

Service Date: March 22, 1988

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

| | | |
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| IN THE MATTER of the Application |) | UTILITY DIVISION |
| of the BUTTE WATER COMPANY for |) | DOCKET NO. 87.6.30 |
| Authority to Increase Rates and |) | ORDER NO. 5331b |
| Charges for Water Service to its |) | |
| Butte and Anaconda, Montana |) | DOCKET NO. 87.6.31 |
| Customers. |) | ORDER NO. 5332b |

ORDER ON PETITION FOR RECONSIDERATION

BACKGROUND

1. On February 22, 1988, the Montana Public Service Commission (Commission) issued Order No. 5331 in Docket No. 87.6.30 and Order No. 5332 in Docket No. 87.6.31. The Montana Consumer Counsel (MCC) has petitioned the Commission for reconsideration of the portion of these orders dealing with the expense associated with service line repairs required by 69-4-511, MCA. MCC maintains that the Commission was incorrect to find these expenses were known and measurable and that allowing recovery at this time violates ARM 38.5.106. The Commission disagrees and denies MCC's reconsideration of this issue.
2. In Order No. 5331 at paragraph 28 and Order No. 5332 at paragraph 27 the Commission ordered Butte Water Company (BWC) to maintain an account of the expenses actually incurred to implement 69-4-511, MCA. This account will be reviewed by Commission staff and MCC at the end of one year. Only the expenses actually incurred will be recovered in rates.
3. Section 69-4-511, MCA, was passed by the 1987 legislature

with an effective date of October 1, 1987. As of that date the legislature has made private water utilities, including BWC, responsible for the cost of maintaining water service pipelines from the main to the owner's property line.

4. The test year in these dockets ended December 31, 1986. October 1, 1987, was within 12 months of that test year. A change in operating costs became effective within 12 months of the close of the test year and the Commission allowed recovery of the cost. To protect the ratepayer from inaccurate estimates the Commission has established a mechanism for tracking and reviewing the costs and adjusting rates to allow for recovery of the actual costs only. This procedure conforms to ARM 38.5.106.

CONCLUSIONS OF LAW

1. Butte Water Company, is a public utility as defined in Section 69-3-101, MCA. The Montana Public Service Commission properly exercises jurisdiction over Butte Water Company'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 Order No. 5331 and Order No. 5332 are just and reasonable. Sections 69-3-201 and 69-3-330, MCA.

ORDER

NOW, THEREFORE, IT IS ORDERED THAT:

1. Montana Consumer Counsel's motion for reconsideration is denied.
2. DONE IN OPEN SESSION at Helena, Montana, this 21st day of March, 1988, by a 3 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS , Commissioner

TOM MONAHAN, Commissioner

ATTEST:

Carol Frasier
Secretary

(SEAL)

NOTE: You may be entitled to judicial review in this matter. Judicial review may be obtained by filing a petition for review within thirty (30) days of the service of this order. Section 2-4-702, MCA.