

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UW 120**

In the Matter of

CROOKED RIVER RANCH WATER
COMPANY

Request for Rate increase resulting in total
annual revenues of \$868,453.

INTERVENOR – CRAIG SOULE

OPPOSITION TO
CROOKED RIVER RANCH WATER
COMPANY'S
MOTION FOR EXTENSION OF TIME

INTRODUCTION

On May 2, 2008 the Oregon Public Utility Commission (PUC) entered Order No. 08-243. Crooked River Ranch Water Company (CRRWC) was ordered by the PUC, among other things, to do the following:

Crooked River Ranch Water Company shall file with the Public Utility Commission of Oregon its application for approval of its contracts with James and Jacquie Rooks within 15 days of the date of this order.

Crooked River shall submit an accounting of the special assessment surcharge funds consistent with the purposes of the surcharge as stated in the enabling Board resolution within 15 days of this order.

On May 13, 2008 CRRWC filed a "Motion for Extension of Time" with the PUC. The subject motion stated the following:

The PUC has ordered CRRWC to make this submission by May 17, 2008. CRRWC has previously provided PUC with information regarding the type of employment and pay rates with respect to both James and Jacquie Rooks. A submission that complies with OAR 860-036-0730 requires considerably more than basic employment information. It will take CRRWC time to compile the necessary items. In addition, CRRWC's legal counsel has a prior commitment which will take him out of the office between May 14th and May 21st. Therefore, CRRWC is requesting an extension of time until June 2nd to submit the required materials.

CRRWC is also requesting the same extension of time to respond to the PUC's Order that CRRWC file an accounting within fifteen days. The PUC has not acknowledged, in its Order, that CRRWC has previously filed an accounting nor does the PUC identify in what

way the accounting is deficient. Counsel for CRRWC has attempted to confer with counsel for the PUC to determine what specific information the PUC needs in addition to what CRRWC has already submitted. Once CRRWC understands what specific information the PUC has ordered CRRWC to provide to supplement the previously filed accounting, they will need time to compile that information as stated above.

Intervenor Craig Soule (Soule) opposes the granting of CRRWC's "Motion for Extension of Time".

DISCUSSION

Contracts

On November 29, 2007 the PUC entered Order No. 07-527. CRRWC was ordered by the PUC, among other things, to do the following:

Not later than 30 days from the date of this order, Crooked River Ranch Water Company shall submit any contracts between itself and its General Manager Mr. Rooks and members of the Rook's family, along with supporting testimony, to this Commission for approval.

On March 24, 2008 the PUC entered Order No. 08-177. Order No. 08-177, Finding of Fact, in part, stated the following:

Crooked River failed to file evidence of any contracts that it has with Rooks or other members of the Rooks family.

Further, PUC Order No. 08-177, VI. RESOLUTION, in part, stated the following:

We order Crooked River to file, within fifteen days of this order, a full and complete explanation of its relationship with Rooks and other members of the Rooks family, from November 29, 2007, to the date of the filing. The filing should include records of all payments made by the Company to Rooks, and any family members, and should explain the basis for each such payment. If any employment relationship exists between Crooked River and Rooks or any family member, the Company must also submit declarations specifying the terms of any such relationship for Commission approval, as required by ORS 757.495.

On May 2, 2008 the PUC entered Order No. 08-243. Order No. 08-243, Findings of Fact, in part, stated the following:

Crooked River has failed to present its contracts with Rooks family members to the Commission for approval.

Further, PUC Order No. 08-243 ordered CRRWC, among other things, to do the following:

Crooked River Ranch Water Company shall file with the Public Utility Commission of Oregon its application for approval of its contracts with James and Jacquie Rooks within 15 days of the date of this order.

In addition, PUC Order No. 08-243, II Contract Approval, in part stated, stated the following:

We note that this requirement to seek approval of the contracts is not a "surprise" to Crooked River. When it submitted its original application, using the standard form for testimony supplied by the Commission, the Company answered: "Yes, oral or written contracts do exist, but have not been approved by the PUC, between the utility and its owners and affiliated interests." The Company witness testified that he had attached "a copy of these contracts, along with a cover letter requesting approval of these contracts" to the application. However, the contracts were not provided.

The extension of the time requested by CRRWC to file the subject contracts is not in the best interest of the members/customers of CRRWC for the following reasons:

Given CRRWC's propensity for paying excessive compensation to affiliated parties, any delay in determining the fairness and reasonableness of the subject contracts could be contrary to the interests of the members/customers for rate making purposes.

The extension of the time requested by CRRWC to file the subject contracts will further delay a final PUC order in UW 120; given that PUC Order No. 07-527 is interim, based on the submission of the subject contracts.

CRRWC has been aware of the requirement for submittal of its contracts with affiliated interests to the PUC since its initial filing of its rate/tariff application over a year ago. Additionally, information on the subject contracts has not been provided as required in the discovery process. Further, 3 PUC orders over a 5 month period have made it abundantly clear in regards to the subject contract submittal requirements. Soule does not believe that additional time for compliance will result in a response from CRRWC that is significantly different from the prior performance of CRRWC regarding this matter.

Overall, the timely filing by CRRWC of its application for approval of its contracts with James and Jacquie Rooks as stated in Order No. 08-243 will allow the rapid conclusion of the reopened rate case, subsequent issuance of a final Order by the PUC and is in the best interest of the members/customers of CRRWC.

Special Assessment Accounting

On November 29, 2007 the PUC entered Order No. 07-527. CRRWC was ordered by the PUC, among other things, to do the following:

Not later than 30 days from the date of this order Crooked River Ranch Water Company shall file an accounting of its collection of funds through its special assessment surcharge and the disposition of such funds, from inception of the fund to the present.

On March 24, 2008 the PUC entered Order No. 08-177. Order No. 08-177, Finding of Fact, in part, stated the following:

Crooked River failed to file an accounting of funds collected through its special assessment surcharge.

Further, PUC Order No. 08-177, VI. RESOLUTION, in part, stated the following:

We further order Crooked River to file, within fifteen days of this order, a full and complete accounting of all funds collected from the special assessment surcharge and the disposition of such funds, from the inception of the fund to the present.

On May 2, 2008 the PUC entered Order No. 08-243. CRRWC was ordered by the PUC, among other things, to do the following:

Crooked River shall submit an accounting of the special assessment surcharge funds consistent with the purposes of the surcharge as stated in the enabling Board resolution within 15 days of this order.

Further, PUC Order No. 08-243, IV Accounting, in part, stated the following:

Accounting issues must be resolved so that the Company's accounts are in order and the true fund balance is established.

The extension of time requested by CRRWC for submittal of the accounting is not in the best interest of the members/customers of CRRWC for the following reasons:

As indicated in PUC Order No. 08-243, a full and complete accounting of the special assessment consistent with the purposes of the surcharge as stated in the enabling Board resolution could conceivably lead to further distribution of special assessment funds to the membership. The extension of the time requested by CRRWC to file the subject accounting will delay the potential distribution to the membership.

Also, given that the rate case has been reopened, a full and complete accounting is necessary to determine the excess funds available for rate making purposes. The subject accounting is necessary to conclude the rate/tariff case before the PUC. The extension of the time requested by CRRWC to file the subject contracts will delay the conclusion of the rate/tariff case.

Orders by the PUC over a 5 month period have made it abundantly clear in regards to the special assessment accounting filing/submittal requirements. Soule does not believe that additional time for compliance will result in a response from CRRWC that is significantly different from the prior performance of CRRWC regarding this matter.

Overall, the timely filing by CRRWC of a full and complete accounting as stated in Order No. 08-243 will allow the expeditious disbursement of potential additional special assessment funds, the rapid conclusion of the reopened rate case and is in the best interest of the members/customers of CRRWC.

Complaint for Civil Penalties

On May 1, 2008 the Oregon Attorney General filed a "Complaint for Civil Penalties Pursuant to ORS 757.994. The subject filing concluded that the Defendants (Crooked River Ranch Water Company, James R. Rooks, Randolph M. Scott, Brian Elliott, Richard A. Keen and Richard J.

Miller); are subject to civil penalties for violation of ordering paragraphs 4, 5, and 6 of Order 07-527. Ordering paragraph 4 of Order 07-527 concerns the subject contracts. Ordering paragraph 5 of Order 07-527 concerns the subject accounting. The "Complaint" makes it clear that each additional day the defendants fail to provide the subject contracts and accounting is subject to an additional fine of up to \$1000.

Soule, initially questioned the awareness and involvement of the members of the CRRWC Board of Directors (BOD) in the "Motion for Extension of Time"; given, that the granting of the extension would directly make the members of the BOD collectively liable for an additional potential fine of up to \$15,000. Therefore, due to the filing of the "Motion for Extension of Time" by CRRWC, Soule can only assume that the Management and Legal Counsel for CRRWC has made the individual members of the BOD fully aware of their increased liability due to the extension request and that the BOD authorized the subject extension request.

CONCLUSION

The failure of the current management and BOD of CRRWC to comply with discovery, multiple subpoenas, Order No. 07-527 and Order No. 08-177 demonstrates that their motivation for the extension request may be less than genuine. It is ironic that the current management and BOD of CRRWC after failing to honor earlier orders of the PUC and facing civil penalties due to these failures is now requesting an extension of time to comply with portions of PUC Order No. 08-243, when the directives of the current order are materially identical to the former orders that CRRWC has violated.

The repeated failures of the current management and BOD of CRRWC to comply with PUC directives and orders demonstrates that they have no intention of meeting the needs and desires of the members and customers of CRRWC.

CRRWC's failure to comply with the directives and Orders of the PUC and a demonstrated inability to effectively operate and manage the water system to provide safe and adequate service to its members/customers in compliance with Oregon statutes is self evident. Once again, Soule requests the appointment of a regent by the PUC to operate and manage the water system pursuant to OAR 860-036-0365. Soule believes the only way to decisively conclude the rate/tariff case before the PUC in the best interest of all interested parties is by the appointment of a regent.

For the foregoing reasons Intervenor Craig Soule requests the Commission to reject CRRWC's motion for extension.

DATED this 16th day of May, 2008.

Respectfully submitted,

/s/ Craig Soule 
Craig Soule – Intervenor UW/120

CERTIFICATE OF SERVICE UW 120

I certify that on May 17, 2008, I served a true and correct copy of the foregoing "Opposition to Crooked River Ranch Water Company's Motion for Extension of Time" on all parties of record in this proceeding by placing in the US Mail with postage prepaid and by delivering a copy by electronic mail to:

STEVEN COOK

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CROOKED RIVER RANCH WATER COMPANY

JAMES ROOKS - GENERAL MANAGER

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&

I certify that on May 17, 2008, I served the following entity, by placing in the US Mail with postage prepaid, a true and correct copy of the foregoing "Opposition to Crooked River Ranch Water Company's Motion for Extension of Time":

CROOKED RIVER RANCH WATER COMPANY

BRIAN ELLIOT - PRESIDENT BOARD OF DIRECTORS

PMP 313 - 1604 S Hwy 97 # 2
Redmond, Oregon 97756

/s/ Craig Soule 
Craig Soule