Service Date: February 3, 1999

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

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IN THE MATER OF TREELINE SPRINGS	)	
LIMITED LIABILITY COMPANY for	)	UTILITY DIVISION
Approval of Initial Rates for Flat Rate	)	DOCKET NO. D98.12.289
Water Service and Flat Rate	)	ORDER NO. 6142
Wastewater Disposal Service	)	

* * * * *

INTERIM ORDER

BACKGROUND

1. On December 10, 1998, Treeline Springs Limited Liability Company (Treeline Springs) filed and application before the Public Service Commission (PSC) for the adoption of initial water and wastewater disposal flat rates for their customers at various townhouses and future development within Moonlight Basin at Big Sky, Montana.

2. Treeline Springs has requested that rates be approved on an interim basis.

FINDINGS OF FACT AND DISCUSSION

3. Treeline Springs has proposed initial rates of $15.00 per month for flat rate water service and $10.00 per month for flat rate wastewater disposal service. There will be approximately 300 hookups for water service customers and 200 hookups for wastewater disposal service.

4. Treeline Springs has not charged for water and wastewater disposal service, but prior to the purchasing of their units in the subdivision the owners were informed that charges would be assessed for said service.

5. Treeline Springs does not have any historical data to provide for the establishment of their proposed rates. Actual costs, where possible, have been used in

the development of initial rates, all other support data is estimated and based on full occupancy. The expenses are allocated 70% to water and 30% to wastewater, this allocation is based on revenue estimates.

6. For purposes of this filing, 45% of the equity capital is transferred to debt, creating a hypothetical debt/equity structure of 55% equity and 45% debt. The return allowed for equity of 10.7%, is a rate recently allowed by this Commission. The debt return of 9% is the borrowing rate currently available to Treeline Springs. Both water and wastewater have a weighted return of 9.9%.

7. The state tax is estimated at 6.75% while the federal tax has been estimated at 15%, all other taxes and health fees have been based on full occupancy.

8. The PSC finds that Treeline Spring's proposed initial rates for Moonlight Basin at Big Sky have a reasonable basis as projected. The PSC determines that this filing should be approved on an interim basis to allow Treeline Springs to develop historical data of the project.

9. This interim authorization may become final (following any required procedure at that time) on or after February 2, 1999 upon the following conditions: (1) Treeline Springs shall file cost information according to PSC requirements which shows a historical test year; and (2) Treeline Springs shall apply for final approval of the rates. The PSC, after an opportunity to examine and do discovery on the submitted information, will issue a final order.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission is responsible for the supervision, regulation, and control of public utilities pursuant to the provisions of Title 69. Section 69-3-102, MCA.

2. Treeline Springs is a public utility subject to the PSC's jurisdiction. Section 69-3-101, MCA.

3. The water and wastewater disposal service offered by Treeline Springs to Moonlight Basin at Big Sky is subject to the regulatory authorization of the PSC.

4. Treeline Springs is required to file with the PSC tariffs showing all rates, charges and all rules affecting rates to be charged. Section 69-3-301, MCA.

ORDER

1. Treeline Springs shall file tariffs pursuant to the directives in this Order. Treeline Springs is granted authority, on an interim basis, to charge for water and wastewater disposal service at Moonlight Basin in Big Sky, Montana.

2. The interim relief granted in this Order is to be effective immediately.

3. The rates in this Order may be subject to rebate when the PSC issues a Final Order in this Docket, if the Final Order reflects rates and charges lower than approved in this Order.

4. On or after February 2, 2000, Treeline Springs shall file cost information as set forth herein and request final approval of the rates for water and wastewater disposal service to Moonlight Basin in Big Sky, Montana.

DONE IN OPEN SESSION at Helena, Montana the 2nd day of February, 1999 by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

_____
DAVE FISHER, Chairman

_____
NANCY MCCAFFREE, Vice Chair

_____
BOB ANDERSON, Commissioner

_____
GARY FELAND, Commissioner

_____
BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
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 ARM 38.2.4806.