Service Date: July 6, 1983

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

* * * *

IN THE MATTER of the Application of THE GREAT FALLS GAS COMPANY for Authority to Increase Rates and Charges for Natural Gas Service.	UTILITY DIVISION DOCKET NO. 83.4.21 INTERIM ORDER NO. 4998 83-27

FINDINGS OF FACT

1. On April 8, 1983, Great Falls Gas Company (Applicant or GFG) filed a motion for interim relief in the amount of $338,729. The amount of $338,729 sought in this motion, is the amount sought in the general rate case, less the amount related to the zero-interest conservation loan program and less further volume shrinkage beyond that calculated for the test year, plus miscellaneous other known and measurable charges which occurred beyond those of the calendar year of 1982.

2. On May 4, 1983, the Commission requested that the Applicant provide additional information related to volumes and wages. On May 17, 1983, the additional information was received by the Commission.

3. In this Docket, the normalized sales volumes for Malmstrom and the Simmons Refinery are 686,402 Mcf and 228,155 Mcf respectively. GFG is seeking rates based upon substantially lower volumes for both of these customers. The Applicant

has presented evidence that the Malmstrom load will be reduced by 133,000 Mcf to a level of 553,402 Mcf. GFG has provided evidence that Simmons will reduce its load by 96,169 Mcf to a level of 131,986 Mcf. With respect to Malmstrom, a review of the evidence indicates that on June 30, 1983, NORAD will cease to generate power by burning natural gas. A review of the response to PSC data request No. 3 indicates that substantial conservation measures are being performed by Simmons. During recent rate cases, the Commission has taken the position that large drops in consumption should be presented to the Commission when they occur. The Commission finds the evidence on the loss of volumes to Malmstrom and Simmons persuasive and includes the reduction in the calculation of interim relief. The Commission for the purposes of this Interim Order finds the sales volumes of the Applicant to be 4,712,971 Mcf. This finding relating to volumes may be modified by the Commission in its final order.

4. For interim purposes the Commission used the overall rate of return granted in Docket No. 82.4.25 (11.41 percent).

5. For the purposes of calculating this interim, the cost of purchased gas used was $3.8993. The rates used to compute operating revenues were $4.0155 for lifeline volumes and $5.0269 for excess volumes. A loss and unaccounted for factor of 2.98 percent was used. Lifeline volumes used to compute the interim were 1,061,372 Mcf.

6. GFG included employees who were not hired during the

test year in their interim request. The amount of the increased payroll expense for those employees is $108,518. The Commission has consistently used the concept of average test year employees for setting rates. The increase in payroll expenses of $108,518 is rejected as an adjustment in this Interim Order.

7. In the additional information which the Commission received on May 17, 1983, the Applicant included $18,720 in the cost of service for standby consulting service from the Vesta geologist. Since it is likely that this adjustment will be contested during the hearing, the Commission reduces the cost of service by $18,720 for this interim calculation.

8. Based on the preceding findings of fact, the Commission finds that Great Falls Gas Company is entitled to interim relief in the amount of $209,713.

9. The following schedule shows the derivation of the interim relief:

GREAT FALLS GAS COMPANY

Overall Cost of Service

	Actual 1982	Adjustment	Present Rates	Adjustment	Interim Rates
Operating Revenues	$25,850,226	$ 3,232,064	$22,618,162	$ 209,713	$22,827,875
Cost of Service:					
Gas Purchased	$21,753,352	$(2,828,420)	$18,924,932		$18,924,932
Other Operation					
Distribution	417,701	64,658	482,359		482,359
Customer Accounts	489,551	61,302	550,853		550,853
Customer Services	139,056	(10,912)	128,144		128,144
Administrative & General	865,148	121,156	986,304		986,304
Maintenance	189,572	1,662	191,234		191,234
Depreciation	340,725		340,725		340,725
Taxes:					
Other Than Income	$ 180,057		$ 180,057		$ 180,057
Federal Income-Current (Net Investment Credit)	241,664	(58,118)	183,546	69,706	253,252
Federal Income-Deferred	276,537	(235,520)	41,017		41,017
State Income	40,911	(11,066)	29,845	14,156	44,001
TOTAL	$24,934,274	$(2,895,258)	$22,039,016	$ 83,862	$22,122,878
Utility Operating Income	$ 915,952	$(336,806)	$ 579,146	$ 125,851	$ 704,997
Rate Base	$ 6,245,831	$(67,065)	$ 6,178,766		$ 6,178,766
Rate of Return	14.67%		9.37%		11.41%

CONCLUSIONS OF LAW

1. Great Falls Gas Company is a public utility furnishing natural gas service to consumers in the State of Montana. As such, it is subject to the supervision, regulation and control of this Commission, Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision."

3. If the final decision of the Commission is to disapprove the increase granted on an interim basis, the Commission will order a rebate thereof with interest of 14.50% to all customers, as was agreed by the Applicant.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Great Falls Gas Company is hereby granted authority to implement on an interim basis increased rates designed to generate $209,713 in additional revenues on an annual basis.

2. Great Falls Gas is to file revised rate schedules spreading the increased revenues to the existing customer classes on a uniform percentage basis.

3. Nothing in this Interim Order precludes the Commission from adopting in its final order after reviewing the entire record in this Docket a revenue requirement different from that contained in this Order.

4. The interim relief granted in this Order is to be

effective for natural gas service rendered on and after July 5, 1983.

DONE IN OPEN SESSION this 5th day of July, 1983 by a vote of 5-0.

DOCKET NO. 83.4.21, INTERIM ORDER NO. 4998

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Thomas J. Schneider, Chairman

Clyde Jarvis, Commissioner

John B. Driscoll, Commissioner

Howard L. Ellis, Commissioner

Danny Oberg, Commissioner

ATTEST:

Madeline L. Cottrill
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.