

LERGY

UTILITY SOLUTIONS

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MONT. P. S. COMMISSION

Ms. Kate Whitney
Montana Public Service Commission
1701 Prospect Avenue
Helena, MT 59620

Subject: Letter of Transmittal of Utility Solutions, LLC Amended Application to Increase Rates for Water Service in its Gallatin County, Montana Service Area
Docket No. D2005.11.163

Dear Ms. Whitney,

Utility Solutions, LLC (Utility Solutions) hereby transmits its amended application to increase rates and charges for water service in its Gallatin County, Montana service area. The total requested increase, as explained and supported in the accompanying testimony and exhibits, is \$206,776.91. This application is made under the Montana Code Annotated, Title 69, and the Commission's rules and regulations as contained in the Administrative Rules of Montana. Applicant, Utility Solutions, LLC, is a Montana corporation providing water utility service in the Four Corners area of Gallatin County, Montana subject to the jurisdiction of this Commission under Title 69, Montana Code Annotated. The Company presently provides water utility service to customers in accordance with the interim rate schedules approved by the Commission, based on results of operation for test year 2004.

Pursuant to ARM 38.5.101:

- (a) The following documents are herewith provided:
 - (1) 10 copies of the application for authority to increase rates, including the minimum rate case filing standards for electric, gas and water utilities promulgated by the Commission.
 - (2) 10 copies of the prefiled direct testimony and exhibits of Sandra Barrows.
- (b) 3 copies of this letter and all documents mentioned herein have also been provided to the Montana Consumer Counsel.



A brief description of the proposed changes in service or rates and charges is as follows:

For the Utility Solutions customers, the revenue requirement for test year 2008 has been computed to be \$327,498.82, compared with revenues at present rates of \$120,721.91. To provide the required increase in revenues of \$206,776.91, it is proposed:



- (1) That metered service rates be increased by 182% which will result in an increase in the monthly bill with 12,000 gallons usage from \$34.41 to \$97.15.

Proposed rates have been developed to produce a return on ratebase of \$71,847.17 which represents a rate of return of 8.11% on rate base of \$885,908.43.

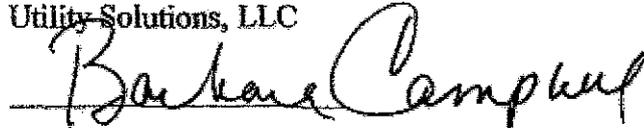
To amend the tariff schedules to include terms and conditions as specified in the testimony.

- (d) The reason for the proposed change in rates is to allow the Company to recover its operation and maintenance expenses, depreciation and amortization expenses, taxes other than income, and income taxes, and to earn a return of 8.11% on rate base. Additional information on the need for this requested increase is included in the Minimum rate Filing Standards, which is included with this letter of transmittal.
- (e) The number of customers whose cost of service will be affected and the estimated annual amount of the increase in cost of service to such customers are as follows:

<u>Rate Customers</u>	<u>No. of Customers</u>	<u>Annual Increase in Cost of Service</u>	<u>Annual Increase per Customer</u>
Residential/Small Commercial	268	\$206,776.91	\$772

A representative of the Company responsible for answering questions concerning this Application or referring inquiries to the appropriate person is Barbara Campbell, Utility Solutions, LLC, P.O. Box 10098, Bozeman, MT 59719, telephone (406) 585-4166. In addition, questions regarding the filing may be directed to Sandra Barrows, 6171 Lazy Man Gulch, Helena, MT 59601, telephone (406) 449-3214.

Utility Solutions, LLC



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