



FOR IMMEDIATE RELEASE

MONTANA PUBLIC SERVICE COMMISSION  
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January 29, 2016

## **Public Service Commission moves to sue utility companies for unauthorized sale and transfer of Missoula water system**

**HELENA, Mont. – January 29, 2016** – The Montana Public Service Commission moved Friday to file a complaint in Montana District Court to levy fines against Mountain Water Co., and their new parent company Liberty Utilities, for the unauthorized sale and transfer of the Missoula water system.

Following a work session Friday afternoon that included discussion of comments submitted by parties involved in the sale proceeding before the PSC, the Commission voted 5-0 to take legal action against Mountain Water and Liberty Utilities. The Commission cited its authority under Montana law, and a previous PSC order as justification for the legal action.

Additionally, the Commission opened a proceeding to consider changes to Mountain Water's rates based on changes in ownership, which could likely lead to a rate reduction for Mountain Water customers.

Commissioner Bob Lake, R-Hamilton, whose district includes the city of Missoula, said,

"I'm disappointed that Liberty and Carlyle chose to circumvent the PSC's process put in place to ensure that consumers aren't harmed when a utility changes hands. It's very unfortunate that the PSC was unable to review the purchase application through the proper procedure, but the Commission's actions today aim to

ensure that the customers of Mountain Water are not harmed while the utility remains under private ownership.”

“We want to make it clear that the Montana Public Service Commission will not allow companies to move forward with sales and transfers of this nature without our approval, avoiding the appropriate scrutiny intended to protect consumers,” said PSC Chairman Brad Johnson, R-East Helena. “I believe that Liberty’s actions are a direct attack on the Commission’s authority to review this purchase application, and that, frankly, is unacceptable. Those really harmed by Liberty’s actions are the customers of Mountain Water, and we are determined to ensure no further harm comes to these consumers while the water system is under our jurisdiction to regulate.”

The Commission directed PSC staff to consult with the Montana Attorney General’s office to explore other remedies to address the unauthorized sale and transfer of Mountain Water, as well as pursue fines against the companies in Montana District Court.

Pursuant to Montana law, if a public utility commits a violation, it is subject to penalties not less than \$100 or more than \$1000 per violation. Such fines shall be recovered in a civil action initiated by the Commission.

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July 7, 2016

## **Montana Public Service Commission reaches settlement agreement with Liberty Utilities**

*\$150,000 in fines will be donated to Missoula Human Resource Council*

**HELENA, Mont. – July 7, 2016** – The Montana Public Service Commission approved a settlement agreement Thursday with Liberty Utilities Co. for the unauthorized sale and transfer of Missoula’s water system, Mountain Water Co., last January.

Liberty Utilities and Mountain Water approached the Commission with an offer to enter into settlement discussions after the PSC voted to seek the statutory maximum penalty against Liberty Utilities in Montana district court for the unauthorized transaction.

“It was completely inappropriate for Liberty Utilities to skirt the laws of our state, and I am very pleased that we could come together and reach a settlement that benefits Mountain Water’s customers,” said Commissioner Bob Lake, R-Hamilton. “The \$1.1 million annual rate reduction that we approved for ratepayers last month is now protected from being challenged in court, and a quality, local organization will gain much needed resources to help those less fortunate in the Missoula community. This settlement is as good as any outcome that we could have hoped for from a lawsuit, and with the added benefit of avoiding more litigation.”

The terms and conditions of the settlement include,

- (1) Mountain Water will pay \$150,000 to the Human Resource Council designated for use in its low income and renters repair and replacement program, which assists qualifying individuals with the cost of replacing service lines or meter installation costs normally borne by customers within Mountain Water’s service area. This figure represents the statutory maximum in fines Liberty Utilities would pay had the PSC’s complaint gone forward in court. The money will come out of Mountain Water’s profits and not from rates charged to customers.
- (2) Mountain Water will not challenge the \$1.1 million annual rate reduction approved by the PSC in May.

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- (3) Mountain Water, Liberty Utilities, and its corporate affiliates agree no sale or transfer of Mountain Water shall take place without prior approval by the Commission.
  - (4) Mountain Water will not attempt to seek recovery of any costs related to the Liberty Utility acquisition, including acquisition premium, transaction, and transition costs.
  - (5) In its next general rate case, Mountain Water will provide the Commission information about it and its upstream corporate ownership to ensure Mountain Water will provide reasonably adequate service and facilities at just and reasonable rates. Mountain Water also will consent to the Commission including a review of ring-fencing provisions within the rate docket.

Speaking to the settlement, PSC Chairman Brad Johnson, R- East Helena, said,

**"This settlement not only reaffirms the Commission's authority to review sales and transfers of utilities, it also demonstrates to all other utilities operating in Montana that ignoring the Commission's oversight authority is unacceptable, and doing so has consequences."**

Due to the outdated statutorily prescribed level of allowable fines for an unauthorized sale of a utility, the Commission recently voted to introduce a bill during the 2017 legislative session to increase the maximum penalty from the current ceiling of \$1,000 a day, to \$10,000 a day.

To view the full settlement, visit: <http://bit.ly/29xtjZb>

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