

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 8, 2008**

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

DATE: April 1, 2008

TO: Public Utility Commission

FROM: Renee Sloan

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty

SUBJECT: CLINE BUTTE UTILITY COMPANY: (Docket No. UW 127/Advice No. 08-23) Requests a general rate revision.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Cline Butte Utility Company (CBUC or Company) requesting a general rate increase be suspended for six months effective July 1, 2008.

DISCUSSION:

CBUC provides water service to customers at Eagle Crest Resort, near Redmond, Oregon. The company serves 26 commercial, 317 irrigation, 3 golf course irrigation, and nearly 1,300 residential customers.

On March 6, 2008, CBUC filed proposed tariffs to increase revenues from \$787,676 to \$910,422, or 16 percent above 2007 revenues. The Company requested an effective date of July 1, 2008. CBUC's current rates have been in effect since July 1, 2005.

The Company states that the proposed tariffs would increase the average residential monthly bill from \$38.74 to \$43.18. According to CBUC, the average monthly rate for a commercial customer with a 1-inch meter would increase from \$148.49 to \$182.08.

CBUC asserts that an increase in revenues is necessary to maintain the profitability of the Company in the face of rising operational costs, especially labor, materials and supplies, transportation and fuel, and insurance. However, in order to keep rates at a reasonable level, the Company requested a low rate of return (2.5 percent) on a rate base of \$4,355,217.

Although Staff's recommendation for a six-month suspension of CBUC's proposed tariffs could result in an effective date of January 1, 2009, Staff's proposed rate case schedule calls for an October 1, 2008, effective date.¹

The Commission approved CBUC's current rates in Order No. 05-810, issued June 24, 2005, in docket UW 109. The rates became effective July 1, 2005.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, Cline Butte Utility Company's proposed tariffs be suspended for six months, effective July 1, 2008, to allow Staff sufficient time to investigate the Company's rate proposal

¹ The date will be earlier if no hearing is required.