

Service Date: December 20, 2000

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

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| IN THE MATTER OF Cut Bank Gas Company |) | UTILITY DIVISION |
| Application of Increased Rates for Natural Gas |) | DOCKET NO. D2000.11.185 |
| Service |) | INTERIM ORDER NO. 6311 |

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INTERIM ORDER

BACKGROUND

1. On November 3, 2000, the Cut Bank Gas Company (CBGC) submitted to the Montana Public Commission (MPSC or Commission) an Application for Approval of Increased Rates for Natural Gas Service. CBGC also requested interim relief, but did not specify the amount of interim relief requested.

2. In its request, CBGC has requested an increase in total revenue of \$144,159. To achieve this revenue, CBGC proposes an increase of \$0.28 per MCF and an increase of \$4.00 in the minimum monthly service charge. This will increase the price per MCF from \$4.736 to \$5.016 and the minimum monthly meter charge from \$5.25 to \$9.25.

3. On November 24, 2000, CBGC filed a Supplemental Motion Request for Interim Relief prior to a rate hearing. In the interim request, CBGC proposes an increase of \$0.28 per MCF and an increase of \$4.00 in the minimum monthly service charge. This will increase the price per MCF from \$4.736 to \$5.016, and the minimum monthly meter charge from \$5.25 to \$9.25.

4. On November 30, 2000, the Montana Public Service Commission issued a Notice of Application and Intervention Deadline.

FINDINGS OF FACT

1. Cut Bank Gas Company has a June 30 Fiscal Year.
2. Cut Bank Gas Company has incurred an average net loss of \$72,578 per year for the three years ending June 30, 2000.
3. Cut Bank Gas Company is requesting a 5.9 percent increase in the cost per MCF.
4. Cut Bank Gas Company is requesting a 76.2 percent increase in the monthly service charge per customer.
5. According to Cut Bank Gas, the company will be operating at a loss without interim relief.
6. An interim increase of \$0.28 per MCF in the price of the commodity will provide \$67,000 relief. The July 1, 1999 through June 30, 2000 sales of 239,304 MCF multiplied by the proposed increase of \$0.28 per MCF equals \$67,005.12. This interim increase will provide CBGC the opportunity to no longer operate at a loss and is not so large an increase as to unduly burden CBGC's customers until the final disposition of this rate case.
7. The proposed interim increase in the monthly service charge is a major rate design change which will not be approved by the Commission in an interim order.

CONCLUSIONS OF LAW

1. Cut Bank Gas Company provides gas service within the State of Montana and as such is a "public utility" within the meaning of § 69-3-101, MCA.
2. The Montana Public Service Commission properly exercises jurisdiction over the Cut Bank Gas Company's Montana rates and operations pursuant to Title 69 Chapter 3, MCA.
3. The Commission may, in its discretion, make temporary approvals of requests pending a hearing or final decision. § 69-3-304, MCA.
4. The rate approved in this Order is a reasonable means of providing interim relief to CBGC. The rebate provisions of § 69-3-304, MCA, protect ratepayers until there is a final Order in this Docket.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Cut Bank Gas Company is hereby ordered to increase rates for natural gas service by \$67,000.
2. The Applicant shall adhere to and abide by all Findings of Fact in this Interim Order. All rate schedules shall comply with all Commission determinations set forth in this Interim Order.
3. The Applicant must file tariffs in compliance with the Findings of Fact in this Interim Order.
4. Nothing in this Order precludes the Commission from adopting in its Final Order, a revenue requirement different from that contained in this Interim Order.
5. 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 Order.
6. Should the Final Order produce an increase lower than what has been granted in this Interim Order, a rebate will be issued, with interest, based on the last approved Cut Bank Gas Return on Equity of 15 percent.
7. This Order is effective for service on or after December 19, 2000.

DONE IN WORK SESSION, at Helena, Montana on this 19th day of December, 2000, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

The original signed copy of this order is on file at the Commission's office.

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

GARY FELAND, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.

MONTANA PUBLIC SERVICE COMMISSION

CERTIFICATE OF SERVICE

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I hereby certify that a copy of an INTERIM ORDER, ORDER NO. 6311, in DOCKET NO. D2000.11.185, in the matter of CUT BANK GAS COMPANY, dated December 19, 2000, has today been served on all parties listed on the Commission's most recent service list, updated 11/6/00, by mailing a copy thereof to each party by first class mail, postage prepaid.

Date: December 20, 2000

Rachel Thompson
For The Commission