

Service Date: April 25, 1979

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

In the Matter of the Application)
f the Town of Melstone for auth-)
ority to increase rates for water)
service.)

DOCKET NO. 6622

PROPOSED ORDER NO. 4502a

APPEARANCES

FOR THE APPLICANT:

Clara Mae Spek, Town Clerk-Treasurer, Town of Melstone, Montana 59054

FOR THE COMMISSION:

Eileen E. Shore, Commission Counsel

BEFORE:

Thomas J. Schneider, Commissioner and Hearing Examiner

APPLICATION AND PROCEEDINGS

1) On October 24, 1978, the Town of Melstone (Applicant) filed a petition, with the Montana Public Service Commission (PSC) for an order authorizing the applicant to increase its water rates to offset the rising costs of operations and to defray the cost of upgrading the system.

2) On December 8, 1978, a Notice of Proposed Public Hearing in Docket No. 6622 was published in several area media outlets.

3) On January 2, 1979, a protest and request for public hearing was received by the PSC from the Montana Consumer Counsel (MCC).

4) A notice of Public Hearing, which set this matter for hearing at 10:00 a.m. on Thursday, February 15, 1979, in the Town of Melstone Fire Hall, was published in the January

17, 1979 edition of the Roundup Record-Tribune and the January 22, 1979 edition of the Billings Gazette.

- 5) On February 2, 1979, the PSC staff issued Data Requests to the applicants.
- 6) On February 13, 1979, the PSC received the applicant's reply to the staff's data request.
- 7) Accordingly this matter came on to be heard at 10:00 a.m. Thursday, February 15, 1979, in the Town of Melstone Fire Hall.
- 8) The hearing was conducted under the Commission's procedural rules for contested cases as contained in the Administrative Rules of Montana.

The Commission having taken the evidence and heard the parties and being fully advised in the premises makes the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

- 1) The applicant requested rate relief approximately equivalent to a \$1,800 annual increase in rates.
- 2) Witness Spek testified that the salaries expense was allocated one-third to water and one-sixth to sewer. Since the total salaries expense is \$850 per month the allocation to the water department is found to be \$3,400 on an annual basis.
- 3) The following Test Year is comprised of witness testimony and analyzation of annual reports filed yearly by the applicant with this Commission.

Revenue:

Water Sales	\$11,600
Bulk Sales	<u>850</u>
Total Revenue	\$12,450

Expenses:

Salaries	3,400
Supplies	108
Administrative & Miscellaneous	553
Source and Pumping	400
Repairs and Maintenance	1,986
Utilities	1,800
Transmission	3,233
Treatment	<u>970</u>
	\$12,450
Debt Service	<u>1,800</u>
Total Expenses	\$14,250
Net Deficit	<u>\$ 1,800</u>

4) In order to alleviate this revenue deficiency the Commission finds that the applicant

must be allowed to raise its rates by 14.4% or $\frac{\$ 1,800}{12,450} = 14.4\%$

CONCLUSIONS OF LAW

- 1) The Montana Public Service Commission properly exercises jurisdiction over the parties and subject matter in this proceeding.
- 2) The Commission afforded all parties interested in this proceeding proper notice and an opportunity to participate.
- 3) The rates approved herein are reasonable, just, and proper.

ORDER

NOW THEREFORE, at a session of the Public Service Commission Department of Public Service Regulation of the State of Montana held in its offices at 1227 11th Avenue, Helena, Montana on the 23rd day of April, 1979, there being present a quorum of Commissioners, there came regularly before the Commission for action the matters and things in Docket No. 6622 and the Commission being fully advised in the premises;

IT IS ORDERED by the Commission that the Town of Melstone is authorized to increase its water rates as follows:

Residential Rate	\$10.00 per month
Commercial Rate	11.75 per month
Laundromat Rate	17.75 per month
Motel Rates	4.60 per unit per month
Annual Sprinkling Rate	6.85 per lot per season

IT IS FURTHER ORDERED, pursuant to ARM 1-1.6(2)-P6190, that this is a proposed order. Any party shall have the opportunity to file exceptions to this initial decision, present briefs and make oral arguments before the entire Commission, provided such exceptions, briefs and requests for oral argument are presented to this Commission within thirty (30) days from the Service Date of this proposed order.

Done at Helena, Montana, this 23rd day of April, 1979.

THOMAS J. SCHNEIDER, Commissioner
& Hearing Examiner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)