

ITEM NO. 5

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 10, 2008**

REGULAR X CONSENT EFFECTIVE DATE July 1, 2008

DATE: June 2, 2008

TO: Public Utility Commission

FROM: Renee Sloan

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty

SUBJECT: OLD SHEEP RANCH WATER ASSOCIATION: (Docket No. UW 129/
Advice No. 08-28) Request to establish rates.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends that proposed tariffs filed with Old Sheep Ranch Water Association's (Old Sheep Ranch or Association) application requesting to establish rates be suspended for six months effective July 1, 2008.

DISCUSSION:

Old Sheep Ranch Water Association is located in the vicinity of Langlois, Oregon, and provides water service to 33 members¹ of the Association.

On December 3, 2007, the Commission received petitions from around 30 percent of the membership, exceeding the statutory threshold of 20 percent. Therefore, pursuant to ORS 757.063, Old Sheep Ranch met the requirement for Commission regulation.

On January 27, 2008, the Commission issued Order No. 08-111 (WJ 17) asserting jurisdiction over Old Sheep Ranch and ordering the Association to file tariffs with the Commission.

On May 16, 2008, Old Sheep Ranch complied with Order No. 08-111 by filing an application to establish rates resulting in total annual revenues of \$11,880, an \$883

¹ The application states that 24 of the 33 members are full-time residents.

decrease from 2007 annual revenues reported by the previous Board of Directors.² According to the application, even though Old Sheep Ranch proposes a slight rate decrease in revenues, the Association proposes that rates remain the same.³

In the application, Old Sheep Ranch requests zero percent rate of return on rate base because the Association is a domestic nonprofit mutual benefit corporation with members.

Even though Old Sheep Ranch is requesting a slight decrease in annual revenue, this is the first rate case for the Association, and Staff needs adequate time to complete its normal investigation of the revenues, expenses, plant rate base, and rate design.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, the proposed tariffs filed by Old Sheep Ranch Water Association be suspended for six months, effective July 1, 2008.

UW 129 Old Sheep Ranch

² According to the application, the new Board of Directors has been able to verify only \$11,880 of the \$12,763 test year revenues reported by the previous Board of Directors.

³ The current rate design consists of a \$30 per month base rate that includes 15,000 gallons and \$2.00 per 1,000 gallons used above 15,000 gallons.