

Service Date: October 6, 1987

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

* * * * *

IN THE MATTER of the Application of)	UTILITY DIVISION
the TOWN OF DODSON for Authority to)	
Increase Rates and Charges for Sewer)	DOCKET NO. 87.3.18
Service in its Dodson, Montana Service)	
Area.)	ORDER NO. 5295

FINAL ORDER

APPEARANCES

FOR THE APPLICANT:

Roland Marney, Town Clerk, Town of Dodson, Box 98, Dodson,
Montana 59524

FOR THE INTERVENORS:

Mary Wright, Staff Attorney, Montana Consumer Counsel, 34
West 6th Avenue, Helena, Montana 59620

FOR THE COMMISSION:

Tim Baker, Staff Attorney, 2701 Prospect Avenue, Helena,
Montana 59620

BEFORE:

Danny Oberg, Commissioner and Hearing Examiner

BACKGROUND

1. On March 17, 1987, the Town of Dodson (Applicant or
Town) filed an application with this Commission for authority to
increase rates and charges for sewer service to customers in its

Dodson, Montana service area. The Applicant requested an average increase of approximately 40 percent which constitutes an increase of approximately \$1,944 in annual revenues.

2. On June 30, 1987, following issuance of proper notice, a hearing was held in the Sacred Heart Church, Dodson, Montana. For the convenience of the consuming public there was also a night session, held at the same location. The purpose of the public hearing was to consider the merits of the Applicant's proposed sewer rate adjustment. At the close of the public hearing, all parties waived their rights to a proposed order and stipulated that the Commission could issue a Final Order in this Docket.

ANALYSIS AND FINDINGS OF FACT

3. At the public hearing the Applicant presented the testimony and exhibits of the following witnesses:

Roland Marney, Town Clerk
Dale Dvorshak, Mayor, Town of Dodson

These two witnesses testified concerning the need for additional revenues to constitute a percentage of the salary for a full time employee.

4. During the course of the public hearing 14 public witnesses appeared and offered testimony regarding the Town's rate increase application. In general the public witnesses opposed the Town's proposal to hire an additional employee.

Additional Employee

5. The only issue presented in this proceeding that would impact the sewer utility's revenue requirement is the Town's decision to hire an additional employee. This employee would perform various job functions related to the water utility, sewer utility, street department, insect control, and general maintenance. Since this employee would be working in part for the sewer utility, the Town Council determined that a portion of the employee's salary should be charged to sewer utility operations. The Town's witnesses indicated that the total direct monthly compensation of this employee would be \$1,000, of which \$350 per month would be charged to the sewer utility. This represents a recovery of 35 percent of the employee's direct compensation from sewer subscribers.

6. None of the 14 public witnesses that testified during this proceeding supported the hiring of an additional employee. The witnesses gave various reasons for their opposition. Generally, these public witnesses argued that there was not sufficient work in the various departments of local government to keep an additional employee occupied. In addition, the monthly salary being offered would not attract a certified water and sewer system operator. Further, the \$350 monthly charge being assessed the sewer utility was unjustified and excessive, as approximately \$5 of each ratepayer's monthly bill would be devoted to the salary of the additional employee. Finally, even if an additional employee is hired to work part time in the sewer

department, the Town would still require the services of an outside contractor to perform repairs and maintenance on the system. The testimony in this docket clearly indicates that the the Town's decision to hire a full time employee is not supported by the utility subscribers.

7. In the Commission's opinion the Applicant has failed to meet its burden of proof concerning the need for additional revenues to constitute part of the salary of a full time employee. The Applicant did not establish that the employee would devote approximately 35 percent of his time to sewer utility operations, thereby warranting the collection of that percentage of its salary from sewer utility subscribers. In response to data requests submitted by the Commission staff, the Town indicated that the amount of time the new employee would dedicate to the sewer department would be impossible to approximate. In the same responses, the Town stated that in an average month, the new employee would devote about 30 hours per month to the sewer department. The Applicant also failed to show that the hiring of an employee would reduce its reliance on the services of outside contractors to perform repairs and maintenance on the system. The evidence presented does not clearly demonstrate that the Town needs the requested revenues to pay for an additional employee for the sewer utility. Further, when this evidence is weighed against the burden placed upon ratepayers by the Town's request for additional revenues, the resulting balance favors the ratepayers. Based on the preceding discussion,

the Commission finds that the Applicant's request for additional revenues to constitute a percentage of the salary for a full time employee should be denied.

8. Because the Applicant's request for increased rates and charges was based solely on the need for additional revenues to cover part of the salary for a full time employee, the Commission finds that the Applicant's request for increased sewer rates should be denied.

9. Typically, utilities the size of the Town of Dodson contract with an engineering firm, another utility in close proximity, or a qualified individual to obtain the services of a certified operator. The Commission would recommend that the Town explore these less expensive alternatives in attempting to acquire the services of a certified utility operator as opposed to the hiring of a full time employee.

CONCLUSIONS OF LAW

1. The Applicant, the Town of Dodson, is a public utility as defined in Section 69-3-101, MCA. The Montana Public Service Commission properly exercises jurisdiction over Applicant's rates and service pursuant to Section 69-3-102, MCA.

2. The Commission has provided adequate public notice and an opportunity to be heard as required by Section 69-3-303, MCA, and Title 2, Chapter 4, MCA.

3. The rates and rate structure approved in this order are just and reasonable. Sections 69-3-201, and 69-3-330, MCA.

ORDER

NOW, THEREFORE, IT IS ORDERED THAT:

1. The Town of Dodson's application for authority to increase sewer rates and charges in its Dodson, Montana service area is hereby DENIED.

2. The Town of Dodson shall continue with the rate schedules currently on file with the Commission.

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

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION



CLYDE JARVIS, Chairman



JOHN B. DRISCOLL, Commissioner



HOWARD L. ELLIS, Commissioner



TOM MONAHAN, Commissioner



DANNY OBERG, Commissioner

ATTEST:


Ann Purcell
Acting Secretary

(SEAL)

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