

Service Date: December 13, 2002

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

* * * * *

IN THE MATTER OF ENERGY WEST)	UTILITY DIVISION
MONTANA, Application for Approval of)	DOCKET NO. D2002.9.120
Increased Rates for Natural Gas Service)	INTERIM ORDER NO. 6445b
in the Great Falls Area)	

* * * * *

INTERIM ORDER
AMENDED APPLICATION

FINDINGS OF FACT

1. On September 24, 2002, Energy West Montana (EWM) filed with the Montana Public Service Commission (PSC) an application for a general rate increase on its natural gas distribution system in and around Great Falls, Montana. EWM is the regulated division of Energy West Incorporated that provides service to the communities of Great Falls, Ulm, Black Eagle, Cascade and West Yellowstone. This application only affects the customers served on the distribution system in and around Great Falls, including the communities of Ulm, Black Eagle and the unincorporated portions of Cascade County connected to the distribution system serving those communities.

2. EWM is requesting approval of rate schedules resulting in increased annual revenues of \$1,340,039 which results in an increase to rates and charges to all customers by 6.44 per cent. The increases sought do not apply to negotiated contracts that are subject to bypass. EWM states that the need for increased revenue is primarily related to inflationary influences on EWM's cost of doing business. The last rate adjustment by EWM in a general rate filing was May of 1997.

3. EWM's claims its application would result in the following impact on the respective rate classes shown below:

CUSTOMER CLASS	% INCREASE	# OF CUSTOMERS	EST ANNUAL BILL IMPACT
Residential Service	6.79%	23,124	\$ 36
Small General Service	6.79%	1,846	\$ 802
Med General Service	6.79%	0	\$ 0
Large General Service	6.79%	697	\$ 5,238
Extended General Service	6.79%	10	\$ 51,828
Transportation Residential	6.79%	34	\$ 126
Transportation Small GS	6.79%	35	\$ 444
Transportation Large GS	6.79%	55	\$ 4,204
Transportation Extended GS	6.79%	9	\$ 21,301
Neg. Cont. Transportation	0%	20	\$ 0

4. The week of November 18, 2002, staff from both the Montana Consumer Counsel (MCC) and the PSC conducted an on site review of EWM's application. As a result of that review EWM became aware of certain errors in it's calculations, in an effort to avoid downward adjustments to EWM's interim rates EWM has submitted an amended application for interim approval.

5. EWM requests approval to increase revenues by 2.88 per cent, due to this increase not being applicable to negotiated contract customers, who have bypass alternatives, the percentage increase, as claimed by EWM, is 3.04 per cent to all other classes The amended application, will result in an increase in annual revenue over approved rates in the amount of \$600,000. The increase would result in the following impact on the respective rates classes as shown below:

CUSTOMER CLASS	% INCREASE	# OF CUSTOMERS	EST ANNUAL BILL IMPACT
Residential Service	3.04%	23,124	\$ 17.75
Small General Service	3.04%	1,846	\$ 395.15
Med General Service	3.04%	0	\$ 0
Large General Service	3.04%	697	\$ 2,556.00
Extended General Service	3.04%	10	\$ 25,395.00
Transportation Residential	3.04%	34	\$ 61.75
Transportation Small GS	3.04%	35	\$ 217.55
Transportation Large GS	3.04%	55	\$ 2060.00
Transportation Extended GS	3.04%	9	\$ 10,437.00
Neg. Cont. Transportation	0%	20	\$ 0

6. Upon review, the PSC finds for interim purposes only, the amended proposed interim increases in rate schedules, with the exception of the MAFB and Refinery rates, to be fair, just and reasonable.

CONCLUSIONS OF LAW

1. EWM provides natural gas service within the State of Montana and as such is a “public utility” within the meaning of § 69-3-101, MCA.

2. The PSC properly exercises jurisdiction over EWM’s rates and operations pursuant to Title 69, Chapter 3, MCA.

3. The PSC may at its discretion, within the scope of § 69-3-304, MCA, make temporary approvals of requests pending a hearing or final decision.

4. The rate level and spread approved in the Interim Order are a reasonable means of providing interim relief to EWM. The rebate provisions of § 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

ORDER

1. EWM shall implement, on an interim basis, rates designed to increase annual revenues by \$600,000 above approved rates.
 2. EWM shall adhere to and abide by all provisions in the Interim Order. All rate schedules shall comply with all determinations set forth in the Interim Order.
 3. EWM must file tariffs in compliance with the Findings of Fact in the Interim Order.
 4. Nothing in this Interim Order precludes the PSC from adopting in its Final Order a revenue requirement different from that contained in this Interim Order.
 5. Any interest associated with a refund that might result from the final revenue increase granted in this Order will be computed at EWM's approved return on equity.
 6. Interim approval of any matters in this proceeding should not be viewed as a final endorsement by the PSC of any issues, calculations, or methodologies approved in this Interim Order.
 7. This Interim Order is effective for all services rendered on and after December 16, 2002.
- DONE IN OPEN SESSION at Helena, Montana on this 10day of December 2002 by a vote of 4 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 ARM 38.2.4806.