

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 8, 2007**

REGULAR X CONSENT _____ EFFECTIVE DATE May 30, 2007

DATE: May 3, 2007

TO: Public Utility Commission

FROM: Michael Dougherty

THROUGH: Lee Sparling and Marc Hellman

SUBJECT: CROOKED RIVER RANCH WATER COOPERATIVE:
(Docket No. UW 120/Advice No. 07-12) Requests to establish rates and total annual revenues of \$868,453.

STAFF RECOMMENDATIONS:

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Crooked River Ranch Water Company (CRRWC or Company) requesting a general rate increase be suspended for six months effective May 30, 2007.

DISCUSSION:

CRRWC provides water service to 1,542 residential and commercial customers in Crooked River Ranch, Oregon.

In Order No. 06-642, dated December 20, 2006, the Commission asserted jurisdiction over CRRWC. Although the Company refers to itself as a cooperative, the Order was clear on the status of CRRWC and stated:

Furthermore, because jurisdiction presumptively attached at that time, CRRWC became a regulated utility subject to laws administered by the Commission. Those laws require, among other things, that a utility obtain Commission approval prior to the disposal of utility property. See ORS 757.480. Contrary to CRRWC's arguments, the dissolution, transfer, and reorganization of a water company's assets requires approval under this statute. Having failed to obtain that approval, CRRWC's efforts to reorganize as a cooperative under ORS Chapter 62 are without legal effect.

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As such, the Commission determined that CRRWC is a Nonprofit Corporation, Mutual Benefit with Members.

The Commission, in Order No. 06-642, also ordered the Company to file tariffs within 60 days of the date of the order. In Commission Orders No. 07-022, dated January 19, 2007, and No. 07-105, dated March 19, 2007, the Commission approved extensions of the Company's rate filing by 60 days and 30 days, respectively.

On April 23, 2007, the Company filed a general rate case and proposed tariffs with an effective date of May 18, 2007. The application requests to establish rates resulting in total annual revenues of \$868,453. Included in the application is a \$61,620 increase over 2007 test year revenue and a 10 percent rate of return on a rate base of \$598,743. On April 24, 2007, the Company filed a change to make the effective date of the tariffs to state May 30, 2007.

In its rate case application, CRRWC filed blank tariffs for flat and metered rates. The filing of blank tariffs was not in compliance with Oregon Administrative Rule (OAR) 860-036-0610, *Tariff Contents*, which states in section (2):

Tariffs must explicitly state the rates and charges for each type of service rendered, designating the area or district to which they apply.

Although the Company filed blank tariffs for flat and metered rates, Staff spoke to both the Company and the Company's Accountant and received permission to fill in the tariffed rates based on information listed on page 18 of the rate application. On page 18 of the application, CRRWC lists the base rate as \$36.50 and commodity rate as \$0.80 per 100 cubic feet of water usage.

The proposed base rate includes the current \$8.00 per month assessment fee for future capital improvements, which is currently being charged separately from the base rate. The proposed rates apply to both residential and commercial customers. CRRWC does not charge a higher base rate to customers who use larger than standard meters.

The following table highlights CRRWC's current and proposed rates.

	Base Rate	Variable Rate per 100 cf
Current Rates	\$27.50 (includes 700 cubic feet (cf) of water)	\$0.72
Proposed Rates	\$36.50	\$0.80

CRRWC stated in its notice to customers that it anticipates an increase in rates of 8.13 percent that would have the effect of increasing the current average monthly bill of \$40.97 to a proposed average monthly bill of \$44.30.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, the proposed tariffs filed by Crooked River Ranch Water Company be suspended for six months, effective May 30, 2007, to allow Staff adequate time to investigate CRRWC's rate proposal.