

Service Date: September 12, 2005

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

\* \* \* \* \*

IN THE MATTER OF the Application	)	UTILITY DIVISION
Of Mountain Water Company for Authority	)	
To Increase Rates and Charges for Water Service	)	DOCKET NO. D2005.4.49
To Its Missoula, Montana Customers	)	ORDER NO. 6644b

\* \* \* \* \*

**INTERIM ORDER**

1. On April 8, 2005, Mountain Water Company (MWC) filed with the Montana Public Service Commission (PSC) an application for authority to implement a general rate increase in the water rates it is authorized to charge its Missoula customers. The requested rate increase would raise an additional \$1,419,020 in annual revenues.

2. On September 3, 2004, MWC filed with the PSC, pursuant to tariff and in accordance with PSC Order 6515b, entered in PSC Docket D2003.8.122, an application to implement its annual power tracking adjustment. The application was assigned Docket No. D2004.9.145. The implementation of the annual power tracking adjustment required a small rate decrease on October 1, 2004, which, pursuant to the tariff governing the adjustment, was self implementing pending the issuance of a final order. The required small rate decrease was effective on October 1, 2004.

3. By Notice of Commission Action dated May 26, 2005, the PSC consolidated the two dockets for purposes of hearing.

4. The Montana Consumer Counsel (MCC) has intervened in both dockets, while the City of Missoula (City) has intervened in the general rate case, PSC Docket D2005.4.49. The City has filed testimony opposing the MWC proposed fire protection rates. MCC did not file intervenor testimony; rather, by the testimony deadline MWC and MCC reached an agreement in principle on an annual revenue requirement increase. On September 1, 2005, MWC and MCC

filed a formal stipulation agreeing that MWC should be granted in this docket an annual revenue requirement increase of \$836,185 or \$582,835 less than the MWC initial request of \$1,419,020.

5. Also on September 1, 2005 MWC requested immediate interim approval for a general rate increase of \$667,118 for its Missoula customers, with no increase for fire protection service. The Cost of Living Adjustment, painting costs and property taxes account for the difference between the Interim Order and the Final Order. Those amounts will be adjusted to reflect known changes between the execution of the stipulation and the hearing in this case.

6. The PSC finds the requested interim increase reasonable and consistent with past practice on interim increase requests.

#### CONCLUSIONS OF LAW

1. MWC is a public utility offering water service to customers in the Missoula, Montana area. As such, it is subject to the supervision, regulation and control of the PSC pursuant to Title 69, Chapter 3, Montana Code Annotated (MCA).

2. Section 69-3-304, MCA, provides that the PSC may temporarily approve increases pending a hearing or final decision.

3. The PSC concludes that the grant of an interim rate increase as set forth is just, reasonable and within the discretion granted by § 69-3-304, MCA.

#### ORDER

1. MWC is hereby granted authority to implement, on an interim basis, increased rates for its Missoula, Montana area customers, designed to generate additional annual revenues in the amount of \$667,118, with no increase for fire protection service rates and revenues.

2. MWC must file tariffs in compliance with this Interim Order.

3. Nothing in this Interim Order precludes the PSC from adopting in its Final Order a revenue requirement different from that in this Interim Order. If the final decision is to disapprove all or part of the requested increase, the PSC may order a rebate to consumers of the

amount collected, retroactive to the effective date of this Interim Order, and may order interest to be paid on any such rebate.

4. Interim approval of any matter in this proceeding should not be viewed as final endorsement by the PSC of any issues, calculations or methodologies approved in the Interim Order.

5. This Interim Order is effective for all bills rendered on or after September 8, 2005.

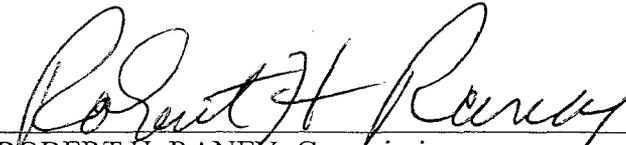
DONE IN OPEN SESSION at Helena, Montana on the 8<sup>th</sup> day of September 2005 by a vote of 5 to 0.

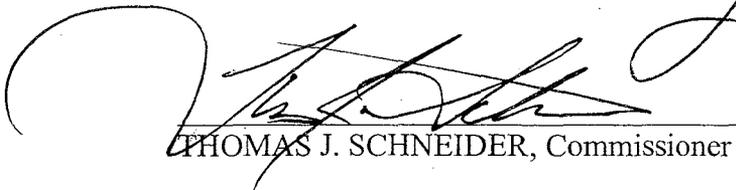
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

  
GREG JERGESON, Chairman

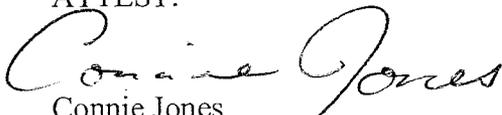
  
BRAD MOLNAR, Vice Chairman

  
DOUG MOOD, Commissioner

  
ROBERT H. RANEY, Commissioner

  
THOMAS J. SCHNEIDER, Commissioner

ATTEST:

  
Connie Jones  
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.