Service Date: July 2, 1976

BEFORE THE UTILITY DIVISION

DEPARTMENT OF PUBLIC SERVICE REGULATION
MONTANA PUBLIC SERVICE COMMISSION

In Re CITY OF MILES CITY,	)	DOCKET NO. 6386
City Water Department	)	ORDER NO. 4266

FINDINGS OF FACT,
CONCLUSIONS OF LAW AND FINAL ORDER

This application was properly noticed in the Miles City Star on February 13, 1976. The hearing was held on March 5, 1976 before Thomas G. Monahan, Commissioner of the Public Service Commission. Kenneth R. Wilson, City Attorney of Miles City, Montana, represented the applicant City and there were no protests. The Montana Consumer Counsel was notified and it was announced that the Consumer Counsel was available to represent consumers' interests.

The applicant City of Miles City requested increased water rates in order to maintain and operate the new water treatment plant; maintain the existing distribution system; and repay treatment plant bonds and provide for a replacement and expansion fund.

The Montana Public Service Commission, having considered the evidence and the exhibits, makes the following disposition of this uncontested case.

FINDINGS OF FACT

1. The City of Miles City has heretofore constructed a new water treatment plant which distributes municipal water

through the distribution system within the City of Miles City.

2. The present water rate structure is not sufficient to maintain the proper debt service for the water revenue bonds in accordance with Miles City Ordinance No. 768.

3. The head of the Water Department Dent and Fire Chief Strom, through their testimony, showed a desperate need for replacing, up-grading and repairing existing water mains due to the fact of deterioration and the further fact that approximately fifty percent of the water distribution system in Miles City is serviced by four inch water mains, which do not meet fire code requirements, and are insufficient to service the fire hydrants.

4. There are approximately 200 public fire hydrants in the City of Miles City which provide no revenues to the water department.

5. The costs of operating the water treatment plant have been increased significantly due to increased salaries, fringe benefits, and chemical costs.

6. The present annual revenues generated by sale of three hundred and eleven million gallons of water are $320,400.

7. The revenues requested were $422,000 annually, leaving a revenue deficiency of $101,600.

8. Elimination of the 30 percent discount for water provided during the months of June, July, August and September would provide additional revenues of $39,600.

CONCLUSIONS OF LAW

1. The increased rates requested in the application are needed to generate the necessary revenue to service the debt on the water treatment plant, pay the increased costs of operating the water treatment plant, maintain the distribution system, and to provide for a replacement and expansion fund.

2. Replacement water mains and additional water mains are needed to service the water customers of Miles City and the new water treatment plant.

3. Applicant cannot meet the bond service debt payment, nor provide for payment of increased expenses to operate the new water treatment plant, nor maintain the existing distribution system, nor provide for a replacement and expansion fund without obtaining a rate increase to generate additional revenue.

4. The increase approved herein is a just and reasonable amount to insure continued service to Applicant's customers.

ORDER

1. Applicant is authorized to increase its rates by instituting the following rate schedule:

Metered Rate

	Residential	Commercial
0 - 3,000 gallons	$4.10 (minimum)	$8.00 (minimum)
3,000 - 10,000 gallons	1.15/1,000	1.15/1,000
10,000 - 25,000 gallons	0.88/1,000	0.88/1,000
25,000 - 50,000 gallons	0.85/1,000	0.85/1,000
50,000 - 100,000 gallons	0.80/1,000	0.80/1,000
Over 100,000 gallons	0.55/1,000	0.55/1,000

The above minimum rates are for 5/8" meters.

Monthly Minimum Rates
for Meters in Excess of 5/8 Inch

Meter Size	Quantity	Residential	Commercial
3/4"	4,000	$ 5.25	$ 9.15
1"	6,000	7.55	11.45
1½"	10,000	12.15	16.05
2"	20,000	20.95	24.85
3"	60,000	54.60	58.50
4"	140,000	108.60	112.50

2. Applicant shall charge a monthly fee of $3 per public fire hydrant to the appropriate city department.

3. Applicant is denied the special rules and regulations in its petition and shall proceed under the Commission's general rules and regulations for water utilities as well as the special rules previously approved in Applicant's tariff.

4. Applicant shall file tariffs reflecting the above rates and charges within ten days of receipt of this order.

5. The filed tariffs shall be effective for water delivered during the next full billing period after July 1, 1976.

DONE IN OPEN SESSION at a meeting of the PUBLIC SERVICE COMMISSION held July 2, 1976, by a vote of 4-0.

CHAIRMAN, GORDON E. BOLLINGER

COMMISSIONER, D. J. GILFEATHER

COMMISSIONER, GEORGE TURMAN

THOMAS G. MONAHAN, COMMISSIONER

ATTEST:
Gail E. Behan
Secretary

(Seal)

NOTICE: You are entitled to judicial review of this Order. Judicial review may be obtained by filing within thirty (30) days from the service of this Order, a petition for review pursuant to Section 82-4216, R. C. M. 1947.