Service Date: July 18, 1978

READING FILE.

DEPARTMENT OF PUBLIC SERVICE REGULATION

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MONTANA

* * *

IN THE MATTER of the Application of the CONSUMERS GAS COMPANY for Authority to Increase Rates and Charges for Natural Gas Service	DOCKET NO. 6514 DEFAULT ORDER NO. 4356d

FINDINGS OF FACT

1. On June 13, 1977, CONSUMERS GAS COMPANY (Applicant) made application to this Commission for authority to increase rates in order to offset increased gas costs charged by Treasure State Pipe Line Company which resulted from increased gas costs charged by The Montana Power Company under Docket No. 6454.

2. Consumers Gas Company purchases one hundred percent (100%) of its gas from Treasure State Pipe Line Company.

3. On June 9, 1977, this Commission granted Montana Power Company a temporary increase in its natural gas rates. Included in the temporary rate increase order was authorization to increase charges to Montana Power's small utility customers.

4. On November 1, 1977, the Commission's Order No. 4350a in Docket No. 6454 granted Montana Power a second temporary natural gas rate increase.

5. Order No. 4350a resulted in increased purchased gas costs to Applicant.

6. On November 4, 1977, the District Court for the First Judicial District of the State of Montana issued an Order

in the appeal by the Anaconda Company and Ideal Cement Company of this Commission's Order 4220C in Docket No. 6348. Judge Meloy's Order found that the Commission had before it no evidence of record upon which to base the volumetric revenue allocation directed by Order No. 4220C. The Court held that "because the record is devoid of evidence sufficient to support the allocation imposed by the Commission order, the Commission is directed to allocate on the basis of the status quo prior to the entry of Order No. 4220C, and such allocations shall apply until the Commission, if it so decides, shall re-open the proceedings and receive evidence sufficient to support a different allocation method if such evidence is available".

7. Pending the complete evaluation of evidence in Docket No. 6454 and the issuance of the final Order, the Commission was constrained by the Court's holding invalid of the revenue allocations used in Order No. 4220C to allocate the revenue increases granted in that and subsequent orders on a uniform percentage basis, as proposed by Applicant, with the exception of revenue increases granted for the purposes of offsetting increased gas supply costs which shall continue to be allocated on a volumetric basis as they were prior to Order No. 4220C.

8. On December 1, 1977 the Commission's Order No. 4220D in Docket No. 6348 changed the method of revenue allocation to Montana Power customers to be consistent with that prescribed in the Order of the Court. Order No. 4350C in Docket No. 6454 was

issued the same day in order to comply with the intent of that Court order. Both Order No. 4220D and Order No. 4350B applied uniform percentage revenue allocations in place of the volumetric allocation originally used.

9. Order No. 4220D and Order No. 4350C resulted in an expense decrease to Consumers Gas Company.

10. On April 24, 1978 the Commission's Order No. 4350D in Docket No. 6454 granted Montana Power a permanent natural gas increase.

11. Order No. 4350D resulted in an expense increase to Consumers Gas Company.

12. On April 27, 1978, the Commission issued Temporary Order No. 4356c stating that Applicant was ordered to increase gas rates in an amount identical to its gas cost increase resulting from Order NO. 4350D and to file tariffs and supporting calculations.

13. A Notice of Proposed Public Hearing to be held, if requested, was published in the June 16, 1978 issue of The Great Falls Tribune. If no public hearing requests were received by July 6, 1978 an appropriate order would be issued based upon the evidence submitted in the application.

14. No requests for a hearing were received and no hearing was scheduled.

CONCLUSIONS OF LAW

1. The increase applied for is needed to insure continued service to Applicant's customers.

2. The resulting rate levels are reasonable and just.

ORDER

1. The Applicant is ordered to continue rates as stated in Order No. 4356c.

DONE IN OPEN SESSION by a vote of 5 - 0 at a meeting of the Public Service Commission held July 17, 1978 in Helena, Montana.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Gordon E. Bollinger, Chairman

P. J. Gilfeather, Commissioner

Thomas J. Schneider, Commissioner

James R. Shea, Commissioner

George Turman, Commissioner

ATTEST:

Madeline L. Cottrill
Secretary

(SEAL)

NOTICE: You are entitled to judicial review of the final decision in this matter. If no Motion For Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion For Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Section 82-4216, RCM 1947; and Commission Rules of Practice and Procedure, esp. 38-2.2(64)-P2750, ARM.