

Service Date: April 29, 2016

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

**IN THE MATTER OF** the Investigation of the ) REGULATORY DIVISION  
Montana Public Service Commission into )  
whether Mountain Water Company's rates are ) DOCKET NO. D2016.2.15  
Just and Reasonable. )

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PRE-HEARING MEMORANDUM OF MOUNTAIN WATER COMPANY

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Pursuant to paragraph 4(f) of the April 6, 2016 Notice of Staff Action, Mountain Water Company ("Mountain Water"), by and through its counsel, hereby submits to the Montana Public Service Commission ("Commission") this Pre-hearing Memorandum.

**INTRODUCTION**

This docket was initiated by the Commission on January 29, 2016 to inquire into whether Mountain Water's current rates for its Missoula, Montana customers are just and reasonable. The Commission has indicated it does not intend to call any witnesses or introduce any documents or exhibits at the hearing, except data requests. There are three intervenors in this case, the Montana Consumer Counsel ("MCC"), the City of Missoula ("City"), and the Clark Fork Coalition ("CFC"). Only the MCC and Mountain Water have filed testimony.

**ISSUES**

The Commission has identified the issue in this matter as whether Mountain Water's rates "are just and reasonable under the current capital structure and cost of capital now that Liberty Utilities is the new owner of Mountain Water." Mountain Water notes that its capital

structure and cost of capital have not changed as a result of Liberty Utilities Co.'s ("Liberty") acquisition of Western Water Holdings, LLC. Mountain Water objects to this proceeding as single-issue ratemaking, and to the hearing proceeding without the Commission identifying witnesses or evidence it intends to offer or issues it intends to address.

### **WITNESSES**

Mountain Water's testimony in this docket has been pre-filed. Mountain Water intends to call its witnesses as described below:

- (1) John Kappes
- (2) Thomas J. Bourassa

Mountain Water will also make Bill Killeen available for examination regarding responses to Data Requests he offered.

No testimony has been filed by the Commission, the City, or the CFC. Mountain Water objects to any testimony presented by any of these parties at the hearing.

Further, Mountain Water intends to object to the introduction by the Montana Consumer Counsel of the Direct Testimony of Dr. John W. Wilson as irrelevant. Dr. Wilson offers legal conclusions which he is not qualified to offer, and legal arguments which are inappropriate for testimony. Additionally, he has not offered any analysis of Mountain Water's current cost of capital, and therefore has failed to comply with the limitations in both the original notice and procedural order defining the scope of this docket. Dr. Wilson's testimony is also based on incomplete data as he has failed or refused to review relevant information regarding Mountain Water and Liberty's current capital structure, including information the MCC requested in discovery in this case.

## EXHIBITS

Mountain Water will pre-mark and introduce into evidence the following testimony with all necessary exhibits thereto:

MDU-01 Direct testimony of John Kappes

MDU-02 Direct testimony of Thomas J. Bourassa inclusive of the following exhibit:  
Exhibit No. \_\_\_\_ (TJB-DT1)

Mountain Water reserves the right to introduce additional exhibits during the redirect examination of its witnesses and the cross-examination of MCC witnesses.

## DATA RESPONSES

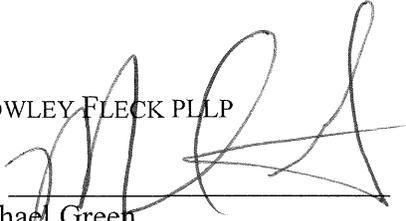
Mountain Water will introduce Data Responses into evidence, if necessary, during the redirect examination of its witnesses and the cross-examination of MCC witnesses.

## SPECIAL SCHEDULING NEEDS

Bill Killeen is listed as a witness associated with Data Request Nos. MCC-001 through MCC-003, MCC-007, PSC-016 and PSC-017(b)-(c). Per prior discussions with Commission staff, Mountain Water requests any questions for Mr. Killeen be asked on Tuesday, May 3, 2016 and that Mr. Killeen be released when the questioning has ended.

Dated this 29<sup>th</sup> day of April, 2016.

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**CERTIFICATE OF SERVICE BY MAIL**

I hereby certify that on April 29, 2016, the foregoing was served via electronic and U.S. mail on:

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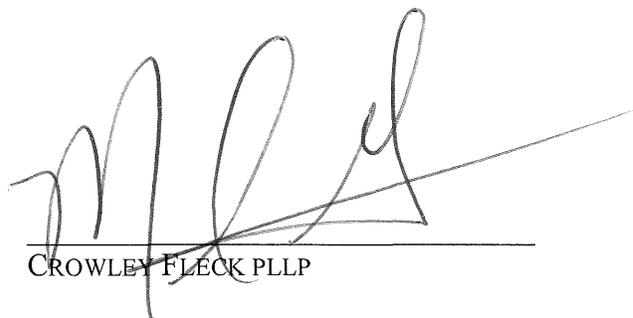
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