

Service Date: June 22, 1982

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

* * * * *

IN THE MATTER OF THE APPLICATION) UTILITY DIVISION
of the Town of Kevin to Increase) DOCKET NO. 81.9.84
Water Rates.) ORDER NO. 4879a

APPEARANCES

For the Applicant:

Joseph R. Hunt, Attorney at Law, Aronow, Anderson, Beatty & Lee, 153 Main Street,
Shelby, Montana, 59474, appearing on behalf of Applicant.

For the Intervenors:

John C. Allen, Attorney for the Montana Consumer Counsel, 34 West Sixth Avenue,
Helena, Montana, 59620, appearing on behalf of the consuming public of the State of
Montana.

For the Commission:

Robert Nelson, Staff Attorney
Dennis Crawford, Assistant Administrator, Utility Division

Before:

Gordon E. Bollinger, Chairman
Howard L. Ellis, Commissioner
Clyde T. Jarvis, Commissioner
Thomas J Schneider, Commissioner

FINDINGS OF FACT

1. On September 24, 1981, the Town of Kevin (Town or Applicant) filed a petition
with the Montana Public Service Commission requesting that the Commission authorize a water
rate increase that would generate approximately \$7,400.00 in additional revenues annually.

Subsequent to the filing of the permanent application for increased rates, the Town filed an application for an interim increase in rates of approximately 48%, equaling a revenue increase of approximately \$4,800 or 65% of the proposed permanent increase.

2. On October 5, 1981, a Notice of Opportunity for Public Hearing was issued. The notice stated that protests and requests for hearing were due by November 9, 1981. Requests for hearing were received.

3. Interim Order No. 4879 was issued on January 12, 1982, authorizing the Town to implement a monthly charge of \$12.00 per month for its residential and business accounts.

4. On April 21, 1982, pursuant to Notice of Public Hearing, a hearing was held in the Kevin Depot Senior Citizen Center, Kevin, Montana. The purpose of the public hearing was to consider the amount of the applicant's proposed water rate adjustments.

5. At the hearing, the Town presented its case per witnesses Jeanne Gorman, Kenny Hannon, Denis Freeland and John Hutton. Intervenor Montana Consumer Counsel presented no pre-filed position statement or testimony, but assisted members of the consuming public in presenting their views and positions. Members of the consuming public who testified during the hearing included Lucy McKee, Tom Guy, K. C. Shepard and Pam Porter.

6. Three of the four public witnesses expressed the opinion that the Town was entitled to its requested increase of \$12.00 per month, but objected to an increase of \$16.00 per month for five summer months, being of the opinion that that increase would be burdensome for many of the senior citizens and that a 50% increase should be sufficient. The witnesses also objected to the Town paying for a new water line to service the Industrial Park.

7. As indicated, the Town's case was presented through four witnesses:

First, Town Clerk Gorman testified to the financial condition of the Water Department, costs and problems the Town will face in the future. Second, Mayor Hannon testified to the condition of the Town's water distribution system, some of the problems the Town is encountering, and the projected costs in meeting those problems. Third, Denis Freeland, a contractor with the Town, testified to problems the Town is having with the water distribution system and the costs of meeting those problems. Fourth, John Hutton, Town Superintendent, testified to problems he is facing with the water distribution system. The Town also presented 17 exhibits which stated its present financial condition, rising costs it will face in the future as the

need for repairs rises, an outlay of the water distribution system and deteriorated pieces of its water distribution system.

8. Applicant's projected expenses and revenues for fiscal year 1981 through 1984 are as follows:

	<u>DISBURSEMENTS</u>	<u>INCOME</u>
<u>1981-1982</u>		
Wages and related benefits	\$ 4,816	
Administration supplies	1,680	
Administration repairs	3,024	
Power	2,240	
Misc. Supplies	350	
Supplies for distr	616	
Repairs and maintenance	<u>2,160</u>	
	\$14,886	\$13,492.62
<u>1982-1983</u>		
Wages and related benefits	5,394	
Administration supplies	1,882	
Administration repairs	3,387	
Power	2,509	
Miscellaneous supplies	350	
Supplies for distr.	690	
Repairs & Maintenance	<u>2,710</u>	
	\$18,685	\$18,040.00
<u>1983-1984</u>		
Wages and related benefits	6,041	
Administration supplies	2,108	
Administration repairs	3,793	
Power	2,810	
Misc. supplies	450	
Supplies for distr	773	
Repairs and maintenance	<u>2,710</u>	
	\$18,685	\$18,040.00

9. Applicant's Exhibit #14 lists the improvements, timetable and projected costs. Exhibit #14 included a proposed addition of 1,500 feet of main line to a proposed industrial park and trailer court. The Commission encourages the Town to consider one of the following alternatives of financing the extension: (1) require a contribution-in-aid of construction for

the amount of the line; (2) require the customer to install the line; (3) establish a Special Improvement District.

10. The Commission finds that the improvements requiring immediate action, as outlined in Exhibit #14, with the exception of the main extension to the proposed industrial park, are reasonable.

11. The Commission finds the following rates to be reasonable:

Rate:	Households	\$12.00 per month from October through April \$16.00 per month from May through September
	Business	\$12.00 per month
	Metered	\$ 1.00 per thousand gallons
	Bulk Water	\$ 4.50 per thousand gallons

12. The higher summer rate is reasonable because of the higher operating costs associated with providing more water for irrigation. Testimony was presented setting forth the immediate need for funds to make the necessary repairs to the water tank during this year's construction season. Higher summer rates will more closely parallel elevated costs incurred during the construction season. The Town Council's rationale for proposing a higher summer rate and a lower winter time rate in order to ease the burden on the rate payers during the winter months when natural gas bills are higher is reasonable.

13. From the foregoing evidence, the Commission finds that the water rate increase the Town is seeking will result in an annual revenue increase of approximately \$7,400.00.

CONCLUSIONS OF LAW

1. The foregoing Findings of Fact are included and incorporate herein as Conclusions of Law by this Commission.
2. The Town is a public utility subject to the jurisdiction of this Commission.
3. The Town's application and supporting documents satisfy this Commission's filing requirements.
4. All proper notices have been given by this Commission.
5. The annual revenue increase of \$7,400.00 is just and reasonable and non-discriminatory.

ORDER

From the foregoing Findings of Fact and Conclusions of Law,
IT IS HEREBY ORDERED BY THE MONTANA PUBLIC SERVICE COMMISSION THAT:

1. The Town shall be and is hereby authorized to increase its water rates in accordance with Findings of Fact No. 11 to generate an additional annual operating revenue of approximately \$7,400.00.

2. All motions and objections not specifically ruled upon are denied.

DONE this 21st day of June, 1982, by a vote of 4-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

GORDON E. BOLLINGER, Chairman

HOWARD L. ELLIS, Commissioner

CLYDE JARVIS, Commissioner

THOMAS J. SCHNEIDER, 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.