

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 1, 2002

REGULAR x CONSENT EFFECTIVE DATE April 12, 2002

DATE: March 22, 2002

TO: John Savage through Marc Hellman and Rebecca Hathhorn

FROM: Kathy Miller

SUBJECT: SUNRIVER WATER LLC: (Docket No. UW 86/Advice No. 02-2) Requests a general rate increase in the amount of \$194,633, or 24 percent.

STAFF RECOMMENDATION:

Staff recommends, pursuant to ORS 757.215, that Sunriver Water, LLC, (Sunriver or utility) proposed tariffs requesting a general rate increase be suspended for six months effective April 12, 2002.

DISCUSSION:

Sunriver is a rate regulated, investor-owned water utility that provides residential, commercial, and irrigation water service to approximately 4,345 customers in central Oregon.

On March 13, 2002, the Commission received Sunriver's application for a general rate increase. The utility proposes an increase in annual revenues of \$194,633 or 24 percent resulting in total annual revenues of \$1,015,361. The utility seeks a 12 percent rate of return on a rate base of \$918,371. Based on information provided in the filing, the current average monthly residential rate for water service is approximately \$11.22. Sunriver states its proposal will increase the average monthly residential rate to approximately \$15.20. The increase is necessary to "cover operating cost increases and return on capital investments made since 1990."

Sunriver's last rate case, UW 29, was filed in 1989. Final Order No. 90-1413 determined that the utility's Contributions In Aid Of Construction (CIAC) exceeded its investment resulting in a negative rate base. Therefore, rates were set to cover only operating costs. The ratemaking treatment of CIAC is an issue in this case.

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PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, Sunriver Utility Company's proposed tariffs requesting a general rate increase be suspended for six months, effective April 12, 2002, to allow staff adequate time to investigate the rate proposal.

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