

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) REGULATORY DIVISION
AQUAFLO, LLC for Authority to Increase)
Rates and Charges and Amend Tariff Rules) DOCKET NO. D2009.1.9
and Regulations for Water and Sewer Service)
to its Helena, Montana, Customers) ORDER NO. 6985d

IN THE MATTER OF the APPLICATION of) REGULATORY DIVISION
AQUAFLO, LLC for Authority to Permanently)
Increase Rates and Charges and Amend Tariff) DOCKET NO. D2011.4.34
Rules and Regulations for Water and Sewer)
Service to its Helena, Montana, Customers) ORDER NO. 7171a

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FINAL ORDER

History

1. On January 30, 2009, AquaFlo, LLC (AquaFlo) filed an application for authority to implement interim rates and permanently increase rates and charges in its Helena, Montana, service area. AquaFlo customers previously paid a flat rate of \$69.76 per month.
2. On April 27, 2010, the Montana Public Service Commission (Commission) approved a Stipulation between AquaFlo and the Montana Consumer Counsel (MCC) which increased rates on an interim basis to allow AquaFlo to collect an annual revenue requirement of \$147,848, and approved a rate base of \$189,719 and a rate of return of 7.88 percent. The interim rates consist of a base charge of \$42.11 per month with a volumetric charge of \$5.00 per 1000 gallons. The interim rates are subject to refund if the rates are not justified in the future rate case which the Commission ordered AquaFlo to file. Interim Order No. 6985b was issued in Docket D2009.1.9, which required AquaFlo to file a general rate case by April 27, 2011.
3. On April 27, 2011, AquaFlo filed its application to permanently increase rates based on an annual revenue requirement of \$170,726 and to continue to charge the interim rates presently in place until the final rates are established. AquaFlo requested to increase its connection charge

for water and wastewater from its present interim rate of \$42.11 per month to \$58.74 per month and to increase the usage charge from \$5.00 per 1000 gallons to \$5.70 per 1000 gallons.

AquaFlo also requested approval to increase its excess usage charge.

4. On August 19, 2011, the Commission consolidated Docket Nos. D2009.1.9 and D2011.4.34 and issued a procedural order..

5. On April 4, 2012, MCC filed testimony advocating a revenue requirement of \$133,462.

6. On May 24, 2012, AquaFlo and the MCC filed a Stipulation (Attachment A) in the Docket.

7. On June 19, 2012, a Notice of Public Hearing was issued and on July 9, 2012, a hearing was held at the Public Service Commission.

Discussion and Findings of Fact

8. AquaFlo and the MCC agree in this Stipulation that a fair and equitable resolution of the issues in the Docket would be to establish an annual revenue requirement of \$141,239. If the Stipulation is approved, the rates would consist of a base charge of \$45.27 per month with a volumetric charge of \$5.12 per 1000 gallons. The excess usage charge would increase to \$10.24 per 1,000 gallons for usage above 21,000 gallons for the Northwest Major Subdivision, and 45,000 gallons per month for the Skyview and Northwest Minor subdivisions. The Stipulation requests that the Commission permanently approve all of the other tariff provisions requested in its application and presently in effect on an interim basis.

9. The parties agreed that if the cost of the required professionals can be minimized for AquaFlo, the cost of providing regulated services can also be minimized. In this case, acceptance of the Stipulation will eliminate the need to prepare rebuttal testimony and post-hearing briefs.

10. At first glance, it appears there is a refund due to customers based on the previous interim order as there is a revenue reduction from \$147,848 to \$141,239. However, the actual revenue collected for 2010 was \$132,503 and \$128,721 for 2011 (See 2010 and 2011 Annual Reports). Both 2010 and 2011 annual revenue amounts are under the amount that would be authorized in the stipulations. Those decreases in revenue could have resulted from various factors including the change in consumption habits as the customers of AquaFlo transitioned from a flat rate to a commodity based charge. This circumstance indicates the difficulty of estimating the change in

consumption habits of customers going from a flat rate to a commodity based rate. As the revenue collections have been consistently under the amount authorized by the stipulation and the interim orders, no refund is required. This situation is unique and the decision to not order a refund is limited to the unique facts and circumstances of this case.

Conclusions of Law

11. The Montana Public Service Commission regulates public utilities pursuant to Title 69, Chapter 3, Montana Code Annotated (MCA). § 69-3-102, MCA.

12. AquaFlo is a public utility furnishing water and wastewater service to customers in the Helena area. AquaFlo is subject to the supervision, regulation and control of the PSC pursuant to Title 69, Chapter 3, MCA.

13. If the final decision is to disapprove an increase, the Commission may order a rebate to all consumers for the amount collected retroactive to the date of the temporary approval. § 69-3-304, MCA

14. The Commission concludes that the stipulated rate increase as set forth is just and reasonable and within the discretion granted by § 69-3-304, MCA.

Order

15. AquaFlo is hereby granted authority to implement rates as agreed to in the Stipulation between it and MCC for its customers in the Northwest Minor, Northwest Major and Skyview subdivisions in the Helena area.

16. AquaFlo must comply with all provisions in the Discussion and Findings of Fact section that can be reasonably interpreted as an Order.

17. AquaFlo must file tariffs in compliance with this Order within 30 days of the service date of this order.

18. This Final Order is effective for all services rendered on and after May 1, 2013.

DONE IN OPEN SESSION at Helena, Montana, on this ?? day of ?? by a ?? to ?? vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

W. A. GALLAGHER, Chairman

BOB LAKE, Vice Chairman

KIRK BUSHMAN, Commissioner

TRAVIS KAVULLA, Commissioner

ROGER KOOPMAN, Commissioner

ATTEST:

Aleisha Solem
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 38.2.4806, ARM.