

August 9, 2005

Mr. David Anderson  
19780 Foster Lane  
Bend, OR 97702

Re: In the Matter of Agate Water Company, Application for Rate  
Increase, Docket No. UW 108

I have received your letter submitted in opposition to the Stipulation filed in this docket. In your letter, you make various assertions regarding false, biased, or erroneous information, and state that you do not agree with the Stipulation.

Under our Administrative Rules, parties may file objections to the Stipulation. Parties may also ask for a hearing, at which time the objecting party must submit evidence supporting the reasons why the stipulation should not be approved by the Commission. Do you have evidence you wish to submit in support of your objections? If yes, then a hearing should be scheduled at which you can testify and submit such evidence. If no, then the Commission would determine whether the stipulation should be approved based on the information provided.

Before you decide how to proceed, I want to point out that Agate Water Company's rates are not based on the water rates of other competitors. Rather, the Commission must determine the amount of revenue Agate Water Company is entitled to receive. This revenue requirement is established for a particular test year by determining the gross revenues, the reasonable operating expenses, the rate base and the rate of return. Once these items are known, then rates can be established. While information about a competitor's water rates is not relevant, information about a competitor's expenses *may* be relevant.

Please let me know by August 12, 2005, whether you have evidence that you wish to submit at a hearing for the Commission's consideration.

Kathryn A. Logan  
Administrative Law Judge  
Public Utility Commission of Oregon

cc: Parties on official docket service list