

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 23, 2002**

REGULAR X **CONSENT** **EFFECTIVE DATE** August 1, 2002

DATE: July 16, 2002

TO: John Savage through Marc Hellman and Rebecca Hathhorn

FROM: Renee Sloan

SUBJECT: RUNNING Y UTILITY COMPANY (Docket No. UW 87/Advice No. 02-4)
Requests a general rate increase in the amount of \$44,398, or 28.8 percent.

STAFF RECOMMENDATION:

Staff recommends, that pursuant to ORS 757.215, proposed tariffs filed by Running Y Utility Company (Running Y or Company) requesting a general rate approval be suspended for six months effective August 1, 2002.

DISCUSSION:

Running Y Utility Company provides domestic and irrigation water to customers at Running Y Ranch Resort, located approximately nine miles west of Klamath Falls, Oregon. Customers include 113 residential, 16 commercial, 1 golf course irrigation, and 9 non-golf course irrigation.

On December 1, 2001, the Company notified customers that rates would increase effective February 1, 2002. Subsequently, over 20 percent of the customers filed a petition with the Public Utility Commission of Oregon (PUC or Commission) asking for an investigation of the rate increase. On February 11, 2002, Staff notified Running Y Utility Company that it must file tariffs with the PUC.

On June 20, 2002, Running Y filed rates that collect annual revenues of \$198,736 for water service. This is the first rate filing Running Y has submitted to the Commission.

In its application, Running Y states the rates are necessary because the Company has operated at a loss since the beginning of operations in 1996. The Company has a substantial investment in the water facilities, but no equity.

The Company implemented its new rates on February 1, 2002, consistent with its December 1, 2001, notification to customers. (Commission jurisdiction began on February 11, 2002.) Pursuant to OAR 860-036-0410(8), existing rates and charges

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will be deemed interim rates and may be subject to refund retroactive to February 11, 2002.

PROPOSED COMMISSION MOTION:

Pursuant to 757.215, proposed tariffs filed by Running Y Utility Company be suspended for six months, effective August 1, 2002, to allow Staff adequate time to investigate the Company's rate proposal.

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