

Service Date: October 28, 1993

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 MONTANA POWER COMPANY for)
Authority to Changes Rates for) Docket No. 93.7.29
Electric Service.) Order No. 5735b

INTERIM ORDER

FINDINGS OF FACT

1. On August 16, 1993, The Montana Power Company (Applicant, MPC or Company) filed an application for authority to changes rates for electric service based on its allocated cost of service and rate design study. Included in the filing was a Motion requesting interim approval of Rate Schedule EIRI-2, applicable for service to Rhone-Poulenc Basic Chemicals Company (RP Chem), and an Adjustment Clause which will track certain revenues which may be reflected in future firm jurisdictional rates approved by the Commission in the instant Docket.

2. Rate Schedule EIRI-2 establishes rates which recover certain short-term fixed and variable costs, while providing RP Chem with a retention rate that is intended to retain it as a customer on the Company's system. The proposed contract represents a voluntary agreement between MPC and RP Chem; these

parties assert that, on an interim basis, there will be no adverse affect on any other customer. The Commission, therefore, provides interim approval pending a full examination of the proposed EIRI-2 rate.

3. The RP Chem Adjustment Clause will allow the Company to accrue the difference between the actual revenues received from RP Chem under interim Rate Schedule EIRI-2 and the revenues that would have been received from RP Chem under Rate Schedule II-1, and collect those differences in final rates. The adjustment clause will track those differences from the date of this Order to the date final rates are implemented in this Docket.

4. The Commission, without prejudice to what it may determine in the Company's electric rate increase proceeding, finds that the Applicant has demonstrated that it is necessary to protect the Company from the net lost revenues associated with the availability of the EIRI-2 Rate Schedule to RP Chem.

5. The Commission finds that it is appropriate to allow MPC to accrue the revenues as set forth in the Adjustment Clause from the date of this order to the effective date of the final order in the instant Docket. Final approval of the recovery of the accrued balances in rates will be addressed in a subsequent order in the instant Docket.

6. Based on the discussions in the above Findings of Fact, MPC is directed to file Compliance Tariff EIRI-2 and the necessary tariff reflecting the findings of the Commission concerning the Adjustment Clause. MPC can begin recording actual, prospective lost revenues as part of the Clause from the date of this Order.

7. If the final order in this Docket finds the EIRI-2 rate should have exceeded that which is interim approved by this Order, RP Chem must reimburse, with interest, MPC for the underpayments.

CONCLUSIONS OF LAW

1. MPC is a public utility furnishing electric services to consumers in the State of Montana and is subject to the supervision, regulation and control of the Montana Public Service Commission. Section 69-3-103, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may, in its discretion, make temporary approval of requests, pending a hearing or final decision."

3. The approval of the Company's request by the Commission in this Order meets the requirements of the administrative rules governing interim rate requests. A.R.M. .38.5.501, et seq.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Applicant is granted authority to implement the proposed EIRI-2 rate on an interim basis.
2. Nothing in this Interim Order precludes the Commission from denying, in its Final Order, after reviewing the entire record in this Docket, approval of the proposed EIRI-2 rate.
3. MPC is granted authority to accrue the lost revenues associated with the RP Chem Adjustment Clause from the effective date of this Order to the effective date of the final electric order in the instant Docket. Final approval of the recovery of the accrued balance in rates will be addressed in a subsequent Order. The effective date of this order is October 13, 1993.

DONE IN OPEN SESSION this 27th day of October, 1993, by a 4 to 1 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman

BOB ROWE, Vice Chairman
-VOTING TO DISSENT-WRITTEN DISSENT ATTACHED

DAVE FISHER, Commissioner

NANCY McCAFFREE, Commissioner

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.