

Service Date:

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

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IN THE MATTER OF FIVE VALLEYS	)	
GAS COMPANY, Application of	)	UTILITY DIVISION
Increased Rates for Propane Service in its	)	DOCKET NO. D2000.12.205
Seeley Lake, Montana Service Area and	)	ORDER NO. 6315
Approval of a Propane Cost Tracking	)	
Procedure.	)	

\* \* \* \* \*

INTERIM ORDER

FINDINGS OF FACT

1. On December 4, 2000, Five Valleys Gas Company (Five Valleys) filed an application with the Montana Public Service Commission (PSC) for approval of increased rates for propane service to consumers in its Seeley Lake, Montana, service area. Five Valleys is a Minnesota corporation providing regulated propane service in Seeley Lake, Montana. The total requested rate increase would produce an additional \$26,209 in annual revenues.

2. Five Valleys is also requesting a monthly Propane Cost Tracking Procedure. The procedure would allow monthly adjustments (increase or decrease if costs change three cents or more per gallon) to rates based on changes in propane costs, accrual of costs that are not reflected in rates, and an annual true-up. That request will not be addressed in this Interim Order.

3. On December 14, 2000, the PSC issued a Notice of Application and Intervention Deadline, with statements and written comments due by January 18, 2001.

4. Five Valleys requests that metered Residential/Small Commercial revenues be increased by 26.84%. The monthly bill for a residential/small commercial class customer using the annual customer class average of 4,153 cubic feet would see an increase from \$91.18 to \$115.65. For the metered school class customer the proposed increase is 27.01%. The monthly bill for a school using the annual customer class average of 32,538 cubic feet would see an increase from \$612.98 to \$778.60. These increases are for an average monthly bill and are not

identical as those shown in the revenue requirements as demonstrated in the cost of service study. Five Valleys is also proposing an increase in its customer charge from \$5.50 per month to \$6.80 per month.

5. The estimated number of customers whose cost of service will be affected and the annual amount of the increases in cost of service is as follows:

<u>Customer</u>	<u>No. of Customers</u>	<u>Annual Increase in Cost</u>	<u>Annual Incr. Per Customer</u>
Residential	84	\$24,229	\$288.44
School	1	\$1,980	\$1,980.00
Total	85	\$26,209	

6. Five Valleys' requested revenue requirement for the test period is reportedly \$124,990, compared with revenues at present rates of \$98,781 or an increase of \$26,209. Five Valleys is not requesting the proposed full amount of revenue it suggests it can prove (\$64,253) because it feels such a dramatic increase would cost it business due to competition. Five Valleys argues that in order to remain competitive its customer charge should equal, or not greatly exceed, the tank rental charge of its competitors and, its product price must not exceed that of its competitors.

7. The Commission finds that Five Valleys proposed interim increase of \$26,209 is just and reasonable and is therefore approved.

#### CONCLUSION OF LAW

1. The Montana Public Service Commission is responsible for the supervision, regulation, and control of public utilities pursuant to the provisions of Title 69. Section 69-3-102, MCA.

2. Five Valleys Gas Company is a public utility subject to the Commission's jurisdiction. Section 69-3-101, MCA.

3. The propane service offered to the town of Seeley Lake is subject to the regulatory authority of the Commission.

4. The rates approved herein are a reasonable means of providing interim relief to Five Valleys Gas Company's customers.

5. The Commission may approve an increase or decrease in rates on an interim basis, pending a hearing on the merits (§ 69-3-304 MCA).

ORDER

1. Five Valleys Gas Company is hereby authorized to increase rates on an interim basis for propane service in the amount of \$26,209.

2. Five Valleys Gas Company must file tariffs in compliance with the Findings of Fact in the Interim Order.

3. Interim approval of any matter in this Docket should not be viewed as a final endorsement by the Commission of any issues, calculations, or methodologies approved in this Interim Order.

4. A Public Hearing may be held in the future to allow parties the option of pursuing items of interest to them.

5. If the final order in this matter approves a revenue requirement less than requested refunds shall include interest calculated at Five Valleys Gas Company's return on equity.

6. Rates which implement the increases approved in this Interim Order will become effective for services rendered on and after January 17, 2001.

DONE AND DATED at Helena, Montana, this 16<sup>th</sup> day of January, 2001, by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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GARY FELAND, Chairman

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JAY STOVALL, Vice Chairman

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BOB ANDERSON, Commissioner

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MATT BRAINARD, Commissioner

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BOB ROWE, Commissioner

ATTEST:

Rhonda J. Simmons  
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 38.2.4806, ARM.