

Service Date: December 7, 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 LODGE GRASS For) DOCKET NO. 82.11.77
Authority To Increase Water Rates) INTERIM RATE ORDER
And Charges.) NO 4953

FINDINGS OF FACT

1. On November 10, 1982, the Town of Lodge Grass (Applicant or Town) filed an application with this Commission for authority to increase water rates for its Lodge Grass, Montana customers on a permanent basis by approximately 54% which constitutes an annual revenue increase of approximately \$4,641.

2. On November 19, 1982, the Applicant filed an application for an interim increase in rates of approximately 54% equaling a revenue increase of approximately \$4,641 or 100% of the proposed permanent increase.

3. The Commission's interim rules and guidelines call for "a clear showing that the petitioning utility is suffering an obvious income deficiency" before it will grant interim rate relief.

4. The Applicant is unable to demonstrate that it "is suffering an obvious income deficiency" due to the fact that the prior Town Clerk failed to maintain adequate books and records relative to the water utility operations. It is the Town's contention, even though there is an absence of financial documentation, that the rates presently in effect are not sufficient for it to adequately maintain and operate

the water utility.

5. The Commission, in this Docket cannot make a finding that the Applicant is suffering an obvious income deficiency and under normal circumstances would not grant interim rate relief. In this instance, however, given the Commission's general knowledge of similarly situated utilities and the unique facts surrounding the Town's inability to provide adequate financial documentation, the Commission finds that deferred rate relief until a final order can be issued may adversely affect the Lodge Grass utility's financial condition. Given the proceeding Findings of Fact the Commission waives the requirements of ARM 38.5.506, which requires the utility to show it is suffering an obvious income deficiency. Waiver of this rule is provided for in ARM 38.5.508.

6. The Commission finds that the Applicant should be allowed interim rate relief of \$4,641 on an annual basis. The Commission further finds that the Applicant should submit monthly financial statements to the Commission relative to the water utility operations in a format consistent with that outlined in this Commission's "Minimum Rate Case Filing Standards For municipal Water and Sewer Utilities". These statements will be filed with the Commission by the 15th of each month commencing on February 15, 1983.

7. The Applicant, for interim rate purposes, proposes to implement a flat rate charge of \$5.00 per month per connection which the Commission finds to be acceptable.

CONCLUSIONS OF LAW

1. The Lodge Grass water utility is a public utility

providing water service to customers in the Lodge Grass 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.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The Town of Lodge Grass is hereby granted authority to implement on an interim basis increased rates, for its Lodge Grass, Montana customers, designed to generate additional annual revenues in the amount of \$4,641.

2. The Town of Lodge Grass is to file revised tariff schedules reflecting a rate of \$3.00 per month per connection.

3. The interim relief granted in this order is to be effective for services rendered on and after December 6, 1982.

4. The increase granted herein is subject to rebate if the Town fails to maintain financial records as provided herein or the final order in this Docket determines a lesser increase is warranted.

DONE IN OPEN SESSION this 6th day of December, 1982, at Helena, Montana by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

GORDON E. BOLLINGER, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

CLYDE JARVIS, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)