



ADMINISTRATIVE RULES OF MONTANA



38.5.2527 SIMPLIFIED REGULATORY TREATMENT OPTIONS

- (1) Two simplified regulatory treatment options are available to a small water or sewer utility that allow it to propose rates by a method other than filing a rate application in accordance with the minimum rate case filing standards of ARM 38.5.101, et seq. Option (b) is only available to establish a utility's initial tariff rates with the commission; a utility that has previously had rates on file with the commission is not eligible for this rate. The options are:
 - (a) filing an operating ratio rate application in accordance with the operating ratio methodology as described in ARM 38.5.2529; or
 - (b) filing a standard rate application requesting adoption of the Montana Department of Natural Resources and Conservation's most recent water and sewer rate study's monthly water average and/or monthly wastewater average for populations less than 500.
- (2) A small water or sewer utility is not required to elect any of the simplified regulatory treatment options. It may elect to file a rate application in accordance with ARM 38.5.101, et seq.
- (3) If a utility's election of either of the two simplified regulatory options described in ARM 38.5.2527(1)(a) or (1)(b) would result in increased rates to customers, it may request, or the commission may require the utility to implement the rates in increments over a reasonable time period.
- (4) A simplified regulatory treatment option rate application shall contain, at a minimum, the following information:
 - (a) The full legal name and title of the owner of the utility, its principal place of business and mailing address, the date that it began providing service to customers, and contact information (i.e., name, address, telephone number and email) of the individual(s) representing the utility before the commission;
 - (b) A detailed description of the utility system and its potential for expansion, including the number of wells, feet of main, and filtration system;
 - (c) The total number of existing water service connections and meters and existing sewer service connections and meters, and the billing frequency for each type of service;
 - (d) The total number of potential water service connections and meters and potential sewer service connections and meters;
 - (e) The number of existing and potential multi-residence dwellings (e.g., apartments or condos) served by a single service connection or meter, and the number of units in each multi-residence dwelling;

- (f) The current rates being charged for each type of service, when the current rates went into effect, and whether the current rates have been approved by the commission;
 - (g) The rates proposed for each type of service;
 - (h) If known, the date that utility assets were first placed in service, the date of any sales or transfers that have occurred since utility assets were first placed in service, and the full legal name and title of any previous owner(s);
 - (i) In the event that the utility is not a new utility, two years of income statements and balance sheets, separately for water and sewer utilities, indicating how these statements were prepared (i.e., cash basis or accrual basis) and who prepared them;
 - (j) In the event that the utility is not a new utility, a list of any revenue generated during the two years referenced in (i) from sources other than the rates charged to customers, including the source and amount of revenue;
 - (k) In the event that a utility is not a new utility, a list of each transaction that occurred with an affiliate or related party during the two years referenced, involving more than \$750, the amount paid, service(s) provided, and counterparty;
 - (l) If a utility is requesting the standard rate tariff, it must file an annual report with the commission; if the utility is requesting the operating ratio tariff, it must file a copy of each annual report for the last three calendar years;
 - (m) Copies of any water rights owned or leased by the utility, percentage usage of the available water right, and any documentation from the Department of Natural Resources and Conservation involving water right usage or violations;
 - (n) An affidavit from an owner or manager of the utility attesting to the accuracy of the information provided;
 - (o) The original cost of utility plant in service, an accounting of any capital improvements made, the amount of depreciation that has been taken on plant in service, and the depreciation schedule(s) used for the different utility asset accounts; and
 - (p) A complete copy of the information regarding the utility's financial capacity that the utility provided to the Montana Department of Environmental Quality as part of that agency's public water system review process.
- (5) Minimum filing requirement forms are available from the commission upon request or on the commission's web site at www.psc.mt.gov.
 - (6) The commission will determine whether a simplified regulatory treatment option application satisfies the minimum filing requirements in (4)(a) through (p) of this rule, no later than 30 days after it is received by the commission. If the commission determines that the rate application satisfies the minimum filing requirements, it will notice the public for comment or protest.
 - (7) The commission may deny a rate application requesting simplified regulatory treatment or only grant it in part if the commission determines, based on comments or protest that it would be unjust or unreasonable to allow simplified regulatory treatment or approve the rates proposed by the utility.
 - (8) A small water or sewer utility's simplified regulatory treatment tariffs may be revoked if the utility is not in compliance with the commission's annual report requirement.

Authorizing statute(s): 69-2-101, 69-3-103, 69-3-301, MCA

Implementing statute(s): 69-2-101, 69-3-103, 69-3-301, MCA

History: NEW, 2014 MAR p. 394, Eff. 2/28/14; AMD, 2018 MAR p. 1289, Eff. 7/7/18.