

ITEM NO. 5

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 29, 2005**

REGULAR X **CONSENT** **EFFECTIVE DATE** August 1, 2005

DATE: June 14, 2005

TO: Public Utility Commission

FROM: Renee Sloan

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty

SUBJECT: LONG BUTTE WATER SYSTEM INC: (Docket No. UW 110/Advice No. 05-32) Requests a general rate increase in the amount of \$97,354, or 78 percent.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Long Butte Water System Inc (Long Butte or Company) requesting a general rate increase be suspended for six months effective August 1, 2005.

DISCUSSION:

Long Butte Water System Inc is located in Bend, Oregon, and provides domestic water service to 244 residential customers.

The Company filed tariffs on April 13, 2005, requesting to increase revenues by \$77,625, or 62 percent above 2004 revenues. The Company withdrew those tariffs because the revenues requested were not sufficient to cover expenses shown in the filing. Subsequently, on May 31, 2005, the Company filed an amended application requesting to increase revenues by \$97,354, or 78 percent above 2004 revenues.

Long Butte Water System Inc has not had a rate increase since rates were first established in 1992 when it served one customer. As a result of a customer petition, the Commission opened an investigation (UW 48) in 1994 to review the Company's service and rates. Upon investigation, Staff determined that rates being charged then were reasonable and should remain in effect. Staff and the Company stipulated to that finding and it was adopted in Order No. 95-1166.

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Long Butte is seeking this revenue increase to cover the growing costs of operations and maintenance. The Company estimates that the proposed increase will raise the average residential monthly bill from \$42.70 to \$72.29 per month.

Staff has begun its review of Long Butte's current filing and expects to present its results of analysis at a Settlement Conference by mid-October 2005.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, proposed tariffs filed by Long Butte Water System Inc be suspended for six months, effective August 1, 2005, to allow Staff adequate time to investigate the Company's rate proposal.