Service Date: Feb. 28, 1992

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

* * * * *

IN THE MATTER of the Applications for Approval of (A) the General Filing of Pacific Power & Light Company in Demonstration of One Test Year as a Merged Company and (B) Proposed New Tariff, Schedule No. 47T, on the PP&L/ Champion International Inc. Electric Service Contract.	)	UTILITY DIVISION DOCKET NO. 90.11.78 ORDER NO. 5538g

FINAL ORDER ON SCHEDULE 47T,
PARTIAL REQUIREMENT SERVICE TARIFF

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FINDINGS OF FACT

BACKGROUND

Pacific Power & Light Company (PP&L, Company or Applicant) is a public utility furnishing electric power service to customers in the State of Montana and is subject to the regulatory jurisdiction of the Montana Public Service Commission (PSC or Commission). PP&L currently serves approximately 31,000 electric customers in Montana.

On November 15, 1990, PP&L filed an application with the Commission showing one year as a merged company, pursuant to Order No. 5432, in Docket No. 89.6.17, issued November 7, 1989. On November 30, 1990, PP&L filed its proposed Schedule 47T, large partial requirement service tariff, Docket No. 90.11.83. On December 4, 1990, the Commission voted to consolidate both Docket Nos. 90.11.78 and 90.11.83, and to close Docket No. 90.11.83. As proposed, Schedule 47T would apply only to customers needing partial requirement electric power service with contract capacity or monthly demands of 1,000 kW or more. Currently, Champion International, Inc. is the only Montana customer under the proposed Schedule 47T.

The Commission duly noticed PP&L's applications to the public and set an intervention deadline by notice dated December 7, 1990.

Commission staff by delegated authority granted routine intervention to Montana Consumer Counsel (MCC) and Champion International, Inc. (Champion) on January 23 and January 24, 1991, respectively.

On April 5, 1991, PP&L filed Stipulation Settling Revenue Requirements Issue entered into with MCC which, if accepted, would settle revenue requirement issues. The Commission convened a meeting on June 20, 1991, for PP&L and MCC to explain the benefits of this stipulation.
On July 15, 1991, the Commission issued a Notice of Commission Action initially approving the Stipulation and excusing PP&L's revenue requirement witnesses from the hearing, which would address only Schedule 47T and other rate design issues.

The Commission held a duly noticed public hearing on July 16 and July 17, 1991, in Conference Room 1, Courthouse East, Kalispell, Montana. PP&L proposed no change to revenue

requirements or existing tariffs. Pursuant to the Notice of Public Hearing, PP&L had the burden to demonstrate the continued appropriateness of its rate design, including its Schedule 47T, proposed Partial Requirement Service tariff for customers with monthly demands of 1,000 kW or greater. PP&L had applied for approval of Schedule 47T. Shortly before the hearing PP&L presented a revised Schedule 47T.

On October 17, 1991, PP&L filed a Motion to Approve Stipulation; the Stipulation of Champion International, Inc. and PacifiCorp, dba Pacific Power & Light Company (re: Schedule 47T); and a third Schedule 47T negotiated and agreed upon by the parties.

This second stipulation in this docket proposed resolution of all contested issues on Schedule 47T, except the effective implementation date of the stipulation. Parties duly briefed the remaining issue of which date to apply Schedule 47T. On February 21, 1992, the Commission issued Order No. 5538f, the first of two final orders in this docket, addressing the revenue requirement issues of the initial November 15, 1990, filing. In Order No. 5538f, the Commission accepted the Stipulation Settling Revenue Requirements Issue. Pursuant to the Stipulation and Order No. 5538f, there will be no increase in PP&L's revenue requirement in Montana.

The Commission issues Order No. 5538g as the second order in this Docket, following the hearing on Champion's challenge to the cost allocation and rate design for service to Champion under Schedule 47T. This Order is divided into four parts: Part I, cost of service (COS); Part II, declining block rate for residential customer class; Part III, Schedule 47T as presented by the parties in prefiled testimony, rebuttal testimony and data responses, and pursuant to Stipulation; and Part IV, the Commission's decision.

PART I

COST-OF-SERVICE

Pacific Power and Light

In this application, PP&L has applied marginal cost-of-service (COS) analysis to allocate revenue requirements to

various rate classes. Generally, PP&L functionalizes costs into four components: generation, transmission, distribution and customer costs. Costs are then classified within each function. Generation costs are classified as energy and demand, measured in mills/kWh and $/kW. Transmission costs are also classified as energy and demand, measured in mills/kWh and $/kW. Distribution costs are classified as commitment and demand, measured in $/customer and $/kW. Customer cost refers to customer billing cost, measured in $/customer. Costs may be further classified within each function into each customer class to reflect different voltage and phase levels. All costs are expressed in December 1991 dollars. (PP&L Exh. 13, pp. 1-12.)
The model described in Table 1 illustrates general technical steps needed to perform a COS study.

Table 1. A General Cost-of-Service Model

FUNCTION	CLASSIFICATION	ALLOCATION I	ALLOCATION II
Generation	Energy & Demand	Seasons	Customer Class
Transmission	Energy & Demand	Time-of-Day	Voltage Level
Distribution	Commitment & Demand		Phase Level
Customer	Billing		

PP&L applies the Consensus Allocation Method (CAM) to allocate jurisdictional costs. The CAM documents consist of (1) Summary of Factor Definitions; (2) Classification and Allocation Assumptions; and (3) Summary of Functionalization, Classification and Allocation. In the CAM, the pre-merger fixed costs remain the responsibility of the division with prior ownership, while the incremental and variable costs are allocated system-wide. (PP&L Exh. 9, Eakin Direct, pp. 14-15.)

To submit more complete information than the long-run marginal costs used in past filings, PP&L has presented a study of short, medium and long-run marginal costs. No single cost estimate can reflect the appropriate COS for every consumption decision, according to PP&L. For example, a typical short-run decision would be whether to burn wood in the wood stove or adjust the thermostat on the electric space heat. A medium-run decision would be what type of water heater to purchase. A long-run decision would be whether to purchase an energy efficient new home. PP&L concludes that because of a broad range of purchasing

decisions, marginal costs can be calculated on short, medium and long-run time frames. (PP&L Exh. 13, Esteb Direct, pp. 6-7.) PP&L defines its short-run time period as one year, medium-run as ten years and long-run as twenty years. PP&L's short-run marginal costs include only generation energy costs and some billing costs. The medium and long-run marginal costs include full generation, transmission and distribution costs. (PP&L Exh. 3, Esteb Direct, pp. 6-7.)

Marginal Generation Costs

As in earlier dockets, PP&L uses the peak credit methodology to classify marginal generation costs into generation capacity and energy costs. The following table demonstrates computed short, medium, and long-run marginal energy and capacity costs.

Table 2. Marginal Generation Costs

	Energy (mills/kWh)	Capacity ($/kW)
Short-run	17.1	0
Medium-run	23.1	40.29
Long-run	26.8	40.56

The marginal cost of generation capacity is based on the expected annual cost of an incremental purchase from BPA. These yearly costs are present-valued and summed over ten years for medium-run and twenty years for long-run costs. A real carrying charge is then applied to the present value to derive an annual cost in test year dollars. PP&L calculates that the short-run annual marginal capacity cost at the generator is zero, the medium-run is $40.29/kW, and the long-run is $40.56/kW. (PP&L Exh. 14, Esteb Direct, Table 2.)

PP&L uses three time periods in calculating the marginal costs of generation energy. The first is the period from 1991 through 1996, during which PP&L will incur the operating cost of its existing resources. The second period is from 1996 to 2006. Marginal generation energy costs during this period are based on cogeneration resources available to PP&L. The third period is from 2006 through 2010, and the energy costs

are based on energy purchases from BPA. These yearly energy costs are then present-valued, summed, and a real carrying charge is applied to the total. According to PP&L, the short-run annual marginal energy cost at the generator is 17.1 mills/kWh, the medium-run is 23.1 mills/kWh, and the long-run is 26.8 mills/kWh. (PP&L Exh. 13, Esteb Direct, p. 9.)

PP&L adopts a 12-month coincident peak allocator (12 CP) to allocate generation capacity costs to customer classes. The Company states that the marginal cost of meeting capacity need is the same all year. PP&L explains that it incurs marginal generation capacity costs from its year-round capacity purchase from BPA. Since the price paid for BPA capacity purchase is not seasonally differentiated, PP&L maintains that it is correct to assign generation capacity costs to all months. (PP&L Exh. 13, Esteb Direct, p. 10.)

PP&L uses a weighted average of summer costs versus winter costs to seasonally allocate marginal generation energy costs. Winter energy costs are only slightly higher than summer energy costs. (PP&L Exh. 13, Esteb Direct, p. 10.)

Marginal Transmission Costs

PP&L bases its calculation of marginal transmission costs on planned investment in system-wide transmission plant from 1990 through 1994. Planned plant additions to PP&L's transmission system are then classified as growth-related or non-growth-related investment on a project by project basis. Growth-related investments are then present-valued, summed, and a real annual carrying charge applied to the total to derive annual marginal transmission costs. (PP&L Exh. 13, Esteb Direct, p. 11.)

PP&L's transmission plant is also classified into demand and energy. The annual marginal transmission cost is classified into demand and energy in the same proportions as the marginal generation resources. The short-run marginal transmission cost is considered to be zero, while both the medium- and long-run demand-related costs are $24.01/kW. The medium- long-run energy-related costs are $18.77/kW. Marginal

transmission energy cost can be converted from $/kW to mills/kWh cost according to the formula: $18.77/(8760 x 80.63% load factor)= 2.666 mills/kWh. (PP&L Exh. 13, Esteb Direct, p. 11.) PP&L uses a 12 CP methodology to seasonally allocate its transmission costs as with generation capacity. Its planning engineers examine loads and size transmission lines throughout the year. (PP&L Exh. 13, Esteb Direct, p. 12.)

Marginal Distribution Costs

PP&L's marginal costs are classified into demand and commitment costs. PP&L defines its distribution commitment cost as the minimum distribution cost to meet its responsibility to provide minimum service to customers in a geographic area. PP&L contends that these costs are incurred regardless of the customer's demand level and are therefore unrelated to demand costs. Its distribution demand costs are the costs of the distribution system above the commitment service costs, which are affected by the customers' demand levels. (PP&L Exh. 13, Esteb Direct, p. 14.)

Distribution costs consist of three components: transformers, poles and conductors, and substation costs. PP&L uses separate methods for the analysis of these costs. For transformers, it uses a regression model of transformer costs versus size. The commitment cost of transformers is interpreted by the intercept term of the regression model and the demand cost by the slope of the regression. For poles and conductors, PP&L uses a feeder configuration of seven segments, calculating commitment costs on the smallest size of poles and conductors used by PP&L. The demand costs of poles and conductors are costs in excess of the commitment costs. A ratio of substation costs to pole and conductor costs determines the marginal cost for substations. The commitment and demand costs are based on a study of substation equipment by PP&L's substation engineers. (PP&L Exh. 13, Esteb Direct, pp. 14-16.)

PP&L calculates annual marginal distribution commitment costs of $180.23 per customer and demand costs of $19.36 per kW. (PP&L Exh. 14, Table 4.)

In this filing, PP&L first uses the feeder model to isolate the additional costs that three-phase customers place on the distribution system. The Company claims that it has been concerned about the subsidization of three-phase customer costs by single-phase customers. Based on the feeder study, PP&L concludes that for General Service customers, the incremental cost for three-phase service over single-phase varies between $67 and $87 per month, depending on the load size group. (PP&L Exh. 14, Esteb Direct, Table 4.)

Marginal Customer Costs

PP&L defines marginal customer costs as the billing-related costs to serve its customers. The Company's billing costs include: (1) marginal cost of metering; (2) meter O&M expense; (3) service drop expense; (4) service drop O&M expense; and (5) customer accounting and informational expense. PP&L estimates marginal customer costs are $80.07/year per residential customer. (PP&L Exh. 14, Esteb Direct, Table 14.) PP&L combines billing-related customer costs with marginal distribution commitment costs to obtain total customer-related costs. The Company computes customer-related costs of $260.30/year per residential customer. (PP&L Exh. 14, Esteb Direct, Table 14.)

Conservation Plan

PP&L acknowledges that it has adopted Model Conservation Standards (MCS) for the region's residential construction since 1987; PP&L expects to achieve more than 50% penetration rate in 1990. According to PP&L, the program success is limiting the energy inefficient options available to customers. (PP&L Exh. 15, Keast Direct, pp. 9-10.) The following table shows how PP&L allocates its long-run full marginal cost by load classes.

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Champion International

Champion's witness, Dr. Alan Rosenberg, raised two concerns regarding PP&L's marginal cost study. First, Champion contends that PP&L has inappropriately classified a portion of transmission costs as energy-related marginal costs. PP&L classifies 83% of the 500 KV transmission line costs to energy. Champion claims that there are no grounds for this classification from either an economic or engineering perspective. Unlike sources of generation which are classified to energy and demand, transmission facilities must be sized to meet the maximum load, i.e., demand. Thus, the amount of energy transmitted over transmission lines has no bearing on cost-causation, according to Dr. Rosenberg. (Champion Exh. C3, Rosenberg Direct, p. 8.) Second, Champion recommends using short-run marginal energy costs for ratemaking purposes. Champion states that decisions on energy consumption are typically short-run in nature. Champion points out that the further out in time a forecast is made, the more unreliable will be the estimates of marginal costs. Champion also believes that PP&L's long-run marginal cost method is not workable when there is no option of a long-run contract. (Champion Exh. C3, Rosenberg Direct, pp. 2-8.)

Montana Consumer Counsel

In prefiled direct testimony, MCC's witness, Mr. James Drzemiecki, claimed that he has no fundamental disagreement with PP&L's marginal cost study and pricing proposals in this case. Price changes are inappropriate, however, since there is no change in revenue requirement in this case, according to Mr. Drzemiecki. (MCC Exh. MCC-1, Drzemiecki Direct, p. 5.)

PP&L's Rebuttal

PP&L challenged Dr. Rosenberg's (Champion) recommendation to use short-run energy costs as a basis to allocate the total revenue requirement among customer classes.

First, PP&L asserts that decisions of energy consumption should cover the spectrum from short to long run. As a result, costs reflecting the complete spectrum should be used to determine the allocation of revenues among customer classes. Second, sole reliance on short-run energy costs for revenue allocation would require continual adjustment of the allocation as short-run costs change, resulting in undesirable customer impacts due to fluctuating price levels. Finally, PP&L points out that Dr. Rosenberg agrees with the Commission's established policy of setting each class revenue requirement at an equal percent of marginal costs. (PP&L Exh. 19, Keast Rebuttal, p. 2.) In the order referenced by Dr. Rosenberg and other orders issued by the Commission on Pacific's allocation of revenue to classes, the Commission has applied long run marginal costs to allocate the revenue requirement among customer classes, according to PP&L. (PP&L Exh. 19, Keast Rebuttal, p. 2.)

PP&L also challenged Dr. Rosenberg's position that classification of a portion of transmission cost to energy is inappropriate and that PP&L should classify all transmission cost to capacity (PP&L Exh. 19, Keast Rebuttal, pp. 3-4.) PP&L states that Dr. Rosenberg was referring to the Company's bulk power lines of 345 kV and above. The purpose of these bulk power lines is to move energy as well as capacity. For example, a utility puts thermal plants close to the coal source and builds transmission lines to move energy. Alternatively, the utility might build thermal plants close to the load and ship coal over long distances, thus incurring higher fuel costs. Since shipping electric energy is usually cheaper than shipping coal, bulk power lines lower energy costs. In conclusion, PP&L believes that it is appropriate to classify some of the cost incurred in lowering energy cost via transmission investment as energy-related transmission costs.(PP&L Exh. 19, Keast Rebuttal, pp. 3-4.)

Champion International's Rebuttal

Champion rebuts the conclusion drawn by MCC witness Mr. James Drzemiecki who stated that he has "no fundamental disagreement with PP&L's pricing proposals in this case."

(Champion Exh. C5, Rosenberg Rebuttal, pp. 2-3.) Mr. Drzemiecki responded as follows to CI-95:

> Given its proper context, the passage quoted simply indicates that in view of the fact that no revenue requirement change is proposed, no restructuring of rates is required at this time.

Champion states that determining the revenue requirement and restructuring rates are two distinct phases in a rate case. There is no conceptual or practical reason why appropriate rate design changes cannot be made simply because the revenue requirement is held constant. Champion concludes that it is not uncommon for commissions to realign interclass or intraclass rates when facing a revenue neutral rate case. (Champion Exh. C5, Rosenberg Rebuttal, pp. 3-6.)

MCC's Rebuttal

In rebuttal testimony, MCC's witness Dr. John Wilson responded to Champion's two proposals regarding marginal costs. First, MCC disagrees with Champion's proposal to classify all transmission costs to capacity, claiming that most high voltage transmission costs are energy-related because a large portion of base load generation costs are energy-related. If peak demand were the only reason to construct transmission capacity, MCC argues that the Company would economically achieve this purpose by building relatively small, low capital cost plants throughout the Company's service territory, instead of large, high capital cost base load plants at remote locations. MCC concludes that it is entirely reasonable to classify large portions of existing and anticipated transmission costs to energy and recommends that the Commission reject Champion's proposal. (MCC Exh. MCC-2, Wilson Rebuttal, p. 11.)

Second, MCC disagrees with Champion's contention that short-run marginal energy costs should be used for ratemaking purposes. MCC states that, in the case of firm service, it is important to recognize the linkage between today's energy consumption decisions and long-run resource requirements. MCC points out that using short-run price signals ignores the long-

run cost consequences of demand, and thus would likely lead to capacity deficit in long term. Further, more pricing energy on short-run marginal energy cost may produce rates that fail to reflect the fact that a substantial portion of long-term generation and transmission capacity costs are energy-related. Therefore, MCC recommends that the Commission deny Champion's proposal to use short-run marginal energy costs for rate design. (MCC Exh. MCC-2, Wilson Rebuttal, pp. 12-13.)

PART II

DECLINING BLOCK RATE

Pacific Power & Light

In Docket No. 90.11.78, PP&L reviewed its 1987 stipulation with the Montana Consumer Counsel and the Natural Resources Defense Council to demonstrate the continued appropriateness of PP&L's residential rate design. The Stipulation identified an Action Plan comprised of a number of customer energy efficiency measures which PP&L would implement in Montana and other states. (PP&L Exh. 15, Keast Direct, pp. 9-14.)

The Stipulation identified two conditions under which the declining block rate would be adjusted or eliminated: (1) if PP&L is buying power under BPA's New Resource Rate to meet its retail load requirements, and BPA acquires an option for any new resource whose projected cost per kilowatt-hour would exceed both the current New Resource Rate and Pacific's tailblock rate; and (2) if PP&L determines that, within three years, there is a substantial possibility that to meet its retail load requirements the Company will need to invest in new generating capacity or power purchase contracts with costs exceeding system average costs. (Stipulation of Pacific Power & Light Company, the Montana Consumer Counsel and the Natural Resources Defense Council, dated September 10, 1987, p. 9.)

PP&L testified that no new resources or purchases have exceeded system average costs, as the Company reported to the Commission in correspondence dated March 26, 1990. No new

resources or purchases completed since March, 1990 have exceeded system average costs, nor are any envisioned to occur during the next three years. In conclusion, there is no basis under the Stipulation to require the Company to reconsider its declining block rate for residential customers. (PP&L Exh. 15, Keast Direct, pp. 9-14.)

The Commission finds that the long-run marginal energy cost for residential class is $0.03273/kWh. This cost is below the current energy charge under the tail block (the tail block charge is $0.04796/kWh for the first 600 kWh, and $0.03695/kWh for all additional kWh). (PP&L Exh. 14, Esteb Direct, Table 5.) PP&L asserts that it should set the most price-sensitive service to its relevant marginal cost in rate design. PP&L states that, in most instances, energy charge should be set to its relevant marginal cost first, followed by demand charge and basic charge. (PP&L Data Response to PSC No. 55.)

Champion International

In direct and rebuttal testimony, Champion's witness Dr. Alan Rosenberg had no opinion on the continued use of declining block rate for residential customers. (Champion Exh. C3, C4 and C5.)

Montana Consumer Council

In prefiled testimony, MCC's witness Mr. James Drzemiecki reviewed the declining block rate and stated that there is no need to increase or eliminate the declining block rate since PP&L's new resource additions have occurred at prices below system average costs since 1989. MCC's witness Dr. Wilson does not address declining block rate. (MCC Exh. MCC-1 and MCC-2)

PART III

PARTIAL REQUIREMENTS SERVICE

Pacific Power & Light

On October 17, 1991, the Commission received a revised, third and final Schedule 47T, Large Partial Requirement Service Tariff (Stipulated Schedule 47T), pursuant to a Stipulation between PP&L and Champion and a Motion to Approve Stipulation filed the same date. The Stipulated Schedule 47T would only apply to customers with contract capacity or monthly demands of 1,000 kW or more. This Stipulated Schedule 47T was negotiated between parties following the hearing and addresses concerns arising from the hearing, as discussed in the following findings.

On November 30, 1990, with its application for approval of its proposed new tariff, PP&L filed the first of its three proposals for a tariff for partial requirements for large customers (1000 kW+), those customers with their own generation capability (Proposed Schedule 47T). Partial requirement service customers differ from full requirement customers because they can use their own generation, according to PP&L, thereby introducing greater variation to the loads placed on the utility. Therefore, PP&L filed this original proposed Partial Requirement Service tariff, Proposed Schedule 47T, modifying Schedule 48T, PP&L's tariff for full requirement service customers with demands exceeding 1,000 kW. (PP&L Exh. 17, Keast Direct, p. 4.) The proposed tariff included the following charges:

Basic Charges based on the average of the two greatest non-zero monthly on peak or off peak demands during the current 12-month period;

Demand Charges based on the 30-minute period of greatest use during the billing period;

Energy Charges as measured in kWh, applied to Champion's energy takings at the same price as in Schedule 48T;

Reactive Power Charges based on the difference between peak kilo-volt amperes and 40% of the maximum measured 30-minute demand in kWh during the month;

Reactive Energy Charges based on the kilovolt-ampere hour

exceeding 40% of the Customer's kWh during the billing period;

Standby Charges applied to the remaining kW when Champion's Contract Capacity exceeds its monthly Billing Demand at 50% of the Demand Charge under Schedule 48T;

Excess Demand Charges additional demand applied at four (4) times the Demand Charge under Schedule 48T, when Champion's monthly billing demand exceeds its Contract Capacity;

and Excess Energy Charges applied to the energy delivered during the period of Excess Demand deliveries, billed at four (4) times the Energy Charge under Schedule 48T.
The following table compares Schedule 48T with the first proposed schedule 47T.

Table 3

Schedule 48T and Proposed Schedule 47T

Schedule 48T	Schedule 47T
1. Basic Charges = $65+$0.5(kW Load Size)	Same
2. Demand Charges = $1.94(Billing Demand)	Same
3. Energy Charges = $0.02881/kWh	Same
4. Reactive Power Charges = $0.6(Peak KVAR - 40% of Billing Demand)	Same
5. Reactive Energy Charges: None	$0.0008(KVARH - 40% of total kWh)
6. Standby Charges: None	0.5x$1.94(Contract Demand - Billing Demand)
7. Overrun Demand Charges : None	4x$1.94(Billing Demand-Contract Demand)
8. Overrun Energy Charges : None	4x$0.0228 (Excess kWh)

In direct testimony, Champion's witness Dr. Rosenberg disagreed with PP&L's proposed Schedule 47T. In defining categories of partial requirements service, Champion states that cogenerators' requirements from the utility are categorized as supplementary power, back-up power and maintenance power. When a self-generator's own unit is not sufficient to meet its entire electrical requirement, the "supplementary power" sold by the utility to the customer is needed. In that case, the power provided by the utility is no different from the power sold for the full requirements of a nonself-generator. "Back-up power" is the power supplied by the utility to replace all or part of a cogenerator's output in cases of forced, full or partial outages. "Maintenance power" is the power supplied by the utility to replace a self-generator's own output when its unit is brought down for preventative maintenance. According to Champion, these are all separate and distinct services having different cost-causative characteristics. Thus each service should be priced and provided for on a stand-alone basis. (Champion Exh. C3, Rosenberg Direct, p. 12.)

Champion disagrees with Demand Charges under the proposed Schedule 47T. Champion states that its cogeneration facilities at Libby (waste fuel) and Troy (hydro) sites are normally sufficient to meet its own demand. Thus, Champion requires not supplementary but back-up and maintenance power from PP&L. (Champion Exh. C3, Rosenberg Direct, pp. 12-13.) Champion states that it requires a different design for Schedule 47T, because full requirements customers use power full-time, whereas back-up customers' requirements (such as Champion) are sporadic. For example, whereas a full requirements customer will normally impose a load on the system for 8,760 hours per year, a back-up customer might impose a load for only a fraction of that time. Champion further points out that the probability that backup loads will coincide with the system peak load is substantially less. Probabilistic and empirical analyses of the outage rates of cogenerators show that a utility will probably not need to reserve capacity on a one-to-one basis to meet back-up requirements. (Champion Exh. C3, Rosenberg Direct, p. 15.)

Because demand only has cost consequences during the system's peak load, Champion claims that instead of charging less for partial requirements customers, as cost analysis dictates, PP&L's tariff charges more for partial requirements customers. (Champion Exh. C3, Rosenberg Direct, p. 18.) According to Champion, on the federal level FERC prohibits utilities from basing rates on the assumption that qualifying facilities (i.e., certain types of cogenerators, like Champion) will impose demands simultaneously at system peak load, unless supported by factual data. FERC's rule also provides that rates for maintenance power shall take into account the extent to which scheduled outages of the qualifying facilities can be usefully coordinated with scheduled outages of a utility's facilities, according to Champion. (Champion Exh. C3, Rosenberg Direct, p. 24.)

Champion maintains that Basic Charges under Schedule 47T are intended to recover the costs of distribution. Since Champion is contractually obligated to pay for any upgrades to the interconnection facilities with Pacific's system, the marginal distribution cost of serving Champion is zero, in Dr. Rosenberg's opinion, because Champion takes service at 34,500 volts, only 750 feet from the Libby substation. No other distribution plant is necessary to serve Champion, other than the relevant investment at Libby. Thus, Champion concludes that the application of Basic Charges to Champion is inappropriate. (Champion Exh. C3, Rosenberg Direct, p. 23.)

Next, Champion's witness Dr. Rosenberg contends that all Overrun and Standby Charges under Schedule 47T are unreasonable and unjustified. Champion points out that under the proposed Schedule 47T, the partial requirements customer is billed for its demand on the same basis as Schedule 48T. In addition, under PP&L's proposed Schedule 47T, there are at least two other provisions which actually increase the charges. First, the partial requirements customer must pay the difference between its contract capacity and its metered demand at a rate of 50% of the demand charge in the Schedule 48T -- whether or not it actually takes its contract demand. Second, it must pay penalties of four times the Schedule 48T rate for demand and

energy in excess of its contract demand. Champion points out that PP&L is unable to identify any additional resources acquired specifically to provide "overrun" demand service. PP&L does not attempt to justify the excess energy charge of four times the Schedule 48T energy charge rate, Champion claims. Finally, Champion mentions that the same provision was previously rejected by the Commission. (Champion Exh. C3, Rosenberg Direct, p. 26.)

The following table shows Champion's positions on the charge in PP&L's proposed Schedule 47T.

Table 4
Champion's Position on Proposed 47T

1. Basic Charges	Disagree
2. Demand Charges	Disagree
3. Energy Charges	No Comments
4. Reactive Power Charges	No Comments
5. Reactive Energy Charges	No Comments
6. Overrun Demand Charges	Disagree
7. Overrun Energy Charges	Disagree
8. Standby Charges	Disagree

Montana Consumer Council

In prefiled testimony, MCC's witness Mr. James Drzemiecki reviewed PP&L's cost-of-service study and the proposed Schedule 47T for Partial Requirement Service. MCC has no fundamental disagreement with the provisions under Schedule 47T and thus does not oppose the adoption of each provision in this case. (MCC Exh. MCC-1, Drzemiecki Direct, pp. 1-6.)

Pacific Power & Light Rebuttal

PP&L challenged Dr. Rosenberg's characterization of Champion's takings from PP&L as "back-up" and "maintenance" power and not as "supplementary" power service. PP&L points out that Champion took power service from PP&L for 1,463 hours during 1990,

a period equal to approximately two full months or 16.7% of the year's total hours. Furthermore, among 1,463 hours service, Champion's maintenance power service encompassed 254 hours and back-up power service encompassed 1,209 hours during 1990. These sources, taken together, would indicate that Champion's generation suffered forced outages of some degree during 16.7% of the hours in 1990, according to PP&L. PP&L further argues that if one takes Dr. Rosenberg's advice and removes the 254 hours of "maintenance" service from the discussion, Champion's "back-up" takings occurred during 1,209 hours, fully 14.2% of the year's hours during which maintenance was not a factor. PP&L concludes that Champion in fact takes "maintenance," "back-up," and "supplementary" service from the Company. (PP&L Exh. 19, Keast Rebuttal, pp. 4-6.)

PP&L's New Proposed Partial Requirements Tariff

In rebuttal testimony, PP&L's witness Dr. Keast submitted the second proposed tariff, revised Schedule 47T (June 1991), and addressed three PP&L objectives in designing the revised schedule. First, the Company has sought to design the Schedule 47T to recognize the diversity of Partial Requirement Service and its impact on the Company. Second, PP&L has sought to use terminology and concepts which are more explicitly in keeping with FERC and other guidelines in addressing partial requirements service. Finally, PP&L has sought to maintain revenue neutrality. (PP&L Exh. 19, Keast Rebuttal, pp. 6-8.) Since it is not proposing to reallocate revenues among customer classes in this proceeding, PP&L contends that actions reducing the revenues of any customer class will ultimately lead to price increases for other customers. PP&L asserts that it would be inappropriate at this time to reduce the revenues from Champion. Therefore, the revised Schedule 47T described in its rebuttal testimony is designed to produce total billings approximately equivalent to those of the originally proposed schedule and the contract. (PP&L Exh. 19, Keast Rebuttal, pp. 6-8.)

Revised Schedule 47T (June 1991)

Supplementary Power is designed by PP&L to complement the customer's own generation in meeting the customer's routine needs for electric service, according to Dr. Keast. Customers contract for required Supplementary Power by establishing a Supplementary Contract Demand. (PP&L Exh. 19, Keast Rebuttal, p. 9.)

Back-up Power is defined as takings which exceed the customer's Supplementary Contract Demand, except that Back-up Power cannot be less than zero, nor can it exceed the customer's Back-up Contract Demand as established by the customer and PP&L. Back-up Power charges will be determined for each day of a billing period, and will be based on the kW value of the 30-minute period of the customer's greatest use during on-peak hours of the day. The Back-up Power charge for a billing period will be the sum of the Back-up Power charges for each day of the billing period. (PP&L Exh. 19, Keast Rebuttal, pp. 9-10.) Maintenance Power is electric power made available to a customer during the scheduled maintenance periods established in accordance with the revised schedule's provisions. Maintenance service will be limited to a maximum of 30 days per year, and to demand levels identified in the customer's Back-up Contract Demand. (PP&L Exh. 19, Keast Rebuttal, pp. 10-12.) PP&L explains that while Maintenance and Back-up Power are both provided to replace customer generation, they are different in that Maintenance Power is scheduled and Back-up Power is not. Maintenance Power can also be limited to specified time periods within the year. Back-up Power is provided whenever the customer's generation is curtailed for reasons other than scheduled maintenance. (PP&L Exh. 19, Keast Rebuttal, pp. 10-12.) In the revised Schedule, Maintenance Power Charges are identical to those proposed for Back-up Power. PP&L explains that this is because costs do not vary throughout the year. PP&L states that the Company's capacity needs are primarily accomplished through its long-term capacity contract with the Bonneville Power Administration (BPA). The capacity price it pays BPA does not vary by month. The capacity is used throughout

the year to meet winter and summer peak loads, facilitate maintenance for the Company's generating units, cover forced outages, provide load following and assist in wholesale sales. PP&L concludes that since the Company realizes no cost savings through the scheduled maintenance, Maintenance Power Charges are designed to be the same as Back-up Power Charges. (PP&L Exh. 19, Keast Rebuttal, pp. 10-12.)

Supplementary and Back-up Contract Demands. Under the revised Schedule 47T, PP&L asks customers to sign a contract for required Supplementary and Back-up Power. The customer may request prospectively to increase the power by providing notice to the Company, provided that there is adequate capacity. (PP&L Exh. 19, Keast Rebuttal, pp. 12-14.)

Excess Power. If a customer's demand exceeds the sum of Supplementary Contract Demand and Back-up Contract Demand, the excess portion will be treated as Excess Power. (PP&L Exh. 19, Keast Rebuttal, pp. 13-14.)

Facilities Charge. Facilities Charge is applied to the sum of the customer's Supplementary and Back-up Contract Demands, and is designed to recover expenses which are incurred regardless of a customer's takings from the Company. Included among these are billing and commitment-related expenses previously recovered in the Basic Charge under PP&L's originally proposed Schedule 47T, and costs associated with generation, transmission, and distribution necessary to serve the customer's need. (PP&L Exh. 19, Keast Rebuttal, pp. 14-17.)

Dr. Rosenberg testified that a basic charge should not apply to Champion's Libby Plant. PP&L disagrees with this assertion. PP&L maintains that in establishing any class of service, such as that for customers with demands of 1,000 kW and over, customers of the group, while not identical, are sufficiently alike to warrant similar rates, terms and conditions. (PP&L Exh. 19, Keast Rebuttal, pp. 15-16.) PP&L contends that it has treated the large customer group requiring partial service consistently as a class. The Basic Charge was historically applied to the Company's Schedule 48T, then to its originally proposed Schedule 47T, and now is incorporated into the Facilities Charge of its revised Schedule

47T. PP&L acknowledges that the Basic Charge addresses such costs as customer accounting and information, service drops and metering, and commitment-related distribution costs. Its proposed treatment of partial requirements customers in the Schedule 47T is consistent with its treatment of full requirement customers in the Schedule 48T, according to PP&L. PP&L asserts that it would be inappropriate to single partial requirements customers out for more favorable treatment than other customer classes receive. (PP&L Exh. 19, Keast Rebuttal, pp. 16-17.)

Energy Charges and Reactive Power Charges. Energy and Reactive Power Charges in the revised Schedule 47T are derived from the Company's Schedule 48T, full requirement service tariff. There is no difference in Energy and Reactive Power Charges applied to Supplementary Power, Back-up Power, or Maintenance Power. (PP&L Exh. 19, Keast Rebuttal, p. 17.)

The following table compares the differences between PP&L's initially proposed and revised Schedule 47T.

Table 5

PP&L's Proposed and Revised Schedule 47T

Proposed Schedule 47T (November 1990)	Revised Schedule 47T (June 1991)
1. Basic Charges =$65+$0.5(kW Load Size)	Facilities Charges =$65+$1.85(Supplementary Contract Power + Back-up Contract Power)
2. Demand Charges =$1.94(Billing kW)	Back-up Power Charges =$0.0368/kW per day Maintenance Power Charges =$0.0368/kW per day Supplementary Power Charges =$0.60/kW per month
3. Energy Charges =$0.0281(kWh)	Same
4. Reactive Power Charges =$0.60(Peak KVAR - 40% kW)	Same
5. Reactive Energy Charges =$0.0008(KVARH - 40% kWh)	Deleted

6. Overrun Energy Charges =4x$0.0281(Excess kWh)	Deleted
7. Overrun Demand Charges =4x$1.96(Billing Demand - Contract Capacity)	Excess Power Charges =4x$1.96(Billing Demand - (Back-up Contract Demand + Supplementary Contract Demand))
8. Standby Charges =0.5x$1.94(Contract Capacity - Billing Demand)	Deleted

Champion's Rebuttal

Because of the late filing, Champion had no opportunity to respond to PP&L's revised Schedule 47T (June 1991) before the hearing. (Champion Exh. C4 and C5.)

MCC's Rebuttal

In rebuttal testimony, MCC's witness Dr. John Wilson reviewed PP&L's original proposed Schedule 47T. MCC had no opportunity to address the revised Schedule 47T. MCC states that the initially proposed Schedule 47T is inconsistent with FERC requirements. Section 292.305 of the FERC's regulation requires that rates for back-up or maintenance power to QF's should not be based on unsupported assumptions that forced outages or other output reductions by QFs will occur simultaneously or during the system peak load. The FERC regulation also requires that rates to QFs shall take into account the extent to which QF outages can be coordinated with those of the utility's generation facilities. (MCC Exh. MCC-2, Wilson Rebuttal, p. 6.)

Dr. Wilson testified that several aspects in the Schedule 47T appear inappropriate. First, the multiplier of 4 times Overrun Demand Charge is unreasonable. Second, the multiplier of 4 times of Overrun Energy Charge is also unjustified. Third, the Standby Charge, which is applied to the difference between Contract Capacity and Billing Demand, is excessive. But, MCC further points out that the problems with Overrun Demand Charge and Standby Charge appear to be largely the methodology rather than the end result. That is, the effects of

unreasonable multipliers are offset by the fact that the demand charge of $1.94/kW per month under Schedule 48T and Schedule 47T is below the Company's marginal capacity cost. (MCC Exh. MCC-2, Wilson Rebuttal, pp. 7-8.)

The following table shows MCC's comments on PP&L's proposed Schedule 47T.

Table 6

MCC's Position on Proposed Schedule 47T

1. Basic Charges	No Comments
2. Demand Charges	Agree
3. Energy Charges	No Comments
4. Reactive Power Charges	No Comments
5. Reactive Energy Charges	No Comments
6. Overrun Demand Charges	Disagree
7. Overrun Energy Charges	Disagree
8. Standby Charges	Disagree

STIPULATION ON SCHEDULE 47T

On October 17, 1991, PP&L filed a motion for the Commission's approval of a Stipulation between PP&L and Champion International, Inc. (Champion).

The Stipulation introduced the third and final version, now known as "Stipulated Schedule 47T." Stipulated Schedule 47T reflects the Parties' agreement to replace Overrun Demand Charge and Overrun Energy Charge with a Facilities Reservation Charge in an accompanying ratchet mechanism. Stipulated Schedule 47T includes five charges: (1) Electric Service Charge; (2) Reservation Charge; (3) Backup Power Charge; (4) Supplementary Service Power Charge; and (5) Maintenance Power Charge.

The Stipulation also resolves all contested issues in PP&L's COS study, except the effective implementation date of the terms, conditions and prices in Stipulated Schedule 47T. PP&L

contends that the Stipulated Schedule 47T should be applied in Montana on a prospective basis. Champion believes that the stipulated rates should be applied retroactively from April 20, 1990 when PP&L's unapproved Schedule 47T was put into place. According to Champion, PP&L should refund to Champion the difference between what Champion paid under the unapproved tariff and the amount Champion would have paid under the Stipulated Schedule 47T. From April 1990 to the date of the stipulation, Champion calculated that a refund of $80,912 is due, based on 100% back-up demand power and 0% supplementary demand power. The back-up demand power is the specified power supplied by PP&L to replace all or part of Champion's output in cases of forced outages. The supplementary demand power is the specified power sold by PP&L to supply Champion's output whenever Champion's own generation is not sufficient to meet its entire load. The amount of refund money that PP&L calculated yields two different figures: $88,438, based on 100% back-up demand power and 0% supplementary demand power; or $36,667, based on 0% back-up demand power and 100% supplementary demand power.

PART IV

COMMISSION'S DECISION AND FURTHER FINDINGS

Before addressing Champion's challenge to proposed Schedule 47T, the Commission has preliminary concerns about whether the current residential declining block rate fully covers the relevant long-run marginal cost. Therefore, the Commission requires PP&L in its next rate case filing to justify all relevant costs in designing residential rates based on the long-run marginal cost analyses.

Based on the record in this Docket and Champion's challenge, the Commission determines that Schedule 47T for partial requirement service should be designed on a different basis than Schedule 48T for full requirement service. The Commission finds that the probability of partial requirement loads coinciding with the system peak load should be taken into account in the Schedule 47T. Furthermore, a utility does not

need to reserve capacity on a one-to-one basis to meet partial requirement demands based on probability analyses.

The Commission is pleased that the Stipulated Schedule 47T replaces the Overrun Demand and Energy Charges with the Reservation Charge. All separate and distinct power services have different cost-causative characteristics. The Commission approves the Stipulated Schedule 47T since it is more cost based than the two previously proposed schedules.

The Commission finds that Champion's own cogeneration facilities at the Libby and Troy sites are normally sufficient to meet its own electricity needs. Thus, the partial requirement power Champion purchased from PP&L was back-up and maintenance power instead of supplementary power.

The parties differed as to whether the third Schedule 47T, negotiated and stipulated to in October 1991, should apply prospectively or should relate back to the 1990 Power Sales Contract provision of partial requirements service to Champion. PP&L argued that Schedule 47T should apply in Montana on a prospective basis, while Champion contended that the stipulated Schedule 47T rates should apply from the date the unapproved Schedule 47T was put in place, i.e., April 20, 1990. MCC did not address the issue. In its brief, MCC was satisfied with the stipulated tariff so long as the revenue requirements and specific rate levels of other customers were not affected.

PP&L's Legal Argument: Contractual terms govern rates before approval of tariff. According to PP&L, the Electric Service Contract (executed April 20, 1990) established the terms for PP&L's sale of power to Champion. Part No. 11 of the contract provided that if PP&L files and obtains approval for a large partial requirements service tariff with "billings" more favorable to Champion than those under contractual terms, Champion may give thirty days written notice to have future billing charged according to such a tariff. Part No. 14 of the contract provided that the agreement is subject to the paramount authority of the Commission and to change by superseding schedules and/or lawful Commission order. A separate Settlement and Release Agreement provided that Champion agreed to support PP&L in obtaining regulatory approval of the Service Contract.

Under Part No. 4 of the Release Agreement, Champion reserved the right to intervene in dockets ultimately affecting Champion's cost of purchased power. (Initial Brief of Applicant, October 21, 1991, pp. 11-12.)

PP&L also contends that the Release Agreement prevents retroactive application of an approved tariff in Part No. 6:

> {the Release Agreement} shall not be asserted by any party to be resjudicata or collateral estoppel as to any fact, statement or issue raised in connection with the Service Agreement, the Power Purchase Agreement {in which PP&L purchases output from Champion according to FERC rules} or this Agreement except for a proceeding specifically involving such agreements.

PP&L submits "that the several provisions of the Champion/Pacific agreements... clearly indicate how the Parties contemplated resolution by this Commission of the several claims and counterclaims, as between the Parties." (Initial Brief of Applicant, October 22, 1991, p. 13.)

From its three contractual agreements with Champion, PP&L concludes that the parties contemplated prospective application of any Commission-approved partial requirements tariffs. PP&L reads Part No. 11 of the Service Contract together with Part No. 6 of the Release Agreement to hold that parties consented to the cost of service and rates until superseded, on a prospective basis, by Commission-approved prices, terms and conditions.

Champion's Legal Argument: Fairness and Montana law require retroactive application of tariff with rebate. According to Champion, PP&L did not obtain temporary approval of new rates it wished to charge. Champion cites Section 69-3-304, MCA, as authority for temporary Commission approval of new rates. However, Section 69-3-304, MCA, permits approval, upon utility application, of increases or decreases to existing rates, pending a hearing or final decision. If an increase is disapproved in a final decision, the consumers are entitled to a retroactive rebate. Therefore, the Commission finds that this provision does not relate directly to filing of new tariffs.

Champion further reasons that Section 69-3-305, MCA,

precludes a utility from demanding, collecting or receiving rates not specified in approved schedules in force at the time. Champion criticizes PP&L for failing to obtain temporary approval for Schedule 47T and for not complying with established rate schedules. While PP&L could not obtain interim relief in the form of temporary approval of new tariffs, Champion does point correctly to Section 69-3-305, MCA, as requiring service provided according to filed, printed tariffs. The rates and charges named in the printed schedules are the lawful rates until changed pursuant to the requirements of Title 69, Chapter 3. Section 69-3-305(2), MCA. PP&L provided service under the Electric Service Contract based on a tariff not yet determined lawful, nor filed with and approved by the Commission.

Furthermore, as pointed out by Champion, PP&L provided electric service both without filed rates in place and according to terms and conditions based on a tariff rejected by the Commission on two occasions as not cost based. PP&L's argument that Champion was collaterally estopped by a separate release agreement fails, because the Commission is not bound to the terms of the contracts where rate approval is the issue. PP&L erroneously claims that Champion may not contest the terms of the proposed Schedule 47T, underlying the April 20, 1990, contract, relying upon language in the separate Release Agreement. First, PP&L applied for approval of Proposed Schedule 47T, not the contractual agreement(s). This proceeding does not specifically involve the agreement(s), but rather PP&L's application for approval of the tariffs. Second, the Commission, in examining the proposed tariff to determine whether to approve it, does not determine what the parties "contemplated" in several agreements, including the Electric Service Contract. The Commission relies upon a record to determine if a proposed rate is cost based. The Commission does not exercise the judicial function of interpreting and enforcing contracts. City of Billings v. Public Service Commission, 631 P.2d 1295, 1303 (Mont. 1981). However, the Commission exercises jurisdiction over rates and service pursuant to its rules and Title 69, MCA. "All contracts entered into by a public utility are subject to the paramount authority of the state to exercise its regulatory powers." City

of Billings, ID. (cites omitted). Upon the Commission's exercising jurisdiction over rates charged by a utility, the rate provisions are superseded, leaving the remainder of the contract in effect. City of Billings, 631 P.2d at 1305.

The Commission finds, based on the record, that the Stipulated Schedule 47T is reasonably cost based. The initially Proposed Schedule 47T was soundly demonstrated not to be cost based. Neither party contests the Commission's jurisdiction over rates. The questions are when the Stipulated Schedule 47T becomes effective and whether Champion is entitled to a refund. The Commission further finds that the rates implicit in the Electric Service Contract entered into April 20, 1990, were based on Proposed Schedule 47T, nearly identical to a rejected tariff from a previous proceeding. A Schedule 47T has not been approved until this order. PP&L provided contractual service to Champion based on a non-cost based schedule it hoped could gain approval the third time around. In approving Stipulated Schedule 47T, the Commission determines that the stipulated rates are the appropriately scheduled rates. The Commission thus modifies or supersedes the contract only to the extent that the appropriate rates charged from April 20, 1990, are those rates charged according to the Stipulated Schedule 47T. Therefore, the Commission determines that, pursuant to Section 69-3-305, MCA, PP&L has over-charged Champion $80,912 to the date of Stipulated Schedule 47T. PP&L and Champion shall calculate the remaining amount of refund to the present, based on Schedule 47T as approved.

The Commission finds that there is no reason to restructure rates in this Docket. PP&L has not applied for a restructuring of rates, nor has Champion established a basis for restructuring rates in its challenge of the proposed and revised Schedule 47T. PP&L has consistently maintained its intention to hold rates constant. Champion has sustained its burden, however, in challenging the proposed design of Schedule 47T. The Commission determines that this challenge is limited to the narrow issue of providing reasonably cost based service to one partial requirements industrial customer and to subsequent, unforeseeable partial requirements customers in Montana.

CONCLUSIONS OF LAW

The Montana Public Service Commission (Commission) is invested with supervision and regulation of public utilities, subject to the provisions of Title 69, Chapter 3, Montana Code Annotated (MCA). Section 69-3-102, MCA.

Applicant Pacific Power & Light Company is a public utility subject to the Commission's jurisdiction over its operations in Montana. Section 69-3-101, MCA.

The Commission is empowered to do all things necessary and convenient in the exercise of the powers conferred by Title 69. Section 69-3-103, MCA.

The Commission has provided adequate public notice of all proceedings and opportunity to be heard to all interested parties in this Docket, pursuant to its rules and the requirements of the Montana Administrative Procedures Act (MAPA). Sections 2-4-601, et seq., MCA.

The stipulation on Schedule 47T approved herein and the resulting charges are just and reasonably cost based and in compliance with any state and federal regulations for partial requirements service.

The Commission has the jurisdiction to order refunds or credits of rates or charges over-collected or not collected in accordance with printed schedules in force at the time service was provided. Sections 69-3-305(1)(a), (2) and (3), MCA.

The Commission concludes, as a matter of law, that Stipulated Schedule 47T is the appropriate printed schedule on which the Electric Service Contract is based, effective from the date of the Contract, April 20, 1990.

ORDER

WHEREFORE, THE COMMISSION HEREBY ORDERS as follows:

The Stipulation of Champion International, Inc. and Pacificorp, dba Pacific Power & Light Company, is accepted and approved; and PP&L is directed to file Schedule 47T as stipulated.

The Commission approves Schedule 47T, as attached to and incorporated into the Stipulation, and adopts the terms, conditions, and prices as described therein.

The Commission approves the Facilities Reservation Charge to replace the Excess Power pricing as applied to usage over contract-established demands, with the ratcheting mechanism described in Schedule 47T.

The Facilities Reservation Charge shall incorporate back-up and maintenance outage components, as described. The Electric Service Contract entered into between PP&L and Champion on April 20, 1990, shall be based upon filed Schedule 47T as directed in this Order, and the terms, conditions, and prices in Schedule 47T, as the basis for the initial contract, shall relate back to April 20, 1990. PP&L shall refund to Champion the over-collection based on the difference between the rates and charges of the disapproved Proposed Schedule 47T and Schedule 47T as stipulated by the parties and approved by the Commission. PP&L is not required to pay interest to the date of this Order, since PP&L made a good-faith challenge to the retroactive application of the Stipulated Schedule 47T.

DONE AND DATED at Helena, Montana, this 28th day of February, 1992, by a 3 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

_____
HOWARD L. ELLIS, Chairman

_____
DANNY OBERG, Vice Chairman

_____
BOB ANDERSON, Commissioner

ATTEST:

Ann Peck
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.