

Service Date: September 6, 2000

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 of)	UTILITY DIVISION
MOUNTAIN WATER COMPANY for)	
Approval of Transfer of Utility Assets)	DOCKET NO. D2000.6.91
And Operating Responsibilities to the)	
Town of Superior, Montana)	ORDER NO. 6265

ORDER APPROVING SALE AND TRANSFER OF UTILITY ASSETS

BACKGROUND

1. On June 22, 2000, Mountain Water Company (Mountain Water) notified the Montana Public Service Commission (Commission) of the pending sale of its water system in Superior, Montana to the Town of Superior. Mountain Water and the Town had been working on this transaction for the last two years. Mountain Water stated that the Sale and Transfer would have no direct rate impact on the customers of the Town of Superior or the remaining Mountain Water customers in Missoula, Montana. The system would be transferred to the Town at slightly less than book cost.

2. The Town of Superior and Mountain Water submitted documentation in support of the sale of the water utility to the Town. Following a public hearing, the Town Council resolved to authorize the purchase of the water system from the Company and to finance the purchase through revenue bonds in the amount of \$1.9 million. The Town Council further resolved to adopt the current rates and charges of Mountain Water on completion of the sale and purchase. Mountain Water stated that the sale itself would not result in an increase in rates to the customers of Mountain Water in Superior.

3. The Commission, pursuant to its general authority over public utilities under Title 69, Chapter 3, Montana Code Annotated (MCA), asserts jurisdiction to approve the sale and transfers of regulated public utilities. Pursuant to this authority, on July 24, 2000, the Commission issued and had published a Notice to Mountain Water's customers in Superior,

Montana of the opportunity to file comments for the Commission's consideration on or before August 11, 2000. The Commission did not receive any comments.

4. At a duly noticed work session on September 5, 2000, the Commission approved the application for approval of the transfer of Mountain Water's utility assets and its operating responsibilities to the Town of Superior, Montana.

FINDINGS OF FACT AND DISCUSSION

5. The Commission has reviewed the documentation provided by Mountain Water and the Town of Superior. The Commission finds that the Town is financially fit and capable, as well as desirous, of running its own water system. The Town has applied for and qualified for Rural Development approval to lend the Town through the purchase of a water system revenue bond in the amount of \$1.5 million, which will cover the purchase price as well as costs associated with acquiring and running the water system.

6. The Town hired an engineering firm to review the rates and charges currently being charged by Mountain Water and to prepare estimates of operation and maintenance costs of the system. The Town passed Resolution No. 231 to establish the existing rates and charges of Mountain Water's tariffs. The Town and the Engineer concluded that existing rates would be adequate to cover the Town's cost of operation and maintenance of the system, as well as paying debt service, without increasing the rates and charges. The Commission finds that the sale and transfer by itself will not increase the rates at this time.

7. After the Town has metered the system as required by Rural Development, the Town may increase, reduce or change the rate structure in accordance with laws governing municipal utilities. The Town of Superior, as a municipal utility, will not be subject to the Commission's jurisdiction after the consummation of the sale and purchase of the water utility from Mountain Water.

8. Although Mountain Water has been an exemplary public utility, the Commission finds that the Town of Superior has the desire, the capability and the financial wherewithal to run its own water system and that Mountain Water's sale of the utility assets to the Town will, therefore, be in the public interest.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission regulates the rates and services of public utilities pursuant to Title 69, Chapter 3, Montana Code Annotated (MCA). § 69-3-102, MCA. Mountain Water Company is a public utility subject to the jurisdiction of the Commission. § 69-3-101, MCA.

2. The Commission has the power to prescribe rules of procedure and to do all things necessary and convenient in exercising its powers. § 69-3-103, MCA.

3. Pursuant to its general authority in regulating public utilities, the Commission has properly exercised authority over Mountain Water Company in the sale of its water utility in Superior, Montana, and the transfer of the utility assets and operating responsibilities to the Town of Superior.

ORDER

WHEREFORE, THE COMMISSION ISSUES THE FOLLOWING ORDER:

The Commission approves the sale and transfer of the public utility assets and operating responsibilities of Mountain Water Company in Superior, Montana, to the Town of Superior. As a municipal utility, the Town shall assume all the responsibilities of operating the water system and facilities, including the establishment of appropriate rates and rules of service pursuant to its authority as a municipal utility. The Commission shall cease to have regulatory authority over the water system, on completion of the transfer.

Done and dated this 5th day of September, 2000.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

GARY FELAND, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
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 ARM 38.2.4806.