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March 10, 2000

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PSC TO HOLD HELENA HEARING MARCH 16 ON PROPOSED MPC GAS CASE SETTLEMENT

Public Service Commissioner Bob Anderson will hold a hearing in Helena on Thursday, March 16, to obtain public comment on the proposed settlement of Montana Power Company's natural gas rate case that is pending before the PSC. The hearing will begin at 7 p.m. at the PSC Bollinger Room, 1701 Prospect Ave.

Said Commissioner Anderson, "The PSC needs to decide if we should accept this settlement or take the case to formal hearing." If the commission rejects the settlement, the parties will present their evidence in an evidentiary hearing and the PSC will decide the case on its merits. The outcome, compared with the settlement, could be better or worse for consumers.

In its filing last August, MPC claimed its current natural gas rates are \$15.4 million short each year of allowing the company to recover its costs to provide the service. MPC initially proposed to increase rates to provide a 14-percent overall increase in its annual gas revenues, including a new monthly charge that would have increased the typical residential customer's annual gas bill by about \$100. In December the PSC approved MPC's request for a temporary 10-percent gas rate increase to raise an additional \$7.6 million in revenues pending final resolution of the rate case.

In late February, MPC and all the active parties to the case submitted to the PSC three separate settlement agreements that would resolve all the issues in the proceeding. The major agreement was submitted by MPC and the Montana Consumer Counsel, the large customer group, the state Department of Public Health and Human Services and the District XI Human Resource Council of Missoula. If approved by the PSC, the settlement would result in an overall increase in MPC's annual natural gas revenues of \$10.3 million, which includes the \$7.6 million already approved by the PSC in December. The agreement, if approved, would mean an increase for the typical residential customer of \$1.13 per month over current rates. The settlement agreement does not include MPC's proposed \$24 residential monthly service charge, but instead would increase the current \$5.79 monthly service charge to \$6.

The proposed agreement also includes an increase in the low-income rate discount from 10 percent to 15 percent for customers who receive assistance from the state's Low Income Energy Assistance Program. LIEAP customers who choose a competitive gas supplier instead of continuing with MPC as their supplier would see the discount on the MPC components of their bills increase to 23 percent. In order to recover the cost of increasing the LIEAP discount, MPC would collect an additional \$149,600 in universal system benefits charges from customers.

If the PSC approves the proposed settlement agreement, MPC would also implement a new line extension policy it requested in its original filing that would require new customers to pay more of the costs of extending gas service to their premises. For example, the typical residential customer requesting a gas line extension would pay any costs over \$639 for extending the gas main and would pay all costs to install the service line from the gas main to the gas meter. Under the existing line extension policy, MPC extends gas lines to residences at no charge if the extension does not exceed the estimate of the customer's annual gas usages multiplied by \$7 per dekatherm.

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