

Service Date: September 28, 1987

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

* * * * *

IN THE MATTER OF THE COMPLAINT OF)	
Harold L. Morgenstern, for East)	
Shore Construction, and Robert W.)	
Boxwell,)	UTILITY DIVISION
)	
Complainants,)	DOCKET NO. 87.5.25
)	
-vs-)	ORDER NO. 5296
)	
Red Gate, Inc.,)	
)	
Defendant.)	

FINAL ORDER

On May 18, 1987, Harold L. Morgenstern, for East Shore Construction, and Robert W. Boxwell filed a complaint with the Montana Public Service Commission (Commission) against Red Gate, Inc., a private water utility regulated by the Commission pursuant to Section 69-3-101, MCA. Following adequate notice a hearing was held to consider the issues raised in the Complaint. The hearing was conducted in the Community Room of the Flathead Bank, Bigfork, Montana, at 1:00 p.m., September 18, 1987.

Prior to the hearing Harold Morgenstern withdrew his complaint, leaving Robert Boxwell as the sole complainant. Mr. Boxwell indicated at the hearing that the only issue he wished to pursue was whether the present commercial rate charged by Red Gate, Inc. is reasonable with respect to his property.

Robert Boxwell owns several acres of land at Woods Bay, on the east shore of Flathead Lake. There are several buildings on the land that were used to house East Shore Construction. One of the buildings contains a toilet, a washtub, and one 1/2 inch water spigot. When East Shore Construction occupied this property, water was occasionally used to operate a pressure washer to clean construction equipment. Mr. Boxwell indicated that even with the operation of the pressure washer, water consumption at his property did not justify a flat commercial rate of \$37.50 per month; and he stated that, in the absence of East Shore Construction, the small amount of water consumed at his property for domestic purposes most certainly does not justify the commercial flat rate charged.

Mrs. Bonnie Culbert appeared on behalf of Red Gate, Inc. Mrs. Culbert identified those customers on the Red Gate system that are presently charged the commercial rate. She did not challenge Mr. Boxwell's contention that application of the commercial rate to his property is inequitable when compared to

others on the system who are charged the same rate. She did indicate, however, that Red Gate, Inc. is presently losing money on the operation of the water system.

Following an off the record discussion among the parties, Commission staff, and Commissioner Ellis, it was agreed that 1) a flat commercial rate of \$37.50 per month is inequitable with respect to the complainant, and 2) Red Gate, Inc. should work with the Commission in order to establish rates that are both equitable and will allow Red Gate to earn a reasonable return. Commission staff suggested that the commercial metered rate could be adjusted to more equitably account for high volume and low volume commercial users.

At the conclusion of the hearing Mr. Boxwell made a motion to withdraw his complaint with the understanding that Red Gate, Inc. would file with the Commission for a rate structure modification subsequent to December 31, 1987, but no later than April 1, 1988. In the meantime, to avoid excessive charges, Mr. Boxwell indicated that he will ask that Red Gate shut off the water to his property. He will pay a \$25 per year idle line fee during the time his water is shut off. In this case, the \$25 will apply to the period May 4, 1987, to May 4, 1988. Mrs. Culbert agreed that Red Gate will work with the Commission to restructure its rates. She made no objection to Mr. Boxwell's motion.

ORDER

Now Therefore It Is Ordered that the motion of Robert W. Boxwell to withdraw his complaint against Red Gate, Inc. is GRANTED.

It is further ordered that Red Gate, Inc. will file with the Commission, subsequent to December 31, 1987, but not later than April 1, 1988, a revised rate structure that will address the inequities in the present commercial rates. Such filing may also include a request for a rate increase if present revenues are insufficient to cover costs and a reasonable rate of return.

Done and Dated this 28th day of September, 1987 by a vote of 3-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, 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.