

Service Date: March 28, 2000

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 COMPANY'S Request)	UTILITY DIVISION
For an Accounting Order to)	
Accrue and Defer Costs)	DOCKET NO. D97.7.90
Resulting from Implementing)	
Customer Choice.)	ORDER NO. 5986q

Customer Choice Cost Accounting Order

FINDINGS OF FACT

1. The Montana Power Company (MPC or Company) is in the process of implementing customer choice, pursuant to the Electric and Natural Gas Restructuring Acts, . . 69-8-101, et Seq. and 69-3-1401, et Seq. respectively, and is educating customers regarding that implementation.

The Company's Customer Education Plan for the Natural Gas and Electric utilities was developed to jointly educate MPC gas and electric customers about restructuring the energy environment. The costs of this plan include the following:

- a) development and placement of mass media
- b) development, production and distribution of direct mail pieces or separate bill inserts to communicate with large numbers of customers
- c) internet graphic design and support
- d) brochures for tradeshow and presentation to audiences
- e) communications with individual customers
- f) toll-free phone support
- g) trade show booths and displays
- h) travel associated with customer and employee education
- i) the development and support of a database to track customer interests and needs through the transition to full customer choice.

In addition to implementation costs, MPC is required by legislation to evaluate the progress of customer choice and the pilot programs.

2. These costs are new cash expenditures that are not reflected in current rates and will not be considered for inclusion in rates until filed for by MPC.

3. The “Electric Utility Industry Restructuring and Customer Choice Act,” at . 69-8-211 (7) (b), MCA recognized there would be increased costs necessary to implement full customer choice and allows for recovery of the costs from the customers on whose behalf the increased costs are incurred.

4. In Docket No. D97.7.90, Order No. 5986d the PSC specifically directed MPC to educate customers consistent with a plan approved and enforced by the Commission and for MPC to conduct, through an independent entity, evaluations of pilot programs and customer education. As directed, the evaluation must include the factors influencing customer decisions to choose, or not to choose, whether customer education materials have been useful, adequate, accurate and understandable and what/whether additional information is necessary or useful to make informed decisions.

In Docket No. D98.2.28, Order No. 6061a, the PSC approved MPC’s Natural Gas Core Aggregation Pilot Program Plan, which includes the joint electric and natural gas customer education plan.

5. MPC estimated the costs associated with the Company’s Customer Education Plan and the evaluation of the plan and pilot program to be approximately \$1,538,600 through the end of the Transition Period scheduled for July 1, 2002. Should the Transition Period be extended or other Customer Education responsibilities associated with Customer Choice be assigned, additional costs may be incurred.

6. The costs for the Company’s Customer Education Plan are not reflected in current rates and SB 390 provides that Utilities shall be allowed to recover the increased costs necessary to implement Customer Choice.

Therefore, MPC requested that the Commission issue this Accounting Order

allowing it to accrue and defer costs associated with the Company's Customer Education Plan until they can be reviewed for possible inclusion in rates.

7. Nothing in this Accounting Order shall be considered as precedent for the treatment of these costs, except as specifically stated herein, in any future proceedings, or interpreted to limit the Commission's authority in making the determination of which Customer Choice Costs should be included in rates.

8. Approval of this Accounting Order is for accounting purposes only. This Order is not to be construed as, nor is it in any way, a directive as to the proper accounting treatment for Customer Choice Costs, or an approval of either the actual numbers involved, the accounting method used, or the assumptions underlying those numbers. Most importantly, this Order does not imply or direct in any fashion that Customer Choice Costs deferred pursuant to this Order will be at any time reflected in rates.

CONCLUSIONS OF LAW

1. The Montana Power Company is a public utility furnishing electric and natural gas service to consumers in the State of Montana, subject to the supervision, regulation and control of this Commission. Title 69, Chapter 3, 69-3-102, MCA.

ORDER

1. The Commission authorizes an accounting deferral for Customer Choice Costs.

2. This authorization is effective for costs incurred from the issuance of this Order until July 1, 2002.

Done and Dated this March 27th, 2000 by a vote of 4-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

GARY FELAND, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
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.