

Service Date: February 1, 1996

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

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IN THE MATTER OF MONTANA POWER	)	UTILITY DIVISION
COMPANY, Application to Initiate Propane)		DOCKET NO. D95.7.97
Vapor Service in Townsend, Montana	)	ORDER NO. 5867c

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SECOND INTERIM ORDER

BACKGROUND

1. On July 24, 1995, Montana Power Company (MPC) filed before the Public Service Commission (PSC) for approval of initial rates for propane vapor service to customers in Townsend, Montana. On July 28, 1995, the PSC issued public notice of MPC's filing, inviting public participation. On August 23, 1995, the Montana Consumer Counsel (MCC) intervened. No other person intervened in the matter. An interim order was issued on October 5, 1995, approving MPC's proposal contingent upon the outcome of the public hearing. MPC began offering service on October 13, 1995. On January 8, 1996, the PSC issued a notice of public hearing. On January 17, 1996, hearing was held in Townsend. Following hearing the parties determined that briefing was not necessary and stipulated to a final order.

FINDINGS OF FACTS AND DISCUSSION

2. MPC estimates that the total capital investment for the Townsend project will be \$954,000. Anticipating 654 customers, MPC proposes a base rate of \$7.945 per Dkt (dekatherm) for all customers, a minimum monthly customer charge of \$4.30 for half inch pipe service size and \$10.20 for one inch pipe service size, and flexibility to adjust the base rate plus or minus 10 percent,

on a monthly basis. MPC also proposes, if a customer terminates service and subsequently requests a service reconnect at the same address within 24 months, that it maintain the right to charge that customer the monthly fixed charges not paid during the time of termination.

3. MPC witnesses prefiling testimony and testifying at the hearing were Jean Sullivan, Senior Analyst in the Gas Supply and Transportation Department, and Ceil Orr, Senior Analyst in the Regulatory Affairs Department. Ms. Sullivan provided background for MPC's decision to undertake this project in Townsend and support for the cost of service analysis. Ms. Orr sponsored the tariffs, supported the development of the proposed rates, and illustrated the need for a flexible rate to respond to competition. Because bulk propane suppliers can compete to provide propane gas, MPC requests a flexible rate -- a band 10 percent higher or lower than the filed tariffs.

4. MPC witnesses stated that MPC had received many requests for natural gas service for Townsend, but determined that it was not economically feasible to construct a transmission pipeline to serve the small loads available. MPC determined that propane vapor is one way of supplying Townsend with a lower priced fuel than what is currently available. This is the MPC's first propane vapor system.

5. The PSC finds, on an interim basis, that MPC's proposed rates and tariff provisions for the propane vapor system have a reasonable basis as projected. Therefore, the PSC determines that this filing should be approved on an interim basis to allow MPC to develop historical data on the project.

6. This interim authorization may become final on or after December 13, 1996, upon the following conditions: (1) MPC shall file cost information according to PSC requirements, based on a

historical test year; (2) MPC shall apply for final approval of the rates. The PSC, after an opportunity to examine and do discovery on the submitted information, will issue a final order.

CONCLUSIONS OF LAW

1. The PSC is responsible for the supervision, regulation, and control of public utilities. ' 69-3-102, MCA. MPC is a public utility subject to the PSC's jurisdiction. ' 69-3-101, MCA. The propane vapor service offered to Townsend is subject to the regulatory authority of the PSC.

2. MPC is required to file with the PSC tariffs showing all rates, tolls, and charges and all rules affecting rates to be charged. ' 69-3-301, MCA.

ORDER

1. MPC shall file tariffs pursuant to this Order and shall supplement the tariff filings when a charge varies from the filed rates within the range of flexibility approved. MPC is granted authority, on an interim basis, to charge for propane vapor service in Townsend, Montana.

2. When MPC adjusts rates within the band, it shall file documentation of the rates charged as supplements to the tariffs. MPC shall notify its customers that its rates are regulated by the Commission and that there is the range, possibly 10 percent higher or lower, that MPC may charge within the rate schedule.

3. On or after December 13, 1996, MPC shall file cost information as set forth above and request final approval of the rates for propane vapor service to Townsend, Montana.

DONE IN OPEN SESSION at Helena, Montana this 29th day of January, 1996, by a 5 - 0 vote.

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:

Kathlene M. Anderson  
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.