

Service Date: July 1, 1980

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

* * *

IN THE MATTER of the Application)	UTILITY DIVISION
by the CITY OF LIBBY To Revise)	DOCKET NO. 6800
Sewer Rates.)	INTERIM RATE ORDER NO. 4563
_____)	

FINDINGS OF FACT

1. On April 18, 1980, the CITY OF LIBBY (Applicant or City) filed an application with this Commission for authority to increase rates on a permanent basis, for sewer service at Libby, Montana and vicinity by approximately 38.4% resulting in an annual revenue increase of \$23,193.

2. On June 10, 1980 the City filed an application for an interim increase in rates of approximately 38.4%, equaling an annual revenue increase of \$23,193 or 100% of the proposed permanent increase.

3. The City alleges the proposed interim increase in rates is necessary because the revenue for the sewer department, at present, is generated from two sources, i.e., a monthly sewer user charge and a tax assessment against City property owners. Effective July 1, 1980 the tax assessment which funds part of the sewer department will no longer be in effect.

4. The City was informed that to qualify for Environmental Protection Agency (EPA) funds to upgrade their sewage treatment plant it would be necessary for the City to revise its existing user charge system and delete the Special Assessment Tax.

5. The deletion of the Special Assessment Tax causes the City a revenue shortfall in its sewer fund of approximately \$18,710 and therefore there exists an urgent need for interim rate relief.

6. The City's proposed rate structure for the permanent and interim rate application is based upon average waste water flows for various customer classifications and results in large increases to certain customer classes.

7. The customer classifications receiving large increases in rates have protested and requested a public hearing on the permanent application.

8. It is the Commission's opinion that before any change in the City's rate structure is approved there should be a public hearing to determine if any discrimination exists in the proposed rate structure.

9. Further the Commission finds that it would be appropriate for the City to determine, by current customer classification, the total tax contribution of each class of customer and pro-rate this on a monthly basis, and add this to the current rates on file with this Commission to determine the monthly user charge to be assessed each class under interim rates i.e. determine, the total tax collected from the residential users for the year, divide this amount by the number of residential users and then divide that figure by twelve months to determine the average monthly tax contribution of a residential user and add that to the current rate.

10. The Commission finds that by utilizing the methodology outlined in Finding of Fact 9 to compute the interim rates no change in contribution of the various customer classifications will result at this time, and it is the intent of this Commission to insure that the contribution of each customer class remain the same under the interim rates as was contributed by that customer classification under the user charge plus the tax levy system.

CONCLUSIONS OF LAW

1. The City of Libby is a public utility furnishing sewer service to consumers in the Libby area. As such it is subject to the supervision, regulation and control of this Commission pursuant to Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision".

3. The Commission concludes that the grant of an interim rate increase in the manner set forth herein is just, reasonable and within the discretion granted by Section 69-3-304, MCA.

4. If the Commission's final decision in this matter is to disapprove in whole or in part the increase granted herein, the Commission will order a rebate thereof to all consumers under Section 69-3-304, MCA.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The City of Libby is hereby granted authority to implement on an interim basis increased rates designed to generate an additional \$18,710 revenue on an annual basis for its sewer service.

2. The City of Libby is to file revised tariff schedules reflecting rates computed as outlined in Finding of Fact 9.

3. The interim relief granted in this Order is to be effective for service rendered on and after June 30, 1980.

4. The increase granted herein is subject to rebate should the Commission grant a lesser amount in its final order in this docket.

DONE IN OPEN SESSION at Helena, Montana on June 30, 1980, by a 5 - 0 vote.

BY ORDER OF THE PUBLIC SERVICE COMMISSION.

Gordon E. Bollinger, Chairman

Clyde Jarvis, Commissioner

Thomas J. Schneider, Commissioner

James R. Shea, Commissioner

George Turman, Commissioner

ATTEST:

Madeline L. Cottrill
Secretary

(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this Order. If a Motion for Reconsideration is filed, a Commission order is final for purposes of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp- 38-2.2(64)-P2750, ARM.