

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 4, 2004**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ N/A

DATE: April 19, 2004

TO: Lee Sparling through Marc Hellman and Rebecca Hathhorn

FROM: Marion Anderson

SUBJECT: WESTLAND ESTATES WATER SYSTEM: (Docket No. UP 213)
Authority for the transfer of Westland Estates Water System, Inc. to
Stephen F. Gass.

STAFF RECOMMENDATION:

The Commission should approve the transfer of Westland Estates Water System, Inc., to Stephen F. Gass with the following conditions:

1. Westland Estates Water System, Inc. shall provide the Commission access to all books of account, as well as documents, data, and records that pertain to the transfer.
2. The Commission reserves the right to review for reasonableness all financial aspects of this arrangement in any rate proceeding or earnings review under an alternative form of regulation.
3. Westland Estates Water System, Inc. shall notify the Commission in advance of any substantive changes to this agreement, including any material changes in any cost. Any changes to the agreement terms that alter the intent and extent of activities under the agreement from those approved herein shall be submitted for approval in an application for a supplemental order (or other appropriate format) in this docket.

DISCUSSION:

This application, received on April 1, 2004, is made under ORS 757.480 and OAR 860-036-0715, and completes the estate disposition of the former deceased owner's water utility in a two-step process (see Order No. 04-087, dated February 11,

2004 in Docket UP 209). Confirmation of customer notification was received as a part of this application.

Staff investigated the following issues:

Public Interest Compliance: Utility operations will be maintained under the existing operational team in that a qualified certified operator must manage the system.

Records Availability, Audit Provisions and Reporting Requirements: The proposed ordering condition No. 1 provides the necessary access to Westland's books and records.

With the previously listed conditions, this transfer appears to be fair, reasonable, and not contrary to the public interest.

PROPOSED COMMISSION MOTION:

The requested transfer of Westland Estates Water System, Inc. to Stephen F. Gass be approved subject to the conditions stated in this memorandum.