

MINUTES OF THE MEETING  
LOCAL GOVERNMENT COMMITTEE  
MONTANA STATE SENATE

March 9, 1977

The meeting of the Local Government Committee was called to order by Chairman McCallum on March 9 at 9:35 A.M. in Room 410 of the State Capitol Building.

ROLL CALL: All members were present.

The following visitors were present: Bob Smith, PSC; Wm. E. O'Leary; Geoffrey Brazier, Consumer Counsel; Edward W. Nelson, Montana Taxpayers Association; John B. Fine; Terese McKenzie; Glen Drake, League of Cities and Towns; Dean Zinnecker, Montana Association of Counties; Ray Young, City of Great Falls; Representative Paul Pistoria; Margaret Davis; M. Ballard; Anna Cyr; Patricia Dearborn; Albenie Cyr; Alice Campbell; Pat Green; Alpha Gillette; Vera Myess; J. Stephen Davis.

CONSIDERATION OF HOUSE BILL 675: Representative Ellison, District 73, Sponsor of House Bill 657, stated the limit for commissioners to spend at public auctions is now \$10,000. House Bill 657 would increase the amount to \$30,000 commissioners would be able to spend for used equipment at public auctions. Dean Zinnecker, Montana Association of Counties, supports House Bill 657 stating it would save the counties money.

Ed Nelson, Montana Taxpayers Association, opposed House Bill 675 stating the bill should include some measure of protection for local businesses who pay taxes in the counties.

Senator Dunkle stated on page 4, line 9, the word "new" changes the whole concept of the bill.


Senator Dunkle moved to amend House Bill 675 on page 4, line 9, by striking the word "new". Senator Thiessen seconded the motion. Motion carried.

CONSIDERATION OF HOUSE BILL 238: Representative Robbins, District 46, Sponsor of House Bill 238, stated rate setting remains independent of the Public Service Commission. Representative Pistoria supports House Bill 238 stating commissioners have raised sewer rates as much as 100 to 140%. Raymond Young, City of Great Falls, testified in support of House Bill 238 (attached). Dan Mizner, League of Cities and Towns, and John Fine, Billings, testified in support of House Bill 238.

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Opponents. Rob Smith, Public Service Commission, proposed amendments (attached) to House Bill 238. Bill O'Leary opposed House Bill 238 stating if this bill is passed, the cities will use it as a vehicle to protest annexation. All cities have to supply water to persons in their service areas. Local officials lack the expertise to set water rates for their citizens or anyone else. Geoffrey Brazier, Montana Consumers Counsel, stated the Counsel only appears in water cases when requested to. He stated he supports the bill but has a number of problems with it.

ADJOURN: The meeting adjourned at 10:57.

  
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Senator George McCallum, Chairman

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ROLL CALL

LOCAL GOVERNMENT COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 3-9-77

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NAME	PRESENT	ABSENT	EXCUSED
George McCallum	✓		
Robert Watt	✓		
Pete Story	✓		
Frank Dunkle	✓		
Lloyd Lockrem	✓		
Bob Peterson	✓		
Cornie Thiessen	✓		
Bill Thomas	✓		

SENATE Local Am't COMMITTEE

BILL HB 238/675

VISITORS' REGISTER

DATE 3-4-77

Please note bill no.

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
Rob Smith	PSC	238	Amend	
Paul C. Loran	Self	238	<del>Amend</del>	✓
Anthony S. Brayer	Consumer Council	H238	Amend	
Edward W. Nelson	Mont. Taxpayers Assoc.	HB 675		X
John B. Foss	self	HB 238	✓	
James M. Kenzie				
John Blawie	League of Cities & Towns	NB 238	✓	
William Finnecker	Int. Assn of Cos	HB 675	✓	
Ray Young	City of Great Falls	HB 238	✓	
Rep. Paul H. Pastorek	Himself			
Margaret Davis	Myself			
John W. Hubbard	self			
Annas Cyp	self			
Patricia Decker	self			
John C. Cyp	self			
Alice Campbell	Self			
John C. Green	self			
John C. Lillie	self			
John C. Myers	self			
John C. Davis	self			

NAME: Edward W. Nelson DATE: 2-9-77

ADDRESS: 1706 - 9th Ave. Helena

PHONE: 442-2130

REPRESENTING WHOM? Mont. Taxpayers Assoc.

APPEARING ON WHICH PROPOSAL: HB 675

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? X OPPOSE? X

COMMENTS: Suggest Added restrictions on bidding processes equipment sales firms who are taxpayers are not excluded from county purchases.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: John B. Fine DATE: 3-9-77

ADDRESS: 114 S. 29th St. Billings

PHONE: 259-8455

REPRESENTING WHOM? \_\_\_\_\_

APPEARING ON WHICH PROPOSAL: HB 238

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: HB 238 is a step toward more responsive rate-making. Rates are set by local elected representatives who are familiar with the municipal utility system of their town. The public has direct access to these officials, not only at the formal hearing, but on an ongoing basis. Time of the rate process will be shortened, making it possible for municipal utility managers to pare unrelated requests. Rate schedules can be better tailored to costs. The public is further protected by appeal to the Public Service Commission.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Ray Young DATE: 3-9-77

ADDRESS: 3300 7 St NE Great Falls MT

PHONE: 727-5881 City Finance Director

REPRESENTING WHOM? City of Great Falls

APPEARING ON WHICH PROPOSAL: AB 238

DO YOU: SUPPORT? X AMEND? X OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

Also refer to story in 3/9/77 Gr Falls Tribune  
RE PSC problem in handling Truckee rate  
requests - delay was termed serious.

Consider the work load reduction  
The effectiveness of control over municipal govts

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



# *City of* **GREAT FALLS** *Montana*

59403

P.O. BOX 1609

TELEPHONE 406/452-8561

March 9, 1977

Montana State Senate Local Government Committee  
The Honorable George McCallum, Chairman

Re: House Bill 238

The City of Great Falls wishes to express its support for the elimination of the Public Service Commission's review of City water and sewer rates.

Factors to consider when eliminating this review are:

1. Local elected officials are responsible for setting the rates - compliance or inadequancies in the rate procedure can easily be expressed without traveling great distances to Helena. Dissatisfaction with rates or procedures can also be easily expressed in the ballot box which will be the final arbiter of any rates established by a municipal government.
2. Cost reduced - The City of Great Falls recently hired a consultant to prepare a study with the purpose of establishing new water and sewer rates in the community. This study cost the City \$19,000, and included the engineering firm from Great Falls and an economic consultant which he hired to establish growth patterns and rate structures. In addition, the Citizens Committee reviewed all of the work done by the consultant before it was submitted to City Commission for action. This contract was established in December, 1973, and water rates were finally approved at a Public Service Commission meeting in April of 1976. As a result of this extreme length of time, the City felt it necessary to hire an attorney to represent the City's interests before the Public Service Commission. The cost of his services which were paid by the water customers was \$4,683.97.
3. Timeliness of rate implementation - As was mentioned above, the heavy workload caused by rate filings by public corporations has delayed many municipal rate requests. Rate review is important when dealing with corporate organizations as no other procedure is available for citizen review or complaint when dealing with corporate rates. This, however, is not true of municipal utilities where public hearings are required and a procedure of adequate public review is mandated by good government.
4. Rate structure and public protection - The citizens of a community are stockholders in a municipal utility. Their utility will be as good and responsive as they allow it to be with the rates that they



Rob Smith  
PSC

The Public Service Commission sees several problems with HB 238 as passed by the House:

- ① § 1 (2) Should the petition for review be certified?
- ② § 1 (2) Who has the burden of proof in the proceeding before the PSC?
- ③ § 1 (2) Is there a ~~time~~ limit on the length of time after the new rates ~~are~~ <sup>become</sup> effective, during which those rates may be appealed?
- ④ § 1 (2) If rates are found to be excessive will there be a refund?
- ⑤ § 1 (2) If the PSC finds rates to be unreasonable, do they rewrite the rate schedule, or does the municipality have to start over again?
- ⑥ Do § 1 (3) and § 2 (5) of HB 238 conflict?  
Specifically, will the PSC get annual reports, rate schedules etc. under the revised § 70-113?
- ⑦ Shouldn't sewage <sup>service</sup> be added to the definition of a public utility in RCM 70-103?