

Service Date: March 21, 2001

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

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IN THE MATTER OF ENERGY WEST)
MONTANA, Application for Approval of) UTILITY DIVISION
Increased Rates Pursuant to the Gas) DOCKET NO. D2000.12.209
Cost Tracking Procedure for Propane) ORDER No. 6323a
Service to Customers within the)
Cascade, Montana, Service Area)

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INTERIM ORDER

FINDINGS OF FACT

1. On December 13, 2000, ENERGY WEST Montana in Cascade (EWM-C), a Division of ENERGY WEST, INC., filed an application with the Montana Public Service Commission (Commission or PSC) to increase rates for propane service by \$88,338, through its approved gas cost tracking mechanism. This request represents an increase of 38.9% to residential customers and 40.1% to commercial customers. EWM-C has asked for interim relief of \$86,713 or a 38.2% increase to residential customers and 39.4% increase to commercial customers. Residential customers will experience a monthly increase of approximately \$21.83 and General Service customers a monthly increase of \$32.08.

2. EWM-C proposes to spread the interim increase for propane gas service among its customers as shown in the table below:

CLASS	NUMBER OF CUSTOMERS	CURRENT AVERAGE BILL	PROPOSED AVERAGE BILL	PROPOSED ANNUAL INCR	% INCR
RESIDENTIAL	265	\$686.00	\$947.00	\$262.00	38.2%
GENERAL SERVICE	45	\$979.00	\$1,365.00	\$385.00	39.4%

3. EWM-C has stated that its request for increased revenues is caused by two factors: 1) an under-recovery of its gas costs in prior periods and 2) rapidly increasing wholesale gas costs.

4. EWM-C is requesting \$1,620 in an estimated carrying charge stating that a large under-recovered or over-recovered balance has a significant impact on a utility of its size. Carrying costs, it argues, are a real cost of carrying balances, it is a cost that the company or the consumer incurs and it should be compensated for all costs associated with the commodity supply service. Carrying costs are not included and the need for its inclusion will not be addressed in this interim order.

5. EWM-C is requesting a monthly propane gas cost adjustment. EWM-C argues that a monthly propane cost tracker has the objective of making gas costs reflective of the market in a timely manner, promoting customer understanding by pricing closer to actual price-affecting events, providing proper and timely price signals to customers and minimizing the unreflected gas cost account balance to avoid cost shifts from one period to another. The EWM-C request for a monthly tracking adjustment will not be addressed in this interim order.

CONCLUSIONS OF LAW

1. ENERGY WEST Montana-Cascade offers regulated propane service in the state of Montana and is a public utility under § 69-3-102 MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over ENERGY WEST Montana's Cascade operations pursuant to Title 69, Chapter 3, MCA.

3. The rates approved herein are a reasonable means of providing interim relief to ENERGY WEST Montana's Cascade customers.

4. 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. ENERGY WEST Montana-Cascade is hereby authorized to increase rates on an interim basis for propane gas service by \$86,713.

2. ENERGY WEST Montana 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. Any refunds shall include interest calculated at ENERGY WEST Montana's return on equity.

6. Rates which implement the increases approved in this Interim Order will become effective for services rendered on and after March 20, 2001.

DONE AND DATED at Helena, Montana, this 20th day of March, 2001, by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GARY FELAND, Chairman

JAY STOVALL, Vice Chairman

BOB ANDERSON, Commissioner

MATT BRAINARD, Commissioner

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.