

Service Date: May 13,

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

IN THE MATTER of the Application)
of the CITY OF COLUMBIA FALLS to) DOCKET NO. 80.6.44
Increase Sewer Rates.) ORDER NO. 4675c

APPEARANCES

FOR THE APPLICANT:

James A. Cumming, City Attorney, 17 - 6th Street West
Columbia Falls, Montana 59912

FOR THE INTERVENORS:

James C. Paine, Montana Consumer Counsel, 34 West 6th Avenue,
Helena, Montana 59620

FOR THE COMMISSION:

Robert F. W. Smith, Staff Attorney, 1227 11th Ave., Helena,
Montana 59620

BEFORE:

Howard Ellis, Commissioner
Gordon Bollinger, Chairman
John Driscoll, Commissioner

FINDINGS OF FACT

1. On December 26, 1980, Order No. 4675b was issued in Docket No. 80.6.44. This order granted the applicant an increase in sewer rates effective for sewer services rendered on and after January 19, 1981.

2. On January 12, 1981, the City of Columbia Falls filed a motion for re-hearing in this Docket so that additional testimony could be presented relative to the "Operation and Maintenance Expense" for the period ending June 30, 1980. The applicant alleged that an understatement of the operation and

maintenance expense for the period ending June 30, 1980 was presented at the public hearing and the presentation of additional testimony would prove this allegation. The Applicant also requested that the City be allowed to increase the sewer usage rate from \$1.65 per 1000 gallons of water consumed to \$1.80 per 1000 gallons of water consumed.

3. On January 26, 1981, this Commission granted the City's request for a re-hearing with the limitation that further testimony would be confined to the subject of operation and maintenance expense for the period ending June 30, 1980. On March 12, 1981, at 10:00 a.m. pursuant to the notice of public hearing, a public hearing was held in the City Council Chambers, City Hall, Columbia Falls, Montana.

4. The City introduced seven exhibits and presented the testimony of the following three witnesses;

Charleen Lyngstad, City Clerk

Marlene Ellman, Utility Clerk

John Floden, Public Works Director

5. Two public witnesses testified at the public hearing but neither presented testimony in opposition to the proposed increase in rates.

6 It was the City's Contention that the test year expenditures recognized by this Commission in its Order No. 4675b were understated by approximately \$13,000. The following is a comparison of this Commission's approved test year expenditures and the expenditures incurred by the City for the period ending June 30, 1980:

PSC Test Year Expenditures

CITY'S EXPENDITURES

O & M	\$102,717	Actual expenses fiscal year ending	
less lay-off			
of cashier	6,908	June 30, 1980 for O & M	\$108,698
Approved test			
year O&M	95,809	Capitol Expenditures	30,000
Capitol Expenditures	30,000	Interest Expense	4,600
Interest Expense	4,600	Bond Reserve SID #23	<u>3,575</u>
Bond Reserve SID#23	<u>3,575</u>		
Total accepted test			
year expenditures	<u>\$133,984</u>	Total	<u>\$146,873</u>

7. As indicated in Finding of Fact No. 6 this Commission recognized test year operation and maintenance expense of \$95,809 and the City represented that it incurred actual operation and maintenance expense of \$108,698. Upon request the City submitted a detail operating statement reflecting expenses incurred by account category.

8. At the public hearing cross-examination of the City's witnesses relative to the detailed operating statement took place. It was determined by cross-examination that the City had included the Bond Reserve for SID #23 in its operation and maintenance expense and also listed as a separate expense the Bond Reserve for SID 423. Therefore the Commission finds that the operation and maintenance expense for the period ending June 30, 1980 should be reduced by \$3,575.

9. Cross-examination of the city's witnesses also revealed that the City had included as an expense Consultant Services for 201 Study in the amount of \$1,169. It was determined that this expense item was a non-recurring expense and therefore the Commission finds that the operation and maintenance expense for the period ending June 30, 1980 should be further reduced by \$1,169.

10. The City's witnesses testified that effective March 1, 1981 the City had rehired an assistant water cashier and that the City

would be incurring salary and overhead expense for this employee which the Commission had disallowed in Order No. 4675b. Upon cross-examination it was determined that no salary or overhead expense was included in the 1980 operation and maintenance expense for this employee because the job had been terminated prior to the start of the 1980 fiscal year. The Commission finds that operation and maintenance expense for the period ending June 30, 1980 should be increased by \$6,908 which was the amount of salary and overhead expense adjustment reflected in Order No.4675b for the termination of this employee.

11. The following are the accepted test year expenditures for the Columbia Falls Sewer Department utilizing the June 30, 1980 operation and maintenance expense and the adjustments set forth in Findings of Fact 8, 9, and 10.

Operation and Maintenance Expense	\$110,862
Capital Expenditures	30,000
Interest Expense	4,600
Bond Reserve SID #23	<u>3,575</u>
Total Accepted Test Year Expenditures	\$149,037

12. The Commission finds that the City's request to increase the sewer usage rate to the level of \$1.80 per 1000 gallons of water consumed is justified.

CONCLUSIONS OF LAW

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

ORDER

NOW THEREFORE, at a session of the Public Service Commission, Department of Public Service Regulation of the State of Montana, held at its offices at 1227 11th Avenue, Helena, Montana, on the 11th day of May, 1981, there being present a quorum of Commissioners, there came regularly before the Commission for final action the matters and things in Docket No. 80.6.44, and the Commission being fully advised in the premises;

IT IS ORDERED by the Commission that the City of Columbia Falls is authorized to assess a sewer usage rate of \$1 80 per 1000 gallons of water consumed.

IT IS FURTHER ORDERED that the rates as ordered herein shall be effective for sewer services rendered on and after May 11, 1981.

IT IS FURTHER ORDERED that a full true and correct copy of this order be sent forthwith by first class mail to the Applicant and all other appearances herein.

THE FOREGOING ORDER was adopted by the Department of Public Service Regulation of the State of Montana, Public Service Commission, IN OPEN SESSION at Helena, Montana on the 11th day of May, 1981, by a 3 -0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

GORDON E. BOLLINGER, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

ATTEST:

Madeline L. Cottrill
Commission 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 purpose 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. 38.2.4806 ARM.