



Holmberg Village

WATER COMPANY

P. O. Box 7646

Helena, MT 59604-7646

Energy & Telecommunications Interim Committee
Montana Legislature
Legislative Services Division
PO Box 201706
Helena, MT 59620-1706

October 25, 2017

RE: Montana Consumer Counsel petition

Dear Chair and Members:

I realize you received a memorandum regarding small water and sewer utilities at the last ETIC meeting in Helena September 29, 2017. The memo itself is very informative and contains many important concepts about small water systems. The author is one of the state's most experienced rate analysts, Leroy Beeby.

You should be aware the Montana Consumer Counsel ("MCC") petitioned the Montana PSC to amend the rules regarding small water utilities. The current rules are here: <http://bit.ly/1qP0kAm>. Please find the Petition here: <http://bit.ly/2yKhRBY>. You will see that four entities filed comments opposing MCC's petition. These entities generally find the MCC a huge hurdle in serving customers safe water. Please take the time to read the comments regarding a

small system's hassle and cost working through a contested case against a well-heeled opponent like the MCC.

As is pointed out succinctly in the opponents' comments, MCC serves only to obtain the lowest rate possible and hang the consequences. This isn't about rates, per se, it's about water quality and the need for safe drinking water. MCC, unfortunately, sees its role only in terms of obtaining cheap water and sewer, not quality water and sewer. But, you don't get safe drinking water free.

In the rulemaking for the streamlined rules, as the commenters make clear, MCC had a voice when the rules were first proposed and commented to that effect. I am a former rule writer for the Montana Department of Environmental Quality. The board (in this case, the PSC) considers comments but is under no obligation to ensure all rulemaking adheres to all submitted comments. And the PSC are elected officials. They are certainly bound to discover problems and fix them.

The problem arose particularly when the PSC ignored their own rules when an entity applied for the streamlined rules. The PSC, in an effort, most likely, to avoid confrontation with the MCC, simply allowed MCC to dictate the process. MCC has resolutely campaigned against small water utilities, intervening whenever a utility uses the streamlined rule, perhaps hoping the utility will serve customers as a charity (unconcerned where the pay costs for repairs and/or qualified water operators will come from). You are certainly free to look at the Holmberg example, but here is another: <http://bit.ly/2h6dmtU>. You will see the streamlined rules were perverted to become a contested case, replete with a scheduling order and discovery, necessitating the need to hire both an attorney and a rate analyst *without any regard for cost recovery*. This is all spelled out in the Petition mentioned above: <http://bit.ly/2yKhRBY>.

Please take the time to deliberate carefully regarding MCC's claims.

Sincerely,

Debra Wolfe
Regulatory Analyst, Holmberg Village Water Company, LLC