

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 22, 2005**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** February 25, 2005

DATE: February 14, 2005

TO: Public Utility Commission

FROM: Renee Sloan

THROUGH: Lee Sparling, Marc Hellman, and Rebecca Trujillo

SUBJECT: LONG BUTTE WATER SYSTEM INC: (Docket No. UW 104/Advice No. 04-33) Requests revisions and additions to Schedule 2, Miscellaneous Charges, amends Rules and Regulations governing service, and requests a waiver of OAR 860-036-0130.

STAFF RECOMMENDATION:

Pursuant to ORS 757.220, Staff recommends Commission approval of Long Butte Water System, Inc.'s (Long Butte or Company) revised Miscellaneous Service Charges, amended Rules and Regulations governing service, and waiver of OAR 860-036-0130.

DISCUSSION:

On October 29, 2004, Long Butte Water System, Inc. filed a revised Miscellaneous Service Charges tariff to update its Miscellaneous Service Charges and amend the Rules and Regulations governing service, with an effective date of November 30, 2004.

The Company and Staff have been working jointly since that time and consequently, the Company submitted additional information and made revised filings and effective dates on November 10, December 6, December 8, December 22, January 20, January 24, February 4, and February 8.

Long Butte's current Rules and Regulations and Schedule 2 Miscellaneous Charges, with the exception of the Connection Charge for New Service (revised in 2004), have not been changed since they were approved in 1995 (Order No. 95-1166). Since then the PUC has added a division (036) to its administrative rules specifically for water utilities that resulted in revisions to the standard rules and regulations for rate-regulated water utilities.

To make its Miscellaneous Service Charges consistent with the PUC's rules, Long Butte's revised filing requests approval of the following:

Connection Charge for New Service

Standard ¾-inch service \$450 - *No Change*

Larger than ¾-inch service \$450 plus additional costs - *No Change*

Meter Test

First test in a 12-month period - No Charge

Second test within a 12-month period - **Changed** from "at cost" to "\$25 plus costs"

Pressure Test

Adds a charge for customer requested pressure tests:

First test in a 12-month period - No Charge

Second test within a 12-month period - \$25

Late-Payment Charge

Changed from

"Per OAR 860-021-126(3) Charged on amounts more than 30 days past due" to
"Pursuant to OAR 860-036-0130 (as of 1/1/05 1.7 percent), but not less than \$3.00,
charged on accounts more than 30 days past due."

Deposit for Service Charge

Applied to accounts "Pursuant to OAR 860-036-0040(2)" at the rate "Pursuant to
OAR 860-036-0050 (as of 1/1/05 – 2 percent).

Returned Check Charge

Increased from \$10 each occurrence to \$25 each occurrence.

Trouble-Call Charge

During normal business hours - **Increased** from \$25 per hour plus cost of materials
to \$35 per hour

Adds after normal business hours charge of \$50 per hour

Disconnection/Reconnection Charge

Changed from \$16 to

\$25 during normal office hours

\$50 after normal business hours on special request

Unauthorized Restoration of Service

Reconnection charge plus costs – *No Change*

Damage/Tampering Charge

Charged at cost – *No Change*

Disconnect Visit Charge

Adds a charge of \$25

The charges above reflect similar charges of other rate-regulated water companies. Long Butte proposed a slight variation for the Meter Test Charge and Late-Payment Charge.

Meter Test

Per OAR 860-036-0115(1) Any customer may ask the water utility to test the water meter used to measure the customer's service. ... If a customer requests more than one meter test within any 12-month period, the water utility may charge the customer to recover the reasonable cost of the test.

In its original October 29, 2004, filing Long Butte proposed charging \$25 per hour plus costs for a second customer-requested meter test within 12 months. A comparison of other rate-regulated water companies in Oregon found that they charge a flat fee, not a per hour fee. After Staff informed Long Butte of that finding, the Company filed a revised tariff sheet changing the charge to a flat \$25 plus costs. The Company also provided documentation supporting its request to charge for costs in addition to the \$25 flat fee. Staff's analysis of the documentation finds that the Company has justified its request to charge \$25 plus costs for a second customer-requested meter test within 12 months.

Late-Payment Charge

OAR 860-036-0130 provides that a company may apply a late-payment charge to customer accounts not paid in full each month, provided it is in its tariffs. Subsection (2) states that the late-payment charge must be based on a monthly late-payment rate applied to only overdue account balances at the time of preparing the following month's bill. The rule also states that the Commission will determine the late-payment rate based on a survey of prevailing market rates for late-payment charges on overdue customer accounts as needed. The current late-payment charge of 1.7 percent was approved November 26, 2004, in docket UM 779 (Order No. 04-688).

Applying a late charge of 1.7 percent to an average monthly bill of \$38.64 provides about \$0.66. Long Butte claims that amount barely covers the cost to send a late notice (postage, envelope, form), and does not allow the Company to recover its costs incurred in collecting payments on overdue accounts.

Unlike larger utilities such as PGE or NW Natural, small charges incurred by a water utility can easily result in the company becoming strapped for cash. Approximately 17 percent of Long Butte's customers do not pay their bills according to terms, leaving the Company and remaining customers to bear the burden of these expenses. The Company feels, and Staff agrees, that the customer incurring the expense should bear the sole burden of that expense.

Staff has reviewed the tariff filing and finds it fair and reasonable. The proposed Miscellaneous Charges and amended Rules and Regulations governing service are consistent with those of other regulated water utilities and with PUC Water Regulation Administrative Rules.

PROPOSED COMMISSION MOTION:

Long Butte Water System, Inc.'s request to revise Schedule 2, Miscellaneous Charges, amend Rules and Regulations governing service, and the Company's request for a request to waive OAR 860-036-0130 be approved.