

Service Date: January 13, 1987

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

* * * * *

IN THE MATTER of the Application)	
of MOUNTAIN WATER COMPANY for)	UTILITY DIVISION
Authority to Increase Rates and)	DOCKET NO. 86.9.51
Charges for Water Service in the)	ORDER NO. 5252
Missoula, Montana Service Area.)	

* * * * *

INTERIM RATE ORDER

FINDINGS OF FACT

1. On September 29, 1986, Mountain Water Company (Applicant or MWC) filed an application with this Commission for authority to increase water rates and charges for its Missoula, Montana customers on a permanent basis by approximately 26.68%. This constitutes a revenue increase of approximately \$1,083,202.

2. Concurrent with its filing for a permanent increase in rates MWC filed an application for an interim increase in rates of approximately 18.51%, equalling a revenue increase of approximately \$751,548 or 69.4% of the proposed permanent increase.

3. The Commission's examination of the data, filed in support of the Applicant's proposed rate increase, revealed a number of areas where ratemaking treatment could significantly affect the Applicant's overall revenue requirement. The areas of concern include, but are not limited to, the magnitude of lost and unaccounted for water, the reasonableness of the main office

allocation, failure to normalize electrical expense, capital structure, cost of capital and the impact of the new tax laws.

4. The Commission's interim rules and guidelines call for "a clear showing that the petitioning utility is suffering an obvious income deficiency" before the Commission will authorize the grant of interim rate relief. Given the areas of concern outlined in the preceding Finding of Fact, the Commission cannot, without prejudging issues, find that the Applicant is suffering an obvious income deficiency.

5. Based on the preceding Findings of Fact, the Commission finds that MWC's request for interim rate relief should be denied.

CONCLUSIONS OF LAW

1. Mountain Water Company is a public utility furnishing water service to customers in the Missoula, Montana area, and 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 denial of an interim rate increase is just, reasonable and within the discretion granted by Section 69-3-304, MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Mountain Water Company is hereby denied authority to implement on an interim basis increased rates for its Missoula, Montana customers.

DONE IN OPEN SESSION THIS at Helena Montana, this 12th day of January, 1987 by a 5 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION



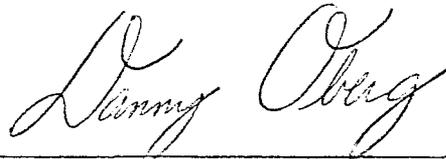
CLYDE JARVIS, Chairman



HOWARD L. ELLIS, Commissioner



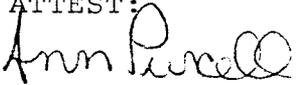
TOM MONAHAN, Commissioner



DANNY OBERG, Commissioner



JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.