

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 10, 2007**

REGULAR CONSENT EFFECTIVE DATE July 21, 2007

DATE: July 2, 2007

TO: Public Utility Commission

FROM: Renee Sloan

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty

SUBJECT: PETE'S MOUNTAIN WATER CO INC: (Docket No. UW 121/Advice No. 07-17) Makes revisions to Schedule No. 2, Miscellaneous Service Charges.

STAFF RECOMMENDATION:

Staff recommends the Commission approve the proposed revisions to Pete's Mountain Water Co Inc's (PMWC or Company) Schedule No. 2, effective July 21, 2007.

DISCUSSION:

On June 18, 2007, PMWC filed UW 121/Advice No. 07-17 requesting to waive Oregon Administrative Rule (OAR) 860-036-0130 relating to the Late Payment Charge in its Schedule No. 2, Miscellaneous Service Charges. In addition, the Company requested a correction of the interest amount on Deposit for Service.

PMWC filed supplemental tariff sheets on June 22, 2007, with a proposed effective date of July 21, 2007. Because the proposed effective date is less than 30 days after the filing date, the Commission requested that PMWC file a Less than Statutory Notice (LSN). The Company complied with the request by filing an LSN on June 27, 2007.

Late-Payment Charge

OAR 860-036-0130 allows a company to apply a late-payment charge to customer accounts not paid in full each month. Under subsection (2), 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.

PMWC requests a waiver of OAR 860-036-0130 because the rule language states a utility cannot assess a late charge until 30 days after billing or when subsequent month billing is being done even though OAR 860-036-0125 states that a bill may become delinquent 15 days from the date it was rendered in the mail.

The Company's understanding of the rules is that a utility is allowed to disconnect water service (after providing a five-day notice) when a customer bill becomes delinquent.¹ The Company feels it is not reasonable to be required to send a Notice of Pending Disconnection prior to assessing a late charge. Therefore, PMWC requests a waiver of OAR 860-036-0130. Specifically, the Company wants to be allowed to assess the late charge on the day after the bill becomes delinquent (16th day after mailing).

Approximately 15 percent of PMWC's customers do not pay their bills according to payment terms. Unlike larger utilities, such as NW Natural or PGE, customer late payment of bills can easily result in the Company having inadequate cash flow for operations. PMWC feels, and Staff agrees, that the customer incurring the expense should bear the sole burden of that expense.

The Commission previously granted a waiver of OAR 860-036-0130 to Long Butte Water Co in Order No. 06-027 issued January 23, 2006 (UW 110).

Deposit for Service

On June 4, 2007, the Commission approved new rate tariffs for PMWC in UW 117. Subsequently, Staff learned that interest rate revisions adopted in Order No. 06-650 and approved in the Company's Advice No. 06-44, filed December 21, 2006, were inadvertently omitted from Schedule No. 2, Miscellaneous Service Charges, approved in Order No. 07-219.

In UW 121/Advice No. 07-17, PMWC requests restoration of the interest rate for Deposit for Service, pursuant to Order No. 06-650 and Advice No. 06-44.

Following is the current language in PMWC's Schedule No. 2, Miscellaneous Service Charges, Late-Payment Charge and Deposit for Service:

<u>Late-Payment Charge</u> (Rule No. 22) Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 (as of 1/1/06 - 1.7%)
<u>Deposit for Service</u> (Rule No. 5) Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/06 - 4%)

¹ OAR 860-036-0245 authorizes water utilities to mail disconnection notices on the 16th day after bills are mailed.

The proposed language is as follows (**revisions in bold**):

<u>Late-Payment Charge</u> (Rule No. 22) Charged on the due date of the bill or the 16th date from mailing, whichever is the latest	Pursuant to OAR 860-036-0050 (as of 1/1/ 07 - 1.7%)
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<u>Deposit for Service</u> (Rule No. 5) Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/ 07 - 5%)
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In addition, language in paragraph two of the Company's Rule 22 would be revised as follows:

Current Language:

The late-payment charge determined by the Commission and listed on the Miscellaneous Service Charges Schedule shall be applied to all overdue balances at the time of preparing the subsequent months' bill or balances owing that are 30 days old.

Proposed Language (**revisions in bold**):

The late-payment charge determined by the Commission and listed on the Miscellaneous Service Charges Schedule shall be applied to all overdue balances **on the due date of the bill or on the 16th date from mailing, whichever is the latest.**

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:

Pursuant to ORS 757.205, the proposed revisions to Pete's Mountain Water Co Inc's Schedule No. 2 be approved with an effective date of July 21, 2007.