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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

JUN 09 2000

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- 2 CARL J. KUNASEK
Chairman
- 3 JIM IRVIN
Commissioner
- 4 WILLIAM A. MUNDELL
Commissioner

6 IN THE MATTER OF THE APPLICATION OF)
 7 THE BLACK MOUNTAIN GAS DIVISION OF)
 8 NORTHERN STATES POWER COMPANY -)
 9 FILING FOR APPROVAL OF AN)
 EXPERIMENTAL PROPANE TRANSPOR-)
 TATION SERVICE TARIFF FOR ITS PAGE)
 DIVISION)

DOCKET NOS. G-03493A-98-0695
G-03493A-98-0705

DECISION NO. 62614

ORDER

10 Open Meeting
 June 6 and 7, 2000
 11 Phoenix, Arizona

12 BY THE COMMISSION:

FINDINGS OF FACT

- 14 1. Black Mountain Gas Division of Northern States Power (BMG) is engaged in providing
 15 natural gas in portions of Arizona, pursuant to authority granted by the Arizona Corporation
 16 Commission.
- 17 2. On May 15, 2000, BMG filed for Commission approval of an experimental propane
 18 transportation service (EPTS) tariff for its Page Division.
- 19 3. In Decision No. 62124 (December 14, 1999), the Commission approved a settlement
 20 agreement in BMG's recent Page Division rate proceeding. The settlement agreement provided that
 21 BMG, Commission Staff, and the City of Page were to "negotiate a propane gas transportation tariff
 22 which, if the negotiation is successful, the Parties shall submit to the Commission for approval within
 23 ninety (90) days of the approval of this Agreement as provided herein".
- 24 4. Since approval of the settlement agreement, the parties have worked to develop a propane
 25 gas transportation tariff. The parties were unable to finalize a proposed tariff within the initial 90 day
 26 period, but BMG has received extensions of time to provide the participants with enough time to work
 27 out tariff details.
- 28 5. The proposed EPTS tariff would be available from June 1, 2000 through May 31, 2003.

1 6. In the past gas, transportation service on LDC systems in Arizona has been limited to
2 very large commercial and industrial customers on the Southwest Gas and Citizens Utilities systems.
3 To this point, the Commission has not fully addressed issues related to a broad expansion of
4 transportation service availability to Arizona natural gas consumers. It may be necessary to more fully
5 address such issues before implementing a broad expansion of transportation service in Arizona on
6 a permanent basis.

7 7. The BMG proposal provides an opportunity to gain experience through a limited pilot
8 program allowing gas transportation service for Arizona customers, including smaller customers.

9 8. The proposed EPTS tariff is available to all of BMG's Page Division customers.
10 However, participation of small customers is not likely, apart from aggregation, due to transport load
11 requirements and overtake/undertake terms.

12 9. The EPTS tariff would allow Page Division customers to procure their own propane
13 supplies and have them delivered to BMG's system for distribution to customer sites. The Page
14 Division's distribution system is not connected to a supply pipeline, so propane supplies are delivered
15 by truck to BMG's storage tank, for distribution.

16 10. The EPTS tariff provides for aggregation of customers. Except for cases of self-
17 aggregation, the aggregator must provide the company with written documentation from each customer
18 indicating that the customer agrees to purchase propane from the aggregator. Additionally, BMG may
19 require a deposit from the aggregator equal to \$0.10 per gallon for the aggregator's two highest
20 nomination months.

21 11. Customers taking service on the proposed EPTS tariff must do so for a minimum of one
22 year.

23 12. Each year by June 1st the customer/aggregator will notify BMG of the quantity of gas
24 it will have delivered each month to BMG's distribution system. For the first year, this date will be
25 extended to July 1st. The tariff contains further provisions covering nominations and deliveries as well
26 as overtakes and undertakes.

27 13. Under the EPTS tariff monthly charges include the otherwise applicable monthly service
28 charge contained in schedule GS-1 as well as a \$3.00 per customer transportation charge. The tariff

1 also contains a \$50.00 delivery charge per transport load and a distribution charge of \$0.4813 per
 2 therm. Customers taking service under the proposed EPTS tariff would also be responsible for paying
 3 the existing \$0.06 per therm PGA bank balance amortization charge until it is ended. For billing
 4 consolidated and separate billing options are included in the tariff. BMG has indicated that the
 5 proposed tariff rates should cover the cost of offering transportation service and therefore BMG's core
 6 customers should not have to bear any additional costs.

7 14. To ensure the receipt quality of propane delivered on behalf of transportation customers,
 8 the EPTS tariff contains provisions for testing of delivered propane as well as a list of gas plants and
 9 storage facilities BMG is willing to receive propane from.

10 15. Upon request by the customer, the company will provide the customer or other party
 11 specified by the customer the shorter of two years of the customer's monthly usage data or the
 12 customer's monthly usage data commencing June 1, 1999. Such data will be provided within 15 days.

13 16. Staff has recommended approval of the filing.

14 17. Staff has further recommended that BMG be required to file a report with Staff by
 15 November 30, 2002, discussing its experience with the proposed propane transportation tariff. Such
 16 a report should include information on participation levels, costs and benefits of the tariff, and any
 17 problems with the current design of the tariff.

18 CONCLUSIONS OF LAW

19 1. BMG is an Arizona public service corporation within the meaning of Article XV, Section
 20 2, of the Arizona Constitution.

21 2. The Commission has jurisdiction over BMG and over the subject matter of the
 22 application.

23 3. The Commission, having reviewed the application and Staff's Memorandum dated
 24 May 23, 2000, concludes that it is in the public interest to approve the filing.

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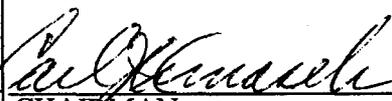
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ORDER

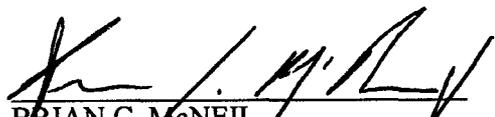
THEREFORE, IT IS ORDERED that the filing be and hereby is approved.

IT IS FURTHER ORDERED that BMG file a report with Staff by November 30, 2002, discussing its experience with the proposed propane transportation tariff. Such a report should include information on participation levels, costs and benefits of the tariff, and any problems with the current design of the tariff.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

		
CHAIRMAN	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 9th day of June, 2000.


 BRIAN C. McNEIL
 Executive Secretary

DISSENT: _____

DRS:BGG:van:lh