Service Date: October 26, 2005

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

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IN THE MATTER OF MILLER OIL COMPANY, dba CITY LINE, Application To Increase Rates for Propane Service in the Culbertson, Montana Service Area.	))))	UTILITY DIVISION DOCKET NO. 2004.10.168 ORDER NO. 6632a

STIPULATED FINAL ORDER

1. On October 21, 2004 Miller Oil Company dba The City Line, (Miller Oil) filed an application with the Montana Public Service Commission (Commission) to increase rates and charges for propane service in its Culbertson, Montana service area. In its application, Miller Oil requested increased revenues of $66,387, to be collected by increasing metered residential and small commercial customer rates by 16.07 percent and increasing metered school rates by 34.90 percent. The proposed rates were developed to produce a return on rate base of $15,577, a rate of return of 10.05 percent on a rate base of $154,991. Miller Oil also proposed that it be allowed to make monthly gas cost tracker filings with the Commission and eliminate the Unreflected Propane Cost Adjustment.

2. On January 12, 2005, the Commission issued a Notice of Application and Intervention Deadline and on February 14, 2005 the Commission issued a Notice of Staff Action Granting Intervention to the Montana Consumer Counsel (MCC).

3. A Procedural Order was issued by the Commission on February 17, 2005.

4. On February 23, 2005, Commission and MCC staff did an on-site discovery audit.

5. On July 1, 2005 the MCC filed a Stipulation between Miller Oil and the Montana Consumer Counsel. Miller Oil and MCC agreed that an increase in annual revenues of $38,575 is just and reasonable as a result of the general rate case. The Stipulation also agrees that propane charges of $95,566 were over collected through Miller Oil's propane cost tracking mechanism through December 31, 2004, and will be returned to Miller Oil's customers. The agreed $38,575 in annual revenues (excluding propane costs recovered through the propane

tracking mechanism) will not be implemented for a period of 30 months in order to return the over-recovered charges to customers. At the end of the 30 months a true-up will be conducted to assure that the charges addressed above have been returned to customers.

6. The Stipulation also states that Miller Oil will institute a monthly propane cost tracking mechanism with an annual true-up. Miller Oil will submit a tracking mechanism format for staff approval prior to initiating the tracking mechanism.

7. The parties respectfully ask the Commission to approve this Stipulation and to make it effective as soon as reasonably possible after approval. The Stipulation is entered into in settlement of the issues raised in this proceeding and is not to be considered as precedent for any other proceeding. Neither party, in this Stipulation, has agreed to any methodology, adjustment or philosophy that may have been raised in the settlement process. The Stipulation concludes that this Stipulation is offered as a complete unified settlement of the issues and was arrived at through a process of compromise and negotiation and that no part of the Stipulation is offered to the Commission as settlement of that issue without the acceptance of the complete settlement as expressed in the Stipulation.

8. Upon review and consideration the Commission adopts the Stipulation, finding that the rates and charges in the Stipulation are just and reasonable.

CONCLUSIONS OF LAW

1. The Commission is responsible for the supervision, regulation, and control of public utilities pursuant to the provisions of Title 69, §69-3-102, MCA. Miller Oil Company, dba The City Line is a public utility subject to the Commission's jurisdiction, §69-3-101, MCA. The Commission concludes that the approval of the stipulated rate increase, return of the over-recovered charges to the customers and the monthly propane cost tracking mechanism with annual true-up are both just and reasonable.

ORDER

1. Miller Oil is hereby granted authority to implement a general rate increase in annual revenues of $38,575 along with the return of the $95,566 in over-recovered charges to Miller Oil's customers as outlined in the Stipulation Agreement above.

2. Miller Oil is hereby granted approval for a propane gas cost tracking mechanism and annual true-up for implementation upon staff approval.

3. Miller Oil shall file revised tariff schedules to all services as outlined in the Stipulation Agreement. Tariffs shall be effective for services rendered on and after November 1, 2005.

4. DONE IN OPEN SESSION at Helena, Montana on this 25th day of October 2005 by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GREG JERGESON, Chairman

BRAD MOLNAR, Vice Chairman

DOUG MOOD, Commissioner

ROBERT H. RANEY, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Connie Jones
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 ARM 38.2.4806.

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

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IN THE MATTER OF the Application Of Miller Oil Company, dba The City Line To Implement Increased Rates and Charges And a Propane Cost Tracking Mechanism in Its Culbertson, Montana Service Area.	)))))	UTILITY DIVISION DOCKET NO. D2004.10.168

STIPULATION OF MILLER OIL COMPANY AND THE MONTANA CONSUMER COUNSEL

Come now Miller Oil Company (Miller Oil), the applicant in this proceeding, and the Montana Consumer Counsel (MCC) (collectively the parties), and present a proposed Stipulation to the Montana Public Service Commission (Commission) to resolve the issues in this proceeding.

I. BACKGROUND.

On October 21, 2004, Miller Oil filed an application with the Commission for authority to increase rates and charges for propane service in Culbertson, Montana. In its application, Miller Oil requested increased revenues of $66,387, to be collected by increasing metered residential and small commercial customer rates by 16.07 percent and increasing metered school rates by 34.90 percent. The proposed rates were developed to produce a return on rate base of $15,577, a rate of return of 10.05 percent on a rate base of $154,991. Miller Oil also proposed that it be allowed to make monthly gas cost tracker filings with the Commission and eliminate the Unreflected Propane Cost Adjustment.

On February 14, 2005, the Commission granted MCC's petition for intervention. MCC reviewed the application and pre-filed testimony, and conducted discovery on Miller Oil's application, including an on-site audit. Following discovery, the parties entered into settlement discussions.

II. STIPULATION.

A. Miller Oil and MCC agree as follows:

1. An increase in annual revenues of $38,575 is just and reasonable as a result of the general rate case.

2. Propane charges of $95,566 over-recovered through the propane cost tracker mechanism through December 31, 2004, will be returned to Miller Oil's customers.

3. Notwithstanding the increase described in I.A.1., general rates (excluding propane costs recovered through the propane tracking mechanism described below) will not be increased for a period of 30 months in order to return the over-recovered charges to customers. At the end of the 30 months, there will be a true-up to assure that the charges addressed in II.A.2. above have been returned to customers.

4. Miller Oil will institute a monthly propane cost tracking mechanism with an annual true-up.

B. The parties respectfully ask the Commission to approve this Stipulation and to make it effective as soon as reasonably possible after approval.

C. This Stipulation is entered into in settlement of the issues raised in this proceeding and is not to be considered as precedent for any other proceeding. In arriving at this Stipulation, neither party has agreed to any methodology, adjustment or philosophy that may have been raised in the settlement process.

D. This Stipulation is offered as a complete unified settlement of the issues in this proceeding, and has been arrived at through a process of compromise and negotiation. No part of this stipulation is offered to the Commission as settlement of that issue without the acceptance of the complete settlement as expressed in the Stipulation.

Respectfully submitted June 27, 2005.

Gordon W. Miller (Pres)

Gordon W. Miller, President
Miller Oil Company

Mary Wright

Mary Wright, Attorney
Montana Consumer Counsel