Service Date: December 29, 2005

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

* * * * *

IN THE MATTER OF CUT BANK GAS COMPANY, Application for General Rate Increase	))))	UTILITY DIVISION DOCKET NO. D2004.3.47 ORDER NO. 6587b

INTERIM ORDER APPROVING STIPULATION

Discussion

On March 30, 2004, Cut Bank Gas Company (CBG) filed before the Public Service Commission (PSC) an application for approval of increased rates for natural gas service in CBG's service area. CBG proposed an increase of $55,020 in annual revenues, related rate components being a $2.00 increase in the monthly service charge (from $5.55 to $7.55) and an increase in the sales price of natural gas of $0.07 per thousand cubic feet (Mcf). On June 24, 2004, CBG requested the PSC approve the requested increases on an interim basis. On September 3, 2004, the PSC granted that request.

On June 24, 2005, the Montana Consumer Counsel (MCC), the only intervenor in this proceeding, filed testimony recommending that the CBG-requested rate increase be denied by the PSC and the PSC order a CBG rate decrease in an amount sufficient to reduce CBG's annual revenues by $100,406.

On August 18, 2005, CBG, having determined that it should engage a consultant to assist in further processing of this rate case, requested the PSC permit supplemental testimony by CBG and suspend proceedings as necessary to accommodate processing of that testimony. On September 2, 2005, the PSC approved the CBG request. On October 14, 2005, CBG filed supplemental testimony proposing a $36,888 increase in annual revenues.

On December 15, 2005, CBG and MCC filed a stipulation for PSC consideration and

approval. In the stipulation CBG and MCC agree that: (a) CBG's annual revenues (pre-interim annual revenues) will be decreased by $18,783; (b) charges of $67,939, including interest at 11 percent, associated with the interim rates in this docket will be returned to CBG's customers, amortized over a 4 year period; (c) both rate adjustments will be reflected through the CBG consumption charge; and (d) CBG will file a proceeding before the PSC to true-up all of CBG's monthly tracker adjustments since CBG's last general rate case (PSC Docket No. D2000.11.185). CBG and MCC request that the PSC approve the stipulation, with an effective date as soon as reasonably possible.

ORDER

The PSC approves the stipulation. The approval is on an interim basis, as the PSC determines the opportunity for public hearing should be allowed regarding the stipulation. Following hearing, or if no hearing is requested, the PSC will consider the stipulation on a final basis and issue an appropriate final order.

Done and dated this 20th day of December, 2005, by a vote of 5-0.

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:
Judy Scheier for Connie Jones
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 38.2.4806, ARM.