

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 18, 2007**

REGULAR  CONSENT  EFFECTIVE DATE December 1, 2007

DATE: December 7, 2007

TO: Public Utility Commission

FROM: Michael Dougherty

THROUGH: Lee Sparling and Marc Hellman

SUBJECT: SOUTH COAST WATER DISTRICT, INC.: (Advice No. 07-23) Introduces Schedule 2A, a limited duration residential flat rate of \$0.

**STAFF RECOMMENDATION:**

Pursuant to ORS 757.205 and ORS 757.225, Staff recommends the Commission approve South Coast Water District, Inc.'s (South Coast or Company) Limited Duration Residential Flat Rate tariff, consisting of no charge for water service, and its revised tariff index sheet, to be effective December 1 - 31, 2007, with less than statutory notice.

**DISCUSSION:**

South Coast Water District submitted this filing by which the company requests to provide water service for the month of December at no charge to customers. The idea was conceived by the Company to address service quality issues. South Coast Water District, Inc. serves approximately 66 residential customers near Florence, Oregon. The Company's water source is Siltcoos Lake.

On September 18, 2007, South Coast Water District, Inc., along with Dunes City, the Lane County Health Department, and the Oregon Department of Human Services issued a public health advisory prompted by high blue-green algae bloom levels found in Siltcoos Lake.<sup>1</sup> Due to the dangerous toxin concentrations in the water, customers were advised to avoid drinking tap water, cooking, showering, washing dishes, and all other household uses of water with the exception of toilet flushing. In addition, customers were advised to avoid other skin contact with water by humans or animals. Swallowing toxic algae can cause diarrhea, nausea, cramps, fainting, numbness,

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<sup>1</sup> The toxins cannot be removed by boiling, filtering, or treating water.

dizziness, tingling, and paralysis. Skin contact can cause rashes or irritation. Children and pets are at greatest risk.

The public health advisory was lifted November 8, 2007, after water tests by aquatic biologists confirmed that toxin levels were below the dangerous threshold for household uses of water including showering and drinking water.

By letter dated November 29, 2007, South Coast informed its customers that the Company would not charge them for water service during the month of December 2007. The letter states the limited duration gratis rate is to help ease the burden customers experienced while the Company was unable to provide potable water due to the blue-green algae bloom. On December 5, 2007, Staff informed South Coast that ORS 757.205 and ORS 757.225 require the Company to submit a tariff for Commission approval of the new (temporary) rate.

On December 6, 2007, South Coast filed tariff sheets PUC Oregon No. 1, First Revised Sheet No. 2 (Table of Contents) and PUC Oregon No. 1, Original Sheet No. 4A, Schedule No. 2A (Limited Duration Residential Flat Rate) requesting Commission approval of the \$0 charge for water service from December 1 - 31, 2007. The Company filed a less than statutory notice (LSN) on December 7, 2007.

South Coast's 66 customers normally pay a flat rate of \$43.32 per month resulting in total monthly revenues of \$2,859.12. The Company has informed Staff that foregoing its December 2007 revenues will not harm the Company and will benefit customers.

The Commission is charged with ensuring rates to customers are just and reasonable. Normally, rates would not be viewed as just and reasonable when costs are incurred to provide service and yet the rates charged for service is zero. However, the Company offers, and staff agrees, that when viewed from a 12-month perspective, the rates charged to customers, including providing service at no charge for the month of December, is reasonable given the current and ongoing problems with the water source resulting in a just and reasonable rate.

#### **PROPOSED COMMISSION MOTION:**

Pursuant to ORS 757.205 and ORS 757.225, South Coast Water District, Inc.'s Limited Duration Residential Flat Rate tariff, and its revised tariff index sheet, be approved with effective dates of December 1 – 31, 2007, with less than statutory notice.