

Service Date: September 2, 2011

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

IN THE MATTER OF the Consolidated)	REGULATORY DIVISION
Petition by Mountain Water Company for)	
Declaratory Rulings and Application for)	
Approval of Sale and Transfer of Stock)	DOCKET NO. D2011.1.8
in Park Water Company)	

NOTICE OF PUBLIC HEARING

PLEASE TAKE NOTICE that the Montana Public Service Commission (Commission) will conduct a public hearing in the Matter of the Consolidated Petition by Mountain Water Company (Mountain Water) for Declaratory Rulings and Application for Approval of Sale and Transfer of Stock in Park Water Company (Park). **The hearing will commence on Monday, September 26, 2011, at 1:00 p.m. in the Missoula City Council Chambers at 140 West Pine Street, Missoula, Montana. There will be opportunities for the public to submit comments at specified times throughout the hearing and then additional time on Monday, September 26, at 7:00 p.m in the Missoula Public Library meeting room at 301 East Main Street, Missoula, Montana. The hearing will continue on Tuesday, September 27, at 9:00 a.m. and continue from day to day, as necessary in the Missoula City Council Chambers with additional opportunities for the public to submit comments.** Comments can also be filed on the Commission website at <http://psc.mt.gov/consumers/comments/> by referencing the Docket Number, D2011.1.8.

On January 24, 2011, Mountain Water filed a Consolidated Petition for Declaratory Ruling and Application for Approval of Sale and Transfer of Stock (Filing) with the Commission. Mountain Water is a closely held Montana corporation wholly-owned by Park, which is a closely held California corporation subject to the jurisdiction of the California Public Utilities Commission. On December 21, 2010, Park entered into a merger agreement pursuant to which a wholly-owned subsidiary of Western Water Holdings, LLC, a Delaware limited liability company, controlled by Carlyle Infrastructure Partners Western Water, L.P., (Carlyle) will merge with and into Park. Carlyle agreed to purchase Park for approximately \$102 million dollars and will assume approximately \$56.1 million dollars of Park debt that is outstanding.

In the Filing, Mountain Water requested declaratory rulings that there is no basis for the Commission to claim implied power to review the sale and transfer of Park stock to Carlyle and that

even if it has the power to review and approve the sale and transfer, the Commission decline to exercise its jurisdiction. Mountain Water requested that, if the Commission has the power to review and approve the sale and transfer and does not decline to exercise such power, the Commission approve the sale and transfer of Park stock to Carlyle. The Commission declined to issue a declaratory ruling as requested by Mountain Water on the basis that an agency decision to not exercise jurisdiction is not within the statutory area for declaratory rulings. However, the Commission confirmed that it has jurisdiction over the sale and transfer of Park stock based on Mountain Water's status as a regulated subsidiary of Park and its public utility status in Montana.

The Commission identified additional issues in this docket and established an additional issue procedural schedule to allow the parties to the docket an opportunity to submit additional testimony and complete discovery on these identified issues.

The Commission's jurisdiction over this matter is provided for in Title 69, MCA. The applicable law includes provisions of Title 69, MCA, and corresponding administrative rules of the Commission. The hearing itself will be conducted as a contested case hearing pursuant to Title 2, Ch. 4, MCA (MAPA); ARM Title 38, Ch. 2 (Commission procedural rules); and any prior orders of the Commission which may bear on the issues presented. The hearing is for the purpose of receiving technical evidence (testimony and exhibits) with respect to this docket and public comment for consideration by the Commission. Testimony submitted at hearing is subject to cross-examination.

Any person may be represented by legal counsel at the hearing. The Montana Consumer Counsel, with offices at 111 North Last Chance Gulch, Suite 1B, P.O. Box 201703, Helena, Montana 59620-1703, telephone (406) 444-2771, is available and may be contacted to assist and represent the interests of the consuming public in this matter.

Anyone needing an accommodation for a physical, hearing, or sight impairment in order to attend or participate in the hearing should contact the Commission at (406) 444-6199 at least one week prior to the hearing. The Commission will make every effort to accommodate individual impairments.

BY THE MONTANA PUBLIC SERVICE COMMISSION

TRAVIS KAVULLA, Chairman
GAIL GUTSCHE, Vice Chair
W. A. (BILL) GALLAGHER, Commissioner
BRAD MOLNAR, Commissioner
JOHN VINCENT, Commissioner