READING FILE.

Service Date: March 25, 1986

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

* * * * * *

IN THE MATTER Of The Application Of CONSUMERS GAS COMPANY for Authority to Increase Rates and and Charges for Natural Gas Service.	)))))	UTILITY DIVISION DOCKET NO. 85.5.21 ORDER NO. 5167c

ORDER ON RECONSIDERATION

FINDINGS OF FACT

1. On May 31, 1985, Consumers Gas Company (Applicant or CGC) filed a general rate case. The Application requested an increase of $38,992. Included in the general case was a motion for interim relief in the amount of $38,992, the same increase requested in the general filing.

2. On October 2, 1985, and pursuant to a properly issued Notice of Public Hearing, the Commission conducted a hearing in the United Savings Bank, Shelby, Montana.

3. On November 29, 1985, the Commission issued Interim Order No. 5167 in this Docket, granting CGC interim relief in the amount of $35,630.

4. The only adjustment made by the Commission to the Applicant's motion for interim relief was an increase in revenues in the amount of $3,362. The Commission reasoned that further consideration was required to determine the appropriate

treatment for a source of income which was eliminated by the Applicant in its rate request.

5. On December 5, 1985, the Applicant filed a Motion for Reconsideration of Interim Order No. 5167. In its motion, the Applicant contended that the revenue adjustment made by the Commission in its interim order was contrary to uncontroverted evidence presented at the hearing. On January 8, 1986, the Commission issued Order No. 5167a which denied the Applicant's Motion for Reconsideration.

6. On February 25, 1986, the Commission issued Order No. 5167b as a final order in this Docket. After further review of the unrebutted testimony of the Applicant in this Docket, the Commission found it appropriate to eliminate the interest income adjustment in determining the Company's revenue requirement.

7. On February 28, 1986, the Commission received correspondence from the Sunburst Public School System, protesting the rate increase, and requesting that the Commission reconsider its decision in Order No. 5167b. The school system was not a party to the proceedings in this docket, and did not participate in any manner.

8. On March 6, 1986, the Commission received a motion for reconsideration on behalf of the Applicant. The Applicant requested that the Commission allow the Company to defer implementation of the rate increase granted in Order No. 5167b to an indefinite point in the future. The Applicant proposed to give the Commission notice as to its desire to implement the deferred

increase. It was the Applicant's position that the rate increase would harm the Company's tenuous position among its customers, as well as potentially jeopardize ongoing negotiations with the Montana Power Company for sale of the CGC system.

COMMISSION'S DECISION

9. The Sunburst Public School system lacks standing to file a motion for reconsideration in this docket. Accordingly, the Commission cannot consider its request. The school system had every opportunity to participate in the proceedings before the Commission, yet did not do so.

10. The Commission is puzzled by the Applicant's request. When the Applicant filed its Motion for Reconsideration to Interim Order No. 5167, it contended that failure of the Commission to eliminate the interest income adjustment would "further undermine the precarious financial situation of the applicant company." After operating through the heating season without this adjustment reflected in its rates, the Applicant now feels that it is financially able to continue to operate without this income over the spring and summer months as well. By this action, the Applicant has cast doubt upon its own testimony provided at the hearing regarding its need for this income.

11. The Commission finds it appropriate to order the Company to not eliminate the interest income adjustment from its revenue requirement when determining rates, as initially provid-

ed in Order No. 5167 of this Docket. To this extent, the Applicant's Motion for Reconsideration is GRANTED.

12. However, the Commission does not find it to be appropriate to accept the Applicant's "self-implementation" of the rate increase, as proposed in its Motion for Reconsideration. In addition, the Commission does not wish to implement a "phase-in" of the rate increase at a certain date in the future, given the demonstrated ability of the Applicant to operate without it. Rather, if the Applicant needs this rate increase next fall, it may approach the Commission at that time through the standard filing procedures. The Commission will provide an expedited hearings process, as well as minimum filing requirements. To this extent, the Applicant's Motion for Reconsideration is DENIED.

CONCLUSIONS OF LAW

1. Consumers 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 the Commission, Section 69-3-102, MCA.

2. The Commission properly exercises jurisdiction over the Applicant's rates and operations. 69-3-102, MCA and Title 69, Chapter 3, Part 3, MCA.

3. The Commission has provided adequate public notice of all proceedings and opportunity to be heard to all interested parties in this Docket. Title 2, Chapter 4, MCA.

ORDER

1. The Consumers Gas Company shall comply with the Commission determinations set forth in this Order, especially those delineated in Findings 10 through 12.

2. All motions and objections not ruled upon are denied.

DONE AND DATED this 24th day of March, 1986, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DANNY OBERG, Commissioner and Hearing Examiner

TOM MONAHAN, Commissioner

CLYDE JARVIS, Chairman

ATTEST:

Trenna Scoffield
Commission Secretary

(SEAL)

NOTE: You may be entitled to judicial review in this matter. Judicial review may be obtained by filing a petition for review within thirty (30) days of the service of this order. Section 2-4-702, MCA.