



MOUNTAIN WATER COMPANY

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ARVID M. HILLER
V.P. & General Manager

September 23, 2011

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

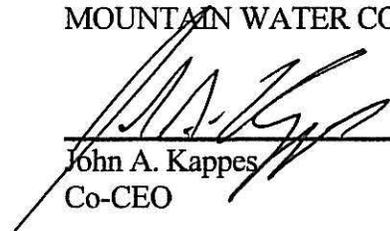
RE: Response to Clark Fork Coalition Data Request 047 From D2011.1.8

Dear Kate:

Enclosed please find Mountain Water's response to data request 047 from the Clark Fork Coalition.

An additional copy of all materials has been provided to the City of Missoula, the Montana Consumer Counsel, the Clark Fork Coalition, and representatives of the Carlyle Group.

MOUNTAIN WATER COMPANY



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On p 6, lines 17, of your rebuttal testimony you state that you do not agree that the City would provide better consumer protections than Mountain Water as a regulated utility subject to the jurisdiction of this Commission, and on page 7, lines 20-22 you state, “[t]he Commission’s regulatory control is one of the reasons private utilities make every effort to make sure their decisions are the most cost effective way of providing service to their customers.” In responding to the following questions, please reference the three attached documents: (1) Park Water Company financial information as of December 31, 2010, provided to the California Public Utilities Commission (“CPUC”) pursuant to the CPUC General Order No. 77, attached hereto as Exhibit A; (2) Mountain Water Company Response to Commission data request PSC-023 in docket no. D2010.4.41, attached hereto as Exhibit B; and (3) Mountain Water Company’s response to CFC-033(d) in this docket, attached for your reference as Exhibit C.

- (a) Exhibit A lists six Park Water officers receiving between \$200,000 and \$456,000, and eighteen Park Water officers and employees receiving between \$100,000 and \$200,000 in 2010. Exhibit C indicates that 14.3% - nearly 2.3 million – of Mountain Water’s annual revenue in 2010 went to fund overhead and salaries for Park Water employees in California. If the 2009 estimated median per capita income in Missoula County is \$23,551, how does private ownership of Mountain Water under the above-mentioned salary structure provide cost-effective service to consumers, over public municipal ownership?**

Not all of the salaries identified in the attachment are for employees of Park’s Corporate Division, but instead are for employees of Park’s Central Basin Division. Operating costs for Central Basin Division, including payroll, are charged to that division and are not part of the Corporate expenses allocated to Mountain. The Corporate salaries are market based and are allocated amongst all the operating subsidiaries and divisions of Park. These allocated costs of service have been reviewed by the PSC and MCC as reasonable costs for providing service.

- (b) According to Exhibit B, Park Water’s Co-CEO received \$225,314 in 2009 and according to Exhibit A, the compensation for that position increased by 102% to \$456,910. How does such a large pay increase translate into greater consumer protection and cost-effective service for Mountain Water ratepayers?**

The apparent large pay increase for this position is due to the fact that 2009 only included a portion of the salary for this position as this position was new in 2009, and the employee started at the end of June of that year and only worked a portion of the year. The following year includes the full amount of the salary. This salary is part of the numbers included in a) above.