

ITEM NO. 2B

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 16, 2004**

REGULAR X **CONSENT** **EFFECTIVE DATE** March 17, 2004

DATE: March 9, 2004

TO: Lee Sparling through Marc Hellman and Rebecca Hathhorn

FROM: Kathy Miller

SUBJECT: LONG BUTTE WATER SYSTEM: (Docket No. UW 98/Advice No. 04-3)
Request for interim rate for Schedule 3 – Water System Infrastructure Fee
of \$6,900.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215(4) and ORS 757.220, Staff recommends approval of Long Butte Water System's request on March 5, 2004, for a tariff to collect a \$6,900 infrastructure fee (Schedule 3), effective March 17, 2004, with less than statutory notice and subject to refund.

DISCUSSION:

On March 5, 2004, Long Butte Water System (Long Butte or Company) filed a tariff to collect a \$6,900 infrastructure fee (Advice No. 04-3). This filing was submitted with less than statutory notice and requests an effective date of March 17, 2004.

The filing of the proposed infrastructure fee is in response to Order No. 04-082 (Order), issued February 10, 2004, in formal complaint Dockets UCR 37 and UCR 45. According to the Order, customers are required to sign a Mainline Agreement with Pat Hodge Construction Company (PHC). The Order concludes (in part) that the requirement is "invalid and unenforceable" because Long Butte "is imposing terms and obligations of service on its customers that are not specified or authorized in its rate schedules." The Order further requires Long Butte to "cease and desist from requiring customers to sign" the agreement.

On October 23, 2003, Long Butte requested a tariff to collect the \$6,900 infrastructure fee (Docket UW 96), which Staff is currently reviewing. Effective November 24, 2003, Docket UW 96 was suspended for six months during the pendency of Staff's review.

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Pat Hodge owns Long Butte as well as PHC. An affiliated interest application has been filed with the Commission as Docket UI 222.

The Order recognizes that Long Butte will no longer be able to sign up new customers until the infrastructure fee is approved in Docket UW 96. The Order recommends Long Butte request approval for a tariff pursuant to ORS 757.215(4) and ORS 757.220, to collect the \$6,900 infrastructure fee, subject to refund. Staff believes that the proposed \$6,900 infrastructure fee, subject to refund, is fair and reasonable.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215(4) and ORS 757.220, Long Butte Water System's request of March 5, 2004, for a tariff to collect a \$6,900 infrastructure fee (Schedule 3), effective March 17, 2004, be approved with less than statutory notice and subject to refund.

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