

Service Date: August 13, 1998

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 for Approval of a)	
Customer Choice Pilot Program for Residential)	DOCKET NO. D98.2.28
and General Service Natural Gas Customers)	ORDER NO. 6061a

FINAL ORDER

Introduction

1. On February 20, 1998, Montana Power Company (MPC) filed before the Public Service Commission (PSC) an application for approval of a natural gas customer choice pilot program for MPC's residential and general service customers. On March 6, 1998, the PSC issued a public notice of MPC's application. In response to that notice, intervention was requested by the Montana Consumer Counsel (MCC), Energy West Resources, Inc. (EWR), Commercial Energy of Montana, Inc. (CE), the Montana Department of Environmental Quality (DEQ), the Montana League of Cities and Towns, Inc. (MLCT), Enron Energy Services (Enron), and Montana Power Trading and Marketing Company (MPTM). Intervention was granted to each of these parties.

2. Procedures progressed through discovery on MPC's application, the filing of intervenor testimony by MCC, CE, MLCT, and MPTM, and discovery on that testimony. Prior to MPC's rebuttal testimony, the parties scheduled a settlement conference. On July 24, 1998, following a brief period of PSC-approved suspension of the proceedings pending settlement, a Settlement Agreement reached by MPC, MCC, CE, MLCT, and MPTM, along with a motion to vacate further proceedings, was filed with the PSC. The PSC then vacated the remaining procedural schedule and set a time for hearing on the settlement.

3. A settlement hearing before the PSC was held on August 5, 1998. At the hearing MPC offered into evidence MPC's initial application and the Settlement Agreement. These were admitted into the record without objection. MPC and several

intervenors then presented comments in response to PSC questions and requests for discussion. MCLT's initial testimony was offered as evidence by MLCT and was admitted as evidence without objection. No interested person or party to the proceedings, including those intervenors not signing the Settlement Agreement (i.e., EWR, DEQ, and Enron), presented any objection or contest to the Settlement Agreement, at hearing or otherwise.

Findings of Fact

4. A pilot program for MPC's natural gas core customers (i.e., general service and residential customers) is a required part of MPC's natural gas utility restructuring. On October 31, 1997, the PSC issued a Final Order (Order No. 5898d) in PSC Docket No. D96.2.22, a matter which pertained to several aspects of MPC's natural gas services, including the restructuring of MPC's natural gas utility to allow for competition and customer choice in natural gas suppliers. That Final Order approved a settlement reached in that docket, which included a provision requiring MPC to submit a core aggregation plan (i.e., pilot program) for PSC approval. The PSC finds that MPC has complied with that requirement.

5. The pilot program evidenced by the Settlement Agreement and those parts of MPC's initial proposal not affected by the Settlement Agreement, allows participation by MPC's core customers in MPC's ongoing transition to full customer choice. The PSC believes that the pilot program is a reasonable means for the PSC, MPC, natural gas suppliers, the participating core customers, and others interested to gain needed experience regarding competition and customer choice in gas supply. The PSC finds that the proposed pilot program, as agreed to in the Settlement Agreement and as otherwise included in MPC's initial application (i.e., to the extent not superseded by the Settlement Agreement) presents a reasonable and workable pilot program that is in the public interest.

6. The Settlement Agreement, and those parts of MPC's initial application not affected by the Settlement Agreement, being uncontested, the PSC determines that further findings of fact are unnecessary. However, to the extent that it may be

necessary in order to preserve the integrity of this Final Order, the PSC hereby adopts the Settlement Agreement and those parts of MPC's initial application not affected by the Settlement Agreement and by this reference incorporates them herein as an integral part of this Final Order. For convenience, copy of an excerpt from the Settlement Agreement, including the eighteen principal provisions of the Settlement Agreement, is attached as Appendix A. The PSC determines that appending the remaining parts of the Settlement Agreement and MPC's initial application in its entirety would be impractical and unnecessary.

Conclusions of Law

7. MPC is a public utility. In accordance with Title 69, MCA, the PSC has jurisdiction over MPC as a public utility and over the matters and issues which MPC and the intervenors have presented to the PSC in regard to this docket. MPC's application for approval of a natural gas pilot program is proper in form and has been properly noticed, processed, and heard in accordance with applicable provisions of Title 69, MCA, and Title 2, Chapter 4, MCA (MAPA).

8. MPC's initial application, as modified by the Settlement Agreement, is in accord with all applicable provisions of the PSC's Final Order in Docket No. D96.2.22 (MPC's gas restructuring docket), including settlement terms approved in that Order, and all applicable provisions of Title 69, MCA, including those within the Natural Gas Utility Restructuring and Customer Choice Act (Title 69, ch. 3, part 14, MCA). The PSC concludes that the Settlement Agreement should be approved, and, to the extent that provisions of the Settlement Agreement do not supersede provisions within MPC's initial application, MPC's initial application should be approved.

ORDER

IT IS HEREBY ORDERED that the Settlement Agreement submitted by MPC, MCC, CE, MLCT, and MPTM is approved. MPC shall implement a natural gas residential and general service customer choice pilot program in accordance with the approved Settlement Agreement and, to the extent that provisions of that Settlement

Agreement do not conflict with or supersede provisions of MPC's initial application as filed, in accordance with that initial application as well.

Done and dated this 11th day of August, 1998, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chair

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Ann Purcell
Acting 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.