

**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 Solutions, LLC to Implement)	UTILITY DIVISION
Initial Rates and Charges for Water Service)	
in its Elk Grove Subdivision, Gallatin)	DOCKET NO. D2005.11.163
County, Montana, Service Area)	

		CONSOLIDATED WITH
IN THE MATTER of the Application of)	
Utility Solutions, LLC to Implement)	UTILITY DIVISION
Initial Rates and Charges for Wastewater)	
Service in its Elk Grove Subdivision,)	DOCKET NO. D2005.11.164
Gallatin County, Montana, Service Area)	

**UTILITY SOLUTIONS, LLC RESPONSES
TO MONTANA PUBLIC SERVICE COMMISSION DATA REQUESTS
PSC-022 THROUGH PSC-043**

Utility Solutions, LLC (Utility Solutions) hereby submits the following responses to Montana Public Service Commission Data Requests PSC-022 through PSC-043, in Dockets No. D2005.11.163 and D2005.11.164.

PSC-022

Regarding: Mailing Inserts
Witness: Campbell

Please provide copies of all mailing inserts sent to the customers of Elk Grove by Utility Solutions since it began serving the customers of Elk Grove.

RESPONSE: Utility Solutions has not sent any mailing inserts with the bills.

PSC-023

Regarding: Minutes
Witness: Campbell

Please provide copies of all Board Minutes of Utility Solutions LLC.

RESPONSE: There are no board minutes for Utility Solutions.

PSC-024

Regarding: Will Serve Agreements
Witness: Campbell

- a. Please provide copies of all "Will Serve" agreements that have been entered into by Utility Solutions.
- b. At maximum build out, what is the number of customers that Utility Solutions has committed to by the "Will Serve" agreements?
- c. Will it be necessary for Utility Solutions to increase the size of its plant and operations to enable it to serve the "Will Serve" obligations? Why or why not?

RESPONSE:

- a. See attached map detailing location of service commitments. Locations denoted A through Z are or would be served through the contract with the Four Corners County Water and Sewer District. Service locations 1 and 2 are located in the Elk Grove service area. Number 2 is the Elk Grove Subdivision. Number 1 is a commitment that transferred when the utility was purchased. The letters confirming this commitment are attached.
- b. Total platted lots in Elk Grove: 300 residential, 12 commercial, one daycare and open spaces. There are 1025 total platted lots that could be served through the contract with the Four Corners County Water and Sewer District.
- c. The size of the treatment plant is governed by the facilities plan issued by DEQ. Any plan requirement to increase the treatment capacity of the facility is tied to the actual volumes of sewage being treated, not "will serve" agreements.

PSC-025

Regarding: Transference of Ownership
Witness: Campbell

- a. Please provide copies of all correspondence including any Commission Orders authorizing Utility Solutions to begin serving the customers of Elk Grove.
- b. Please provide copies of any and all contracts between the original developers of Elk Grove and Utility Solutions including sales price of the utility to Utility Solutions.
- c. If Utility Solutions acquired the utility from someone other than the original developer, please provide copies of any and all correspondence, including contracts between that entity and Utility Solutions.
- d. Are the contracts "arms length" contracts? If not, why not?

RESPONSE:

- a. See attached Montana Public Service Commission Orders 6707 and 6708.
- b. Utility Solutions dealings were with the owner of the Elk Grove water and sewer systems, Concinnity. See attached for a copy of the agreement.
- c. See response to PSC-025b.
- d. Yes.

PSC-026

Regarding: Ownership of Utility Solutions
Witness: Campbell

Please provide an ownership trail of the utility serving the residents of Elk Grove from when service was first provided to the customers through today.

RESPONSE: Utility Solutions purchased the utility from Concinnity in 2003. Utility Solutions does not have knowledge of other owners.

PSC-027

Regarding: Service Area
Witness: Campbell

- a. Is Utility Solutions providing water or sewer service to any locations other than Elk Grove?
- b. If so, is that location a part of this general rate filing? If not, why not?
- c. If the answer to (a) is yes, please provide copies of orders from the Commission authorizing the provision of the service.
- d. Is Utility Solutions providing wholesale water or sewer service to any locations other than the Elk Grove subdivision? If so, please specify the location and number of customers it is serving in each of those locations.

RESPONSE:

- a. Utility Solutions is not providing regulated water and sewer service to end use customers outside of Elk Grove. It has been providing wholesale water and sewer service to the Four Corners County Water and Sewer District under contract.
- b. No. The Commission does not regulate water and sewer service provided by a county water and sewer district to its end use customers.

- c. Not applicable.
- d. Utility Solutions is not providing wholesale service to Elk Grove, it is providing retail service directly to the residents of Elk Grove.

PSC-028

Regarding: Utility Solutions
Witness: Campbell

- a. Please provide the listing of all the owners of Utility Solutions, LLC.
- b. If Utility Solutions is owned by another company, please provide the ownership of that company as well.

RESPONSE:

- a. Utility Solutions has two members: Barbara Campbell and Montana Ventures I, LLC.
- b. Guy Graves, Jim Graves, and Nancy Lee Valpreda are members of Montana Ventures I, LLC.

PSC-029

Regarding: Capacity
Witness: Campbell

What is the maximum capacity of the system(s) that are serving Elk Grove subdivision in terms of customers? Please include as well any system that Elk Grove may be sharing with any wholesale customers.

RESPONSE:

The Elk Grove water system serves only the Elk Grove Subdivision. The final plat for Elk Grove platted 300 single family lots, 12 commercial lots, one daycare lot and open spaces

The sewer system that serves Elk Grove has an expanded capacity limit of 1,500,000 gallons per day per (gpd) DEQ approval (EQ-07-2112). The current average component capacity limit is 150,000 gpd.

PSC-030

Regarding: EDU
Witness: Barrows

Please provide the basis and computation of the EDU computation for waste water for all areas served by Utility Solutions.

RESPONSE: Design capacity per DEQ submittals is 250 gallons per day which equals one Equivalent Dwelling Unit (EDU).

PSC-031

Regarding: Work papers
Witness: Barrows

Please provide all of the workpapers submitted in this filing and the interim filing in EXCEL format with all formula intact.

RESPONSE: PSC staff and MCC staff have been provided with the EXCEL file for the current filing. Utility Solutions is not in possession of the EXCEL file created/used by Ron Woods.

PSC-032

Regarding: Rate Base
Witness: Barrows

- a. Please provide a spreadsheet listing the entire rate base included in the Elk Grove water utility rate base, the original cost, date placed in service, life of item, remaining life, accumulated depreciation and net remaining value. Please reconcile to MCC-013 and MCC-014.
- b. Is any of the above rate base used in the service of customers other than Elk Grove? If so, please provide the allocation and method of calculating the allocation
- c. Please provide the sales agreement showing the purchase of the sewer and water utilities by Utility Solutions referred to in your testimony on page 4.
- d. Please provide the agreement that for ratemaking purposes, the capital investment would be \$1.5 million dollars as referred to in your testimony on page 4.

RESPONSE:

- a. Utility Solutions believes that it was the first provider of water service to Elk Grove. The system was constructed by the developer of the subdivision then sold to Utility Solutions for \$2.9 million. Utility Solutions believes that prior to it providing service to Elk Grove under PSC rates, no formal services were being provided, and no rates were being charged. In effect, customers used what they needed, without cost, until PSC rates for Utility Solutions was established. For a breakdown of the purchase price, see response to MCC-009.
- b. No.

- c. See Response to PSC-025
- d. See the attached restrictive covenants.

PSC-033

Regarding: Rate Base

Witness: Barrows

- a. Please provide the allocation and basis for allocation between water and sewer of the \$1.5 million referred to in your testimony.
- b. Please provide the allocation and basis for allocation determining that of the total costs of \$1,081,229.61 for water and \$1,025,710.09, that determined \$1.5 million was the proper amount for regulatory purposes.
- c. Please provide all additions to and reductions from rate base since 2003, including cost, date put into service, life, accumulated depreciation, financing arrangements, and an explanation as to how it pertains to Elk Grove water users.

RESPONSE:

- a. The initial capital investments for water and wastewater were \$1,081,229.61 and \$1,025,710.09 respectively. Utility solutions allocated 50% of the \$1.5 million to each water and wastewater.
- b. Documentation provided in response to PSC-032d.
- c. See MCC-071

PSC-034

Regarding: Depreciation and Amortization (Pg 8 of your testimony)

Witness: Barrows

Please explain why Utility Solutions is requesting a return of assets that are not included in rate base.

RESPONSE: For purposes of moderating the proposed rate increase in this filing, Utility Solutions limited the allocation of the treatment plant to match a covenant in the Elk Grove subdivision. Although the excluded amount is not in rate base, it should be amortized or depreciated the same as any other plant, similar to the treatment afforded plant excluded from rate base under a "used and useful" theory.

PSC-035

Regarding: Standard Tariff Language
Witness: Barrows

- a. Please provide the cost analysis for all Standard tariff language as referred to in your testimony pages 10-12.

RESPONSE: The reconnection charge is not cost based. It was proposed at a level which would discourage seasonal disconnects, thereby limiting the adverse impacts of seasonal use.

PSC-036

Regarding: Operating Expenses – Purchased Power
Witness: Barrows

Please provide location and statements for each individual electric meter.

RESPONSE: See attached map detailing meter locations.

See attached billing detail provided by Northwestern Energy.

PSC-037

Regarding: Balance Sheet 38.5.121
Witness: Barrows

Please balance the balance sheet explaining all correcting adjustments.

RESPONSE: correction in the amount of \$17,879 was made to accumulated depreciation; See footnote (1) on 38.5.133 Statement D – Accumulated Depreciation. Members Equity on 38.5.121 Balance Sheet should have also been adjusted. It was not. The correct balance for members equity for 2007 and 2008 should be \$(578,391.47) and \$(789,620.54). The \$17,879 adjustment to both of these amounts brings the Total Liabilities and Stockholder's Equity to \$998,683.88 and \$1,141,505.74 respectively for 2007 and 2008.

PSC-038

Regarding: Contracted Services
Witness: Barrows

- a. Please provide a spreadsheet detailing the Contracted Services amount of \$20,398.71, including the amount, what it was for and any relationship to the owner(s) of Utility Solutions.
- b. Please do the same for the corresponding amount in the wastewater filing.

RESPONSE:

- a. See MCC-031. None of the contracted service providers have a relationship to the owner(s)/members of Utility Solutions.
- b. See MCC-062. None of the contracted service providers have a relationship to the owner(s)/members of Utility Solutions.

PSC-039

Regarding: Office Expense

Witness: Barrows

Please detail the office expense, and if it is a direct or allocated expense between the regulated and non-regulated utility and allocation between those and the waste water system.

RESPONSE: The requested office expense detail is attached.

PSC-040

Regarding: Accounting expense

Witness: Barrows

Please detail the accounting expense in the same method as asked of the office expense in previous data request.

RESPONSE: The requested accounting expense detail is attached.

PSC-041

Regarding: Insurance

Witness: Barrows

Please provide a copy of the statement supporting the insurance expense and any allocations of the expense.

RESPONSE: The requested insurance expense detail is attached.

PSC-042

Regarding: Contract

Witness: Campbell

Please provide a copy of the sales agreement between Concinnity and Utility Solutions for the water and wastewater systems.

RESPONSE: See PSC-025b.

PSC-043

Regarding: Partnership Returns
Witness: Barrows

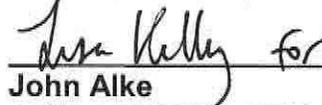
Please provide copies of the partnership returns filed by Utility Solutions.

RESPONSE: See MCC-007.

Dated November 2, 2009.

HUGHES, KELLNER, SULLIVAN & ALKE, PLLP

By

 for

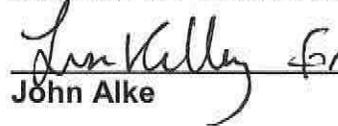
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ATTORNEYS FOR UTILITY SOLUTIONS, LLC

CERTIFICATE OF SERVICE BY MAIL

I HEREBY CERTIFY that a copy of the **UTILITY SOLUTIONS, LLC RESPONSES TO MONTANA PUBLIC SERVICE COMMISSION DATA REQUESTS MCC-022 THROUGH MCC-043** was served upon the following by hand delivering a true and correct copy thereof on this 2nd day of November, 2009, addressed as follows:

**MONTANA CONSUMER COUNSEL
PO BOX 201703
HELENA MT 59620-1703**

 for
John Alke