

Service Date: September 22, 1999

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)	UTILITY DIVISION
BIG MOUNTAIN WATER COMPANY)	
for Authority to Increase Rates and Charges)	DOCKET NO. D99.3.57
for Water Service to its Customers)	ORDER NO. 6159a

ORDER APPROVING STIPULATED RATE SETTLEMENT

FINDINGS OF FACT

1. On March 11, 1999, Big Mountain Water Company (Big Mountain), a wholly owned subsidiary of Winter Sports, Inc., filed an application with the Montana Public Service Commission (Commission) for authority to increase rates for water service to its residential customers within the boundaries of the Big Mountain Ski and Summer Resort located 8 miles north of Whitefish, Montana. Big Mountain Water Company requested a 20.6 percent increase in the annual revenue requirement from \$45,617 to \$55,018, for an average annual increase to residential customers of \$58.03 in their water rates.

2. Big Mountain Water proposed to increase the Hook-up Fee per Residential Meter from \$95.00 to \$150.00, maintain the Fire Line Charge per 1,000 gallons at \$0.80 per month, increase the minimum gallons charged per meter per month from 1,720 to 2,000, increase the meter charge per month from \$5.85 to \$9.75, and increase the charge per 1,000 gallons in excess of the minimum from \$3.34 to \$3.67 per month.

3. On April 7, 1999, the Commission mailed the Notice of Water Rate Increase Request and Opportunity for Public Hearing to all of Big Mountain's water customers, commercial and residential. On the same date the Commission issued a Procedural Order in this Docket, Order No. 6159, which in addition to a discovery schedule, proposed a hearing date of June 21, 1999, if there were a request for a hearing.

4. Montana Consumer Counsel (MCC) filed a Petition to Intervene on April 15, 1999 and was granted intervention on July 1, 1999.

5. The Commission and MCC submitted data requests to Big Mountain beginning in April 1999. On May 14, 1999, the Commission received a letter from Big Mountain requesting an extension of the Procedural Schedule to allow time for Ms. Sandi Unger, the Corporate Administrator, to recover from a stroke. Her presence was necessary in order to respond to the data requests of the Commission staff and MCC staff. The Commission issued a Notice of Staff Action Amending Procedural Schedule on May 24, 1999.

6. The staffs of the Commission and MCC conducted an examination of the books and records on July 15 and 16, 1999.

7. On July 26, 1999, the Commission issued a second Notice of Staff Action Amending Procedural Schedule to allow Big Mountain to supplement responses to discovery. The Commission set the hearing date for September 14, 1999 in the evening in Whitefish for the convenience of the public. The technical portion of the hearing was scheduled to begin the morning of September 15, 1999. On August 27, 1999, the Commission issued and mailed a Notice of Public Hearing to all the customers of Big Mountain and had the notice published in the Whitefish Pilot and the Daily Inter Lake in Kalispell.

8. On September 8, 1999, MCC and Big Mountain Water Company executed a stipulation for consideration by the Montana Public Service Commission proposing a final rate increase in revenues of \$6,700 per year, for an 11 percent increase. The Stipulation contained monthly rates for a typical residential and commercial customer as follows:

Hookup Fee per residential meter – increase from \$95.00 per meter to \$150.00 per meter;

Fire Line Charge per 1,000 gallons - remains at \$0.80 per 1,000 gallons;

Minimum Gallons charged per meter per month - increase from 1,720 to 2,000 gallons;

Minimum Charge per meter per month - increase from \$5.85 to \$8.00 per meter;

Charge per 1,000 gallons in excess of 2,000 gallon minimum - increase from \$3.34 to \$3.75.

9. On September 14 and 15, 1999, the Commission held a public hearing in Whitefish, Montana, to consider the Stipulation. Big Mountain Water Company presented the Stipulation, and the Montana Consumer Counsel's witness testified that the stipulated rates are just and reasonable.

10. The public had the opportunity to provide comment. Frank Anthony, a customer of Big Mountain Water Company requested clarification on several issues:

(a) The first issue of concern with Mr. Anthony involved a water line constructed across a piece of land owned by Howard and Marion Streiker that subsequently had to be moved. Mr. Anthony expressed concern that the cost of moving the water line might be reflected in the increased rates. Big Mountain Water Company responded that the costs of constructing, removing and moving the water line in question were borne by Big Mountain Development Company, a wholly owned subsidiary of Winter Sports Inc.

(b) The second issue of concern with Mr. Anthony was that the cost of the water used in snowmaking at Big Mountain ski area was reflected in the increased rates of the water company. Big Mountain Water Company responded that the cost of making snow is borne by the ski area and that the snow making lines and potable water lines are separate and distinct systems. Big Mountain Water Company stated the snowmaking reservoirs are open air and could contaminate the potable water system if interconnected. Earlier examination of the water system by Commission and Consumer Counsel staff confirmed that they are distinct systems that do not interconnect.

(c) The third issue of concern with Mr. Anthony was that there was no advertisement of any public water board meetings, although he understood that Big Mountain is a private water company. Big Mountain responded that it would make better efforts at communicating with its customers.

COMMISSION DECISION

11. At its duly noticed work session conducted on September 21, 1999, the Commission approved the Stipulation, finding that the rates and charges proposed in the Stipulation are just and reasonable. The Commission authorized Big Mountain Water Company, on a final basis, to implement a rate increase in the water rates of 11 percent for its customers, for an annual increase in the amount of \$6,700.

CONCLUSIONS OF LAW

1. Big Mountain Water Company is a public utility furnishing water service to customers at Big Mountain Ski Area. As such, it is subject to the supervision, regulation and control of the Montana Public Service Commission pursuant to Title 69, Chapter 3, Montana Code Annotated (MCA).

2. The Commission concludes that the approval of the stipulated rate increase as set forth in this Order is just and reasonable.

ORDER

NOW THEREFORE, IT IS ORDERED THAT:

1. Big Mountain Water Company is hereby granted authority to implement a general rate increase on a final basis for its customers in the Big Mountain Area in Montana, designed to generate additional total annual revenues in the amount of \$6,700.

2. Big Mountain Water Company shall file revised tariff schedules to all services as outlined in the Stipulation and in this Order. Tariffs shall be effective for services on or after October 1, 1999.

DONE IN OPEN SESSION AT HELENA, MONTANA THIS 21st day of September, 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.