

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

* * * * *

IN THE MATTER of the Application)	
of GREAT FALLS GAS COMPANY)	UTILITY DIVISION
for Authority to Increase Rates)	DOCKET NO. D97.7.119
Pursuant to its Gas Tracking)	FINAL ORDER NO. 6001c
Mechanism.)	

FINAL ORDER
FINDING OF FACTS

1. On July 11, 1997, Great Falls Gas Company (Applicant, GFGC, Company), filed an application to increase rates for natural gas service by \$1,879,210 pursuant to the Gas Cost Tracking Mechanism and for the implementation of surcharges associated with the rate case expense, pursuant to Docket No. D96.7.123, Order No. 5933b . The \$1,879,210 increase is comprised of \$1,825,029 for gas cost increase and \$53,650 for rate case expense and \$531 due to rounding in spreading the increase among rate classes. Also GFGC is requesting the inclusion of a gas tracker for the West Yellowstone Gas Company (WYGC).

2. GFGC proposed to spread the increase in gas costs among its customers in the following manner:

Residential	\$1,250,294
Small General Service	\$ 179,250
Medium General Service	\$ 288,475
Large General Service	<u>\$ 311,360</u>
Total	\$1,879,210

3. The tracker is designed to reflect changes in gas costs over a twelve month period. GFGC is proposing a tracking period in this Docket which runs from July 1, 1997, through June

30, 1998.

4. This tracker uses the sales volumes approved in Docket No. 96.7.123 less expected .5 Bcf due to the conversion to the transportation tariff during FY 98.

5. GFGC has separated storage gas costs into commodity and non-commodity components. The separation is made in order to recover the non-commodity storage gas costs over total volumes and to recover the commodity portion over sale volumes. The commodity component is common to GFGC sales customers, WYGC and future Montana natural gas entity sales customers, but not distribution transport customers. The firm capacity costs are common to both sales and transport tariff customers and are spread over total GFGC volumes. The GFGC sales tracker has five components: commodity, capacity, non-commodity storage, surcharge, and distribution transport credit. The GFGC distribution transportation tracker has three components; capacity, non-commodity storage, and surcharge.

6. The most permanent change and the item of most concern in this gas tracker is the increase in Montana Power Company (MPC) service and upstream firm service costs. MPC cost increases alone are nearly two thirds of this item. These are costs that can only be mitigated through negotiations for discounted rates, physical bypass facilities, or Montana Public Service Commission actions. They are costs that are largely out of GFGC's control. The final increase item from non-commodity storage inventory reduction during this next tracker period and should be noted that this is a one year effect that should drop off with next years tracker filing unless some further reduction in inventory are determined to be necessary.

7. On September 10, 1997, the Commission issued Interim Order No. 6001a which approved an interim Increase in rates for GFG of \$1,879,210 . Rates for Interim Order No.

6001a were effective for meters read on and after October 1, 1997.

8. The Commission finds that a gas cost tracking mechanism for WYGC is consistent with those of other gas utilities within the state. Authority to begin a gas cost tracking mechanism for WYGC is granted and it shall be consistent with Great Falls Gas Co.'s. The tracking period shall begin for the period of July 1, 1997 through June 30, 1998. The 25 percent flexibility band granted in Order No. 5848b is hereby repealed. However, WYGC may flex rates downward to respond to competitive pressure.

CONCLUSIONS OF LAW

1. Great Falls Gas offers regulated natural gas service in the state of Montana and is a public utility under MCA . 69-3-102.
2. The Montana Public Service Commission properly exercises jurisdiction over Great Falls Gas Company's Montana operations pursuant to Title 69, Chapter 3, MCA.
3. The rates approved herein are just and reasonable.

ORDER

1. Great Falls Gas is hereby authorized to increase rates for natural gas service by \$1,879,210.
2. Great Falls Gas must file tariffs in compliance with the Findings of Fact in this Final Order.
3. A gas cost tracking mechanism for WYGC shall be consistent with FOF 8.
4. Rates which implement the increase approved in this Final Order will be effective for meters read on and after July 1, 1998.

DONE IN OPEN SESSION at Helena, Montana, this 23 rd day of June, 1998, by a vote of 4 to 0.

BY THE ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

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.