

Service Date: August 14, 1996

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

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IN THE MATTER OF MOUNTAIN)	
HERITAGE ASSOCIATES, INC.,)	UTILITY DIVISION
Application for Authority to)	DOCKET NO. D96.4.54
Establish Initial Rates and Charges)	ORDER NO. 5936
for Water Service.)	

FINAL ORDER

BACKGROUND

1. On November 17, 1995 the Public Service Commission (Commission) advised Mountain Heritage Associates, Inc. (Company), that the Commission, pursuant to § 69-3-101 and § 69-3-102, MCA, has jurisdiction over rates charged and services provided by public utilities. The Company provides water service to a subdivision near Helena and falls within the statutory definition of a public utility. The Company was instructed to file an initial rate filing with the Commission by December 7, 1995. An extension of time was granted on December 4, 1995 and again on February 16, 1996. A March 30, 1996 deadline was established.

2. On April 2, 1996, the Company filed initial rates, requesting approval of initial rates of \$53.93 per month for water service to its customers, residents of Mountain Heritage Subdivision. On April 5, 1996 a Notice of Opportunity for Hearing was issued regarding the April 2, 1996 filing from the Company.

3. On May 22, 1996 the Mountain Heritage Water Users Association (Association) filed a request for hearing. On May 28, 1996 the Montana Consumer Counsel (MCC) filed a petition for general intervention and a request for hearing.

4. On June 11, 1996 a Notice of Staff Action and Notice of Public Hearing were issued. Intervention was granted to MCC and the Association. The hearing date was scheduled for July 11, 1996.

5. On June 28, 1996 a stipulation by the Company and MCC was filed with the PSC. The stipulation established initial rates at \$40.41 per month.

6. A hearing was held on July 11, 1996, beginning with the presentation of the stipulation by MCC and the Company . A representative of the Association presented public comment. Other water users also provided public comment.

7. Mr. Roque Wardell, the representative for the Water Users Association, expressed the dissatisfaction the Association members have with the management of the system. Mr. Wardell stated that the Association does want to take over the water system but is not fully informed enough to make an offer. The Association has concerns regarding the deposits that were paid to the owners of the water system initially. The Association feels that these deposits should have paid for the system rather than having increased rates today. An additional concern is the fact that current rates are not consistent for all customers. The cost of filing for initial rates was not seen by the Association as a reasonable expense. The Association felt that expenses incurred for surveys and accounting should have been taken care of along the way and not just in this case.

8. Several public witnesses echoed the dissatisfaction with the lack of pricing consistency among customers and what they felt has been less than reliable service. Concerns were also raised regarding the number of customers on the system and the water rights associated with serving all the customers.

9. After hearing all the public comment, the Commission explained the role the Public Service Commission plays in regulating water utilities. With this water system under the Commission jurisdiction, customer concerns will be addressed. The Commission requires that information be available for the public to examine, that rates are consistent for all customers, that service is adequate, and that customers can turn to the Commission to resolve issues with the Company. The Commission lacks jurisdiction over water rights.

FINDINGS OF FACT AND DECISION

10. The Company and MCC have agreed upon initial rates of \$40.41 per month based upon a cost of service of \$25,043 per year. This is an increase of \$9,743 over the adjusted test year revenues of the Company. The Commission finds that the stipulated rates are just and reasonable and should be approved.

CONCLUSIONS OF LAW

1. The PSC is responsible for the supervision, regulation, and control of public utilities. The Company is a public utility subject to the PSC's jurisdiction. §§ 69-3-102 & 69-3-101, MCA.

2. The Company is a regulated utility and is required to provide service in accordance with provisions of Title 69, ch. 3, MCA, and ARM Title 38, ch. 5, which also provide an avenue for utility customers to file complaints with the Commission and have the Commission assist them in resolving disputes with the Company.

3. The Company is required to file with the PSC tariffs showing all rates, tolls, and charges and all rules affecting rates to be charged. § 69-3-301, MCA.

ORDER

1. Mountain Heritage Associates, Inc., is authorized to charge initial rates of \$40.41 per month to all customers on the system.

2. Mountain Heritage Associates, Inc., shall file tariffs with the PSC according to this Order. The tariffs shall provide all rates, charges and rules affecting rates to be charged.

3. Mountain Heritage Associates, Inc., shall provide adequate service, including sufficient pressure, flow and quality to meet customer demands and legal standards, in accordance with law.

DONE AND DATED this 12th day of August, 1996, by a 3 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.