

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)

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

**MONTANA CONSUMER COUNSEL
RESPONSES TO
THE MONTANA PUBLIC SERVICE COMMISSION
DATA REQUESTS**

PSC-061 RE: Rate Base Calculations
Witness: Schulz

- a. Do your rate base calculations include the allocation of \$300 per month from the management contract? If so, why, and if not, why not?
- b. Have you adjusted the management contract expense to reflect the above? Why or why not?

RESPONSE:

- a. I am not aware of any \$300 per month allocation from the management contract.
- b. No, see response to part a.

PSC-062 RE: Management Contract
Witness: Schulz

- a. In your opinion, is the management contract a negotiated arm's length transaction between Utility Solutions and Double Tree, Inc?
- b. Is the management contract expense a reasonable amount considering the number of residents in the Elk Grove?
- c. If the answer to b is no, what would be a reasonable amount for management expense for a water and wastewater utility of that size?
- d. If the answer to b is no, why was there no adjustment to the management contract expense?
- e. If the answer to b is yes, please provide supporting data for management expense of water/wastewater utilities of a similar size in Montana. Because Utility Solutions is accounting for Accounting, Office Expenses and System Operator separately, please exclude those or similar categories from the information you provide.

RESPONSE:

- a. No, Utility Solutions and Double Tree, Inc. have an affiliate relationship.
- b. There is not sufficient information available to make a determination. In performing my analysis, I largely relied upon information provided by the Company. The Company has the information to support what is being paid and how the allocation to the regulated water and wastewater utilities is made. To make a determination beyond that would require data on other Montana water/wastewater utilities of similar size (# of customers, area covered, rate base), age, and sophistication.
- c. See response to PSC-062b
- d. See response to PSC-062b
- e. See response to PSC-062b

PSC-063 RE: Office Expense
 Witness: Schulz

Did you make any adjustments to allocate any portion of Office Expense to Doubletree?
Why or why not?

RESPONSE:

The utility already allocates office expense evenly between the regulated sewer, regulated water, non-regulated sewer, and non-regulated water portions of the business. Ms. Campbell does own Doubletree and many of her activities are related to Utility Solutions. The allocation method already in place assures that only half of any office expenses related to Ms. Campbell's activities are allocated to the regulated utilities. Without precise records of how her time is spent, the even allocation serves as a reasonable proxy. I made no additional adjustments.