

For Immediate Release

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HELENA, Mont.-The City of Missoula and Liberty Utilities announced today a stipulation to transfer ownership of the Mountain Water utility system to the city.

“Mountain Water has been a good steward of the Missoula water system for over 100 years and I hope that trend continue under the City’s ownership,” said Commissioner Bob Lake, R-Hamilton. “The Commission trusts the city to maintain a high quality of service delivery, while keeping rates affordable for customers.”

Beginning today, the Public Service Commission will no longer have jurisdiction over the Missoula water utility. Consumers are encouraged to direct any complaints regarding rates or quality of service to the city government, which can be reached at (406) 552-6360.

The city government has not officially established rates for the utility, but after the PSC cut Mountain Water’s rates last year, city leadership suggested rates would increase under municipal ownership (See <http://bit.ly/2nO5bUZ>). The most recent PSC-approved rates are \$1.92 per 100 cubic feet of water used for metered customers, and \$50.53 per month for customers receiving service on a flat rate. Metered customer also pay a monthly service charge of \$17.62.

Under private ownership, the Commission allowed a return of 9.18% on \$36 million of private investment, based on the system’s value on an original-cost-less-depreciation basis. In an eminent domain proceeding, an acquirer must pay the market value of the assets, which the Missoula District Court determined to be \$88.6 million. The city is also responsible to pay legal fees associated with the condemnation proceeding, financing costs, and working capital to transfer operations. The city has announced it will issue at least \$110 million and up to \$140 million in bonds to cover these costs. It has not publicly disclosed the interest rate it will pay on the debt. However, the total return due to the bondholders will exceed the return that Mountain Water is paid on the \$36 million rate base while it was privately owned.

“The city will own the utility in name, but is financing its large purchase entirely through private bond investors. It’s a little ironic that, at the end of the day, Missoula consumers will pay more to private investors under city ownership than it did when the utility was officially owned directly by private investors,” said Vice-Chairman Travis Kavulla, R-Great Falls.

Customers with service complaints or questions regarding the transfer should direct their inquiries to the Missoula City Public Works Department (406) 552-6360.

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Made up of five elected commissioners, the PSC works to ensure that Montanans receive safe and reliable service from regulated public utilities while paying reasonable rates. Utilities regulated by the PSC generally include private investor-owned natural gas, electric, telephone, water, and sewer companies. In addition, the PSC regulates certain motor carriers, and oversees natural gas pipeline safety and intrastate railroad safety.