 of the filing summarizes the price changes and indicates that these costs have increased.

8. Including the amortization of the Unreflected Gas Cost Account, the net effect of FERC authorized WBIP rate changes and the effects of third party supply contract negotiations, the filing supports an increase of \$.252/dk for residential and

general service customers and an increase of \$.321/dk for industrial customers. These changes would result in an approximate \$753,000 increase in revenues over the rate effective period. The proposed increases are calculated in the following table:

	<u>Residential and Commercial</u>	<u>Industrial Customers</u>
Prior Cumulative Gas Cost Adjust.	(\$0.061)	\$0.116
Current Gas Cost Adjustment	<u>\$0.252</u>	<u>\$0.321</u>
Cumulative Gas Cost Adjustment	\$0.191	\$0.437
Unreflected Gas Cost Adjustment	<u>0.254</u>	<u>0.000</u>
Total Tracking Adjustment	\$0.445	\$0.437
Less: Total Tracking Adjustment - Current	<u>(0.193)</u>	<u>(0.116)</u>
Net Increase in Current Rates	<u>\$0.252</u> =====	<u>\$0.321</u> =====

9. In granting this interim approval, the Commission stresses that the calculations and methodologies approved in this Interim Order will be closely scrutinized and, depending on the record in this proceeding, may be modified or disallowed in the Final Order.

10. MDU requests that this filing be accepted as being in full compliance with the filing requirements of the Commission. The Commission finds MDU's application to be a complete filing for interim purposes and defers its decision until the Final Order in this proceeding concerning MDU's request for a blanket waiver of the Commission's rules, regulations, etc.

11. The issuance of this Interim Order should in no way be interpreted to mean that any issue in this case has been decided

before all the evidence has been presented and heard during the course of proceedings.

CONCLUSIONS OF LAW

1. All Findings of Fact which can properly be considered as Conclusions of Law and should be so considered to preserve the integrity of this Order are incorporated herein as Conclusions of Law.

2. Applicant, Montana-Dakota Utilities Company, provides natural gas service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

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

4. Section 69-3-304, MCA, provides, in part, that the Commission may, in its discretion, temporarily approve rate changes pending a hearing or final decision.

5. The rate levels and spread approved herein are a reasonable means of providing interim relief to MDU. The rebate provisions of Section 69-3-304, MCA, protects ratepayers in the event that any revenue increases authorized by this Interim Order are found to be unjustified at the time of the Final Order.

ORDER

THEREFORE, IT IS ORDERED THAT:

1. All Conclusions of Law which properly can be considered as an Order and should be so considered to preserve the integrity of this Order are incorporated herein as an Order.

2. Applicant, Montana-Dakota Utilities Company, is hereby granted authority to implement increased rates as provided herein, designed to generate revenues of approximately \$753,000.

3. Interim revenues granted herein are subject to rebate should the Final Order in this docket determine that a lower revenue level is warranted. Such a rebate would include interest at the rate of MDU's last granted return on common equity.

4. Interim approval of any matters in this proceeding should not be viewed as final endorsement by the Commission of any issues, calculations, or methodologies approved in this Interim Order.

5. The Commission accepts, for interim purposes, MDU's request that this is a complete filing and is in full compliance with the filing requirements of the Commission, and the Commission reserves final ruling on this request until a Final Order is issued.

DONE IN OPEN SESSION at Helena, Montana, this 22nd day of June, 1993, by a vote of 4 to 1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman

BOB ROWE, Vice Chairman

DAVE FISHER, Commissioner

NANCY McCAFFREE, Commissioner
-VOTING TO DISSENT - NO WRITTEN DISSENT-

DANNY OBERG, Commissioner

ATTEST:

Kathlene M. Anderson
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.