

Service Date: November 23, 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
Colstrip Community Service Company for)	
Approval of Transfer of Operation and)	DOCKET NO. D99.9.209
Maintenance Responsibilities of Water and)	
Sewer Systems and Services)	ORDER NO. 6210

ORDER APPROVING TRANSFER OF WATER AND SEWER SYSTEM

DUTIES AND SERVICES TO THE CITY OF COLSTRIP

BACKGROUND

1. On September 2, 1999, the Montana Public Service Commission (Commission) received a Petition from Colstrip Community Service Company (CCSC) for authorization to transfer the operational and maintenance duties associated with the water and sewer systems to the newly incorporated City of Colstrip. Rosebud County owns the water and sewer facilities maintained and operated by CCSC. Colstrip has determined that it would serve the public interest if the City assumed the ownership, operation and maintenance of the water and sewer systems.

2. On October 14, 1999, the Commission received a letter from the City of Colstrip, providing documentation of the agreements among the County, the City and CCSC, as well as the City's budget for water and sewer service and the City's preparation for operating the systems. On approval from the Commission, the Agreement executed October 8, 1999, between CCSC and the City will transfer the interest and the obligations of CCSC in the water and sewer operations and maintenance to the City. Rosebud County provided a letter of agreement supporting the transfer of the water system utility facilities to the City.

3. The City stated that it had made the necessary preparations to assume the water and sewer utility service and facilities. The City has employed John Bleth as its Public Works Supervisor. He has 25 years of operating experience as a former CCSC employee and is a licensed, state certified operator. The City has scheduled for employment other licensed state certified operators who are currently employees of CCSC and will become city employees on the date of ownership transfer. The City will adopt the existing water and sewer tariffs that were approved by the Com-

mission in a previous rate order, without change, on the Commission's approval of the City of Colstrip as the owner/operator as a Municipal Service Provider. After approval by the Commission, the municipality will govern the rates and service, and the system will not be subject to the jurisdiction of the Commission. The City Hall will be the point of contact for the water/sewer customers during normal business hours, 8 a.m. to 5 p.m., Monday through Friday, with a dispatch office capability for non-office hours.

4. On October 26, 1999, the Commission issued and published the Notice of Application for Approval of Transfer of Water and Sewer System Duties and Services to the City of Colstrip and Opportunity to Comment in the Billings Gazette and the Rosebud County Press. The Commission set a deadline of November 12, 1999 to file comments for consideration in the approval process. No comments were received.

5. On November 22, 1999, at its regularly scheduled business meeting, the Commission approved the transfer of the operating responsibilities of the water and sewer system and facilities from Colstrip Community Service Company to the City of Colstrip.

FINDINGS OF FACT AND DISCUSSION

1. The Commission has reviewed the agreements between Colstrip Community Services Company (CCSC) and the City of Colstrip. The Commission finds that the City is financially fit and capable, as well as desirous, of running its own water and sewer system. The City has made all the necessary arrangements to retain the operating employees of CCSC, and the transfer should occur without any harm to operations and maintenance of the system.

2. The Commission finds that the City will be responsive to meeting its needs for water and sewer service. The City government has the wherewithal, both financially and professionally, to manage its water system.

3. The Commission further finds that the sale of the utility assets and the transfer of the operating responsibilities will not by itself result in increased rates. When the City must incur further expenses, it will follow the legal requirements for municipalities to obtain approval for the expense and any rate increases, if necessary. Therefore, the Commission finds that the transfer of the public utility operating responsibilities of the water and sewer utility to the City of Colstrip will be in the public interest.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission regulates the rates and services of public utilities pursuant to Title 69, Chapter 3, Montana Code Annotated (MCA). . 69-3-102, MCA. Colstrip Community Services Company is a public utility subject to the jurisdiction of the Commission. § 69-3-101, MCA.

2. The Commission has the power to prescribe rules of procedure and to do all things necessary and convenient in exercising its powers. § 69-3-103, MCA.

3. Pursuant to its general authority in regulating public utilities, the Commission has properly exercised authority over the transfer of the operating responsibilities of the water and sewer facilities from Colstrip Community Services Company to the City of Colstrip.

ORDER

WHEREFORE, THE COMMISSION ISSUES THE FOLLOWING ORDER:

The Commission approves the transfer of the operating responsibilities of the public utility Colstrip Community Services Company to the City of Colstrip. As a municipal water and sewer system, the City shall assume all the responsibilities of operating the water and sewer system and facilities, including the establishment of appropriate rates and rules of service pursuant to its ordinances. The City will have the ongoing obligation to comply with all applicable legal requirements. The Commission will cease to have regulatory authority over the water and sewer system, on completion of the transfer.

DONE AND DATED this 22nd day of November, 1999 by a vote of 5-0.

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: You may be entitled to judicial review in this matter. Judicial review may be obtained by filing a petition for review within thirty (30) days of the service of this order. Section 2-4-702, MCA.