

Service Date: February 6, 1992

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 City of Lewistown to increase) DOCKET NO. 91.4.16
rates and charges for sewer service) ORDER NO. 5607
in its Lewistown, Montana, service area.)

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APPEARANCES

FOR THE APPLICANT:

Monte J. Boettger, City Attorney, City of Lewistown, 507
Montana Building, Lewistown, Montana 59457.

FOR THE INTERVENORS:

Mary Wright, Staff Attorney, Montana Consumer Counsel, 34
West Sixth Avenue, Helena, Montana 59620.

FOR THE COMMISSION:

Ivan C. Evilsizer, Staff Attorney, 1701 Prospect Avenue,
Helena, Montana 59620-2601.

G. Joel Tierney, Utilities Engineer, 1701 Prospect Avenue,
Helena Montana 59620-2601.

Ron Woods, Rate Analyst, 1701 Prospect Avenue, Helena,
Montana 59620-2601.

BEFORE:

Bob Anderson, Commissioner and Hearing Examiner.

BACKGROUND

1. On April 22, 1991, the City of Lewistown (Applicant or
City) applied to the Commission for authority to increase
rates and charges for sewer service to its customers in its

Lewistown, Montana, service area. The Applicant requested an average increase of approximately 27%, which constitutes an increase of approximately \$105,142 in annual revenues.

2. On January 10, 1992, the Applicant submitted prefiled testimony with the Commission. A statement in that testimony read as follows:

"A substantial increase is still necessary, but after conferring with Montana Consumer Counsel, it appears that an increase of 23.64% should meet the City of Lewistown's current obligations".

3. The reduced increase of 23.64% will constitute additional annual revenues of \$92,059.

4. On January 22, 1992, following issuance of proper notice a hearing was held in the City Council Chambers, Lewistown, Montana. 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 stipulated to the issuance of a final order in this docket.

ANALYSIS AND FINDINGS OF FACT

5. At the public hearing the Applicant presented the testimony and exhibits of Charles H. Jones, Bookkeeper. Mr. Jones testified to the need for additional revenues to defray increased costs of operation and maintenance and to enable the city to meet bond indenture requirements.

6. During the public hearing, two members of the public presented testimony. Jack Humphrey, former mayor, opposed the sewer rate increase because, in his opinion, cost reduction

was not adequately explored. He stated that the City should explore issuance of a refunding bond and shifting general administrative costs of the Mayor and City Council to the general fund. Cost containment proposals, such as those proposed by Mr. Humphrey, should be examined by the City but they do not impact the existing financial statements of the City.

Barbara Sather, City Council member, stated that a large increase is needed now because prior City administrations opposed necessary increases for the sewer department.

7. At present, the sewer utility is estimating total revenues for fiscal year 1993 of \$435,936. The total expenses, payments, and reserves are estimated at \$527,995. The excess of expenses over revenues is \$92,059. With the 23.64% increase in effect at this time, enough additional revenue will be recovered to make up this difference.

8. The Commission finds, based on testimony and other findings in this docket, that the increase of 23.64% is just and reasonable.

RATE DESIGN

9. The City's proposed rate design was not challenged by any party in this proceeding. The Commission's examination of the rate structure indicates that the Applicant has attempted to equitably distribute the cost of providing service to the various customer classifications and it is, therefore, accepted.

CONCLUSIONS OF LAW

1. The Applicant, the City of Lewistown, is a public utility as defined in Section 69-3-101, MCA. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's rates. Title 69, Chapter 7, 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 City of Lewistown shall file rate schedules, consistent with the Findings of Fact herein, for its Lewistown, Montana, service area.

2. The City of Lewistown is authorized to file increased rates recognizing operation and maintenance costs and costs associated with bond payment indentures.

3. The rates shall not become effective until Commission approval.

DONE IN OPEN SESSION at Helena, Montana, this 4th day of February, 1992, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

HOWARD L. ELLIS, Chairman

DANNY OBERG, Vice Chairman

BOB ANDERSON, Commissioner

JOHN B. DRISCOLL, Commissioner

WALLACE W. "Wally" MERCER, Commissioner

ATTEST:

Ann Peck,
Commission 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.