

Service Date: July 6, 1995

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 )  
of GREAT FALLS GAS COMPANY ) UTILITY DIVISION  
for Authority to Decrease Rates ) DOCKET NO. 95.6.29  
Pursuant to its Gas Tracking ) INTERIM ORDER NO. 5854  
Mechanism. )

FINDINGS OF FACT

1. On June 27, 1995, GFG (Applicant, GFG, Company), filed an application to decrease rates for natural gas service by \$1,545,654 pursuant to the Gas Cost Tracking Mechanism (Gas Tracker) approved by the Commission in Docket No. 90.3.20, Order No. 5539c.

2. GFG proposed to spread the decrease in gas costs among its customers in the following manner:

Residential	(\$904,035)
Small General Service	(\$115,694)
Medium General Service	(\$206,263)
Large General Service	(\$182,431)
Extended General Service	(\$137,231)
Total	(\$1,545,654)

3. The tracker is designed to reflect changes in gas costs over a twelve month period. GFG is proposing a tracking period in this Docket which runs from July 1, 1995 through June 30, 1996.

4. This tracker uses the sales volumes approved in Docket No. 94.11.52 with the exclusion of Malmstrom AFB. Malmstrom requested distribution service of direct purchase supplies and GFG agreed to provide service on those terms. The distribution contract negotiated by GFG keeps the Company whole on the margin received on the sales tariff.

5. The transport demand and storage reservation charges shown on Exhibit LH-3 are exclusive of the charges associated with the service of Montana Refining and Malmstrom. Those charges are netted against GFG's gross distribution revenues and excluded from the core customer's gas costs.

6. Also shown on Exhibit LH-3 are cost decreases expected from renegotiations of the assigned Montana producer contracts next fall. The most significant item behind this sizeable decrease in gas costs was GFG's successful efforts to bring Shell Canada to the table one year early to negotiate more market sensitive pricing.

7. This tracker contains testimony from Lynn Hardin (Assistant Vice President for Gas Supply, Rates, and Special Projects for Energy West) on the subject of firm capacity. Mr. Hardin notes that both MPC and GFG wish to avoid any outages due to insufficient firm capacity, both up-stream and on-system. In Exhibit LH-6 Mr. Hardin presents two cases, one for the coldest day on GFG records (February 12, 1995) and one for February 2, 1989, MPC's last system stress day. Each case uses an MMBtu value per degree day calculated from heat sensitive use. Each case then uses that value to determine incremental use from the 74 degree days experienced on February 12, 1995. GFG would be much more comfortable using a physically experienced colder day, but there is none recent enough to reflect current load growth. Each case shows three peak use situations; 1) refinery curtailed and Malmstrom using coal, 2) refinery curtailed and Malmstrom without coal and 3) ultimate peak use with both fully supplied with gas. If GFG is carefull to curtail the refinery and keeps good communication with Malmstrom, it can stay within its current firm capacity reserve of 43,488/d on MPC's pipeline.

8. The Commission appreciates GFG addressing the issue of peak day requirements in this tracker. If MPC has concerns with any of the testimony on peak day requirements noted in this Finding, MPC should file testimony which sets forth its concerns and proposed solutions to peak day requirements on the GFG system. Naturally, those concerns should be resolved by the parties prior to the next heating season.

#### CONCLUSIONS OF LAW

1. Great Falls Gas offers regulated natural gas service in the state of Montana and is a public utility under MCA '69-3-102.

2. The Montana Public Service Commission properly exercises jurisdiction over Great Falls Gas Company's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. The rates approved herein are a reasonable means of providing interim relief to Great Falls Gas Company's customers.

#### ORDER

1. Great Falls Gas is hereby authorized to decrease rates for natural gas service by \$1,545,654. In addition the Commission in Docket No. 94.11.52, Final Order No. 5813a, ordered a reduction in base rates of \$250,000. Thus, tariffs filed pursuant to this Interim Order will reflect a total decrease in rates of \$1,795,654 (\$1,545,654 + \$250,000).

2. Great Falls Gas must file tariffs in compliance with the Findings of Fact in this Interim Order.

3. Nothing in this Interim Order precludes the Commission from adopting in its Final Order, after reviewing the entire record in this Docket, a revenue requirement different from that contained in this Interim Order.

4. Interim approval of any matters in this Docket should

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

5. Rates which implement the decrease approved in this Interim Order will be effective for meters read on and after July 5, 1995.

DONE IN OPEN SESSION at Helena, Montana, this 5th day of July, 1995, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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NANCY McCAFFREE, Chair

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DAVE FISHER, Vice Chair

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BOB ANDERSON, Commissioner

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DANNY OBERG, Commissioner

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BOB ROWE, Commissioner

ATTEST:

Ann Purcell  
Acting 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.