

ITEM NO. 3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 26, 2008**

REGULAR X **CONSENT** **EFFECTIVE DATE** March 1, 2008

DATE: February 19, 2008

TO: Public Utility Commission

FROM: Kathy Miller

THROUGH: Lee Sparling, Marc Hellman and Michael Dougherty

SUBJECT: ANGLERS COVE SHADY COVE HEIGHTS WATER COMPANY:
(Docket No. UW 126/Advice No. 08-19) Requests a general rate revision.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Anglers Cove/Shady Cove Heights Water Company (Angler's Cove or Utility) requesting a general rate decrease of \$320.98, or a 0.96 percent decrease from 2007 revenues of \$33,387.52, be suspended for six months effective March 1, 2008.

DISCUSSION:

Angler's Cove is a water association with members (Domestic Nonprofit Mutual Benefit Corporation) located in Shady Cove, Oregon. The Utility provides only domestic residential water service to approximately 37 of 41 members.

On July 26, 2007, the Commission received written petitions from 20 percent or more of the members requesting Commission regulation. The number of petitions exceeded the statutory threshold of 20 percent. Therefore, pursuant to ORS 757.063, upon receipt of a sufficient number of petitions, Angler's Cove became a financially regulated water utility. The Commission confirmed the Utility's change in regulatory status in Order No. 07-412, which ordered Angler's Cove to file tariffs.

On January 22, 2008, Angler's Cove filed an application to establish tariffs. The purpose of the filing is to comply with Order No. 07-412. In its application, the Utility proposes a less than one percent decrease in annual revenues, from \$33,387.52 to \$33,066.54, or \$320.98. The Utility states it has calculated a 3.2 percent rate of return on a rate base of \$52,449.78, into its requested revenue.

Although the application shows a slight decrease in revenues, it is misleading. The revenue decrease is associated with miscellaneous other revenue, not water sales. The proposed rates and the current rates are the same; there is no proposed change in rates.

In addition, it should be noted that the current rates, which are the proposed rates, as shown in the application are not reflected in the actual tariffs that were filed. It is obvious that Angler's Cove made an inadvertent error when filling out the tariff forms. Staff will work with the Utility to file replacement tariffs.

Angler's Cove's current, proposed, and actual filed tariff rates for a residential customer, regardless of meter size are as follows:

<u>Current Rates</u>		
Base Rate	\$15	
Tier One	\$.011 per gallon	Up to 10,000 gals
Tier Two	\$.022 per gallons	Above 10,000 gals
<u>Proposed Rates</u>		
Base Rate	\$15	
Tier One	\$.011 per gallon	Up to 10,000 gals
Tier Two	\$.022 per gallons	Above 10,000 gals
<u>Actual Proposed Tariffs Rates</u>		
Base Rate	\$15	
Tier One	n/a	n/a
Tier Two	n/a	n/a

Again, as can be seen in the table above, Angler's Cove is not proposing any change to its current rates.

Even though the Utility is requesting a slight decrease in annual revenue, Staff needs time to complete its normal investigation of the revenues, expenses, plant rate base, and rate design.

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PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, the proposed tariffs filed by Anglers Cove/Shady Cove Heights Water Company be suspended for six months, effective March 1, 2008.