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

In The Matter of:)
)
CROOKED RIVER RANCH WATER) RESPONSE TO STAFF MOTION TO
COMPANY) COMPEL
)
)
)
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)

COMES NOW CRRWC and responds to Staff Motion to Compel regarding Data Requests 178, 179, 181, 182, 183, and 192.

CRRWC has already responded to Data Requests 178 through 183. A copy of CRRWC's response originally dated May 29, 2008, is attached to this pleading. It is the belief of CRRWC that this information has already been received by the PUC which would explain the absence of reference made to DR 180 in the Staff Motion to Compel. If PUC Staff believes CRRWC's answers to 178 through 183 are in any way deficient they should specifically cite any deficiencies which they believe exist.

The 2007 Form 990 requested in Data Request 192 has yet to be provided from the Company's accounting firm as of the date of this Response. This form will be furnished as soon as it becomes available.

1 RESPECTFULLY SUBMITTED this 28th day of August 2008.

2 GLENN, SITES, REEDER & GASSNER, LLP

3 /s/ Timothy R. Gassner
4 TIMOTHY R. GASSNER, OSB 02309
5 Of Attorneys for CRRWC
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26 2-RESPONSE TO STAFF MOTION TO COMPEL
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1 CERTIFICATE OF SERVICE

2 I certify that on August 28th 2008, I served the foregoing upon the following, by mailing a
3 copy by postage prepaid first class to:

4 Charles G. Nichols
5 PO Box 1594
6 Redmond, OR 97756

Crooked River Ranch Water Co.
Brian Elliott, President Board of Directors
PMB 313-1604 S. Hwy 97
#2
Redmond, OR 97756

7 Public Utility Commission of Oregon
8 Michael Dougherty
9 550 Capitol St. NE
10 Ste. 215
11 Salem, OR 97301

James R. Rooks, General Manager
Crooked River Ranch Water Company
PO Box 2319
Terrebonne, OR 97760

12 Steven Cook
13 PO Box 1111
14 Terrebonne, OR 97760

Department of Justice
Jason Jones
Regulated Utility & Business Section
1162 Court St. NE
Salem, OR 97301-4096

15 Craig Soule
16 11953 SW Horny Hollow
17 Terrebonne, OR 97760

18 /s/ Timothy R. Gassner
19 TIMOTHY R. GASSNER OSB 02309
20 GLENN, SITES, REEDER & GASSNER, LLP
21 205 SE 5th St.
22 Madras, OR 97741
23 (541) 475-2272
24 Fax: 541-475-3394

May 29, 2008

J. R. ROOKS
CROOKED RIVER RANCH WATER COMPANY
PO BOX 2319
TERREBONNE, OREGON 97760

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 120	DR 178 - 183	June 12, 2008

Please provide responses to the following request for information. Contact the undersigned before the response due date noted above if the request is unclear or if you need more time.

178. As a follow-up to the response to Staff Data Request No. 168:

- a. Please explain why a company acting in a prudent manner would spend \$18,607 to repair a back hoe that has a net book value of approximately \$12,636.

We are unclear where a "net book value" was obtained. Information we have obtained from local used equipment sales/rental sites has been that there is no "book", values are "market driven".

Since a backhoe is used almost daily just in maintaining this system, it is prudent to repair owned equipment. There certainly are no funds in the PUC budget that would allow us to purchase another.

- b. Please explain the need for the backhoe if the company is not engaged in any new construction. How many times a month is the Company using the back hoe?

Wow, this is a prime example of staff's lack of knowledge regarding a water company! A back hoe is used on just about every job conducted by this company, from just basic maintenance to repairs. In the last few months alone, we have had 3 standpipes damaged by reckless drivers. A backhoe is required to dig down to the mainline, etc. To give an exact number of times a backhoe is used is something we cannot do as we have never tracked that. To assume that a backhoe is used only in new construction is reckless.

- c. Please explain why it is cost effective to spend this amount of money on repairs on a the back hoe when a rental (United Rentals) is approximately \$230 per day

As explained above, the backhoes are used on almost all maintenance and repair projects. If we are notified of a line break in the middle of the night, out goes the backhoe to dig up the line and fill it back in after repairs are made. In addition, any damage to roads or driveways by our water system, is immediately repaired, which means the backhoes are used.

If the CRRWC were to rent a backhoe everytime it was needed, we would be looking at an incredible expense. Lets say the backhoe is used 10 days per month x 12 months x \$230 = \$27,600. Again, we sure don't have money in the PUC budget to pay for this! In addition, to depend upon a rental company to meet our needs would certainly not be prudent. The availability of the equipment and the accessories needed for the job is a big "if". The CRRWC already owns the equipment. Repairs are certainly the most prudent means of maintaining them.

179. As a follow-up to the response to Staff Data Request No. 168, please explain the projects that utilized the pipe and plumbing supplies purchased from:

- United Pipe & Supply
- H. D. Fowler
- Fastenal
- Lawson Products
- Swift Steel

Were any of these purchases for inventory? Please explain.

All purchases were for inventory. Even though we do not have construction going on at this time, we still have daily maintenance and repairs that these supplies are used for.

180. As a follow-up to the response to Staff Data Request No. 176:

- a. Please explain the Bill Pmt – Check of \$130,656.26. In what account will these funds be deposited in?

This money has been placed with the State Treasurer in lieu of a bond as required by the Appellate Court in the stay.

- b. Please explain the \$144,643.41 deposit. Is this money coming from any of the CDs (Community First, Columbia River), the Contingency Account, and/or the Community First MMDA? Please explain the source of these funds.

This was the assessment fund balance and CD's.

181. As a follow-up to the response to Staff Data Request No. 176:

- a. Please explain why a company acting in a prudent manner would spend \$11,472.87 to repair a 1993 dump truck with approximately 709,754 miles/hours and a net book value of approximately \$767.

If you honestly believe that this dump truck is only worth \$767, I will have a check in the mail to you tomorrow! CRRWC owns this truck and it is used frequently in projects by the company (see responses below). It would be reckless of the company to not keep the equipment in operating condition. Again, it is unknown as to what "book" you used to establish the value, but without knowing the truck itself, it would be rather ridiculous for you to place a value on it.

Please explain why the PUC, if acting in a prudent manner, would spend hundreds of thousands of dollars per year on legal expenses to try to control a water company that

- a) it has no legal to do so;*
- b) the majority of the people on the system do not want or need PUC's control; and*
- c) the net income from CRRWC is approximately \$1000 per year.*

Please justify this stupidity.

- b. Please explain the need for the dump truck if the company is not engaged in any new construction. How many times a month is the

Company required to use this dump truck? What is the dump truck used for if no new construction is occurring?

As we have stated before, the majority of the work done in this company is not construction, it is basic maintenance and repair of the system. The dump truck is used whenever we have a major repair or installation, as well as line extensions. It is used to haul dirt and rocks, brush and trees off, and dirt, gravel, sand and paving material in. We also bring in materials to stockpile for future needs. In addition, it is used to transport larger pieces of equipment when needed. Again, we have not monitored the number of times each month the truck is used, so we are unable to answer this question.

- c. Please explain why it is cost effective to spend this amount of money on repairs when a rental (United Rentals) is approximately \$200 per day plus \$0.20 per mile.

Refer to #178 c. There was certainly no allowance put in our budget by the PUC that would allow CRRWC to rent equipment. In addition, when we have an emergency, we need the equipment to be ready to go. With the price of fuel today, running 20+ miles one way into Redmond to get a piece of equipment is definitely not prudent. CRRWC has already established that it rents equipment that is not used on a regular basis.

182. Please explain the purposes (Board Meetings, etc.) of the numerous meal expenses (approximately 24) that are reflected in the in the November through March Visa account billings, especially since these restaurants are not in CRRWC's service territory.

The meals that are referenced here were working lunches. There have been staff meetings held at a local restaurant when the manager has been working on a project and hasn't had time to be in the office. Work is conducted during the lunch. Also, the manager has had board meetings when all members are available. A restaurant in Terrebonne is normally used as that is a quiet and local eatery that all can access easily. This "expense account" was established by the Board of Directors for the manager many years ago.

Again, reference is made that the restaurants are not in CRRWC's service territory. There are also no vendors or suppliers in our service territory. Whenever the manager has to meet with representatives of plumbing firms, etc., arrangements are made to meet in a convenient location.

Should staff ever come to CRR, this may make a little more sense to them.

183. Please explain what projects the reject material was used for as listed in the Aspen Creek invoice.

The reject material was offered to CRRWC at \$6 a yard – normally it is \$13 a yard. The manager brought in several dump loads (use of the dump truck), and it is stockpiled on our property for future use. This material is used whenever we have a line break or meter installation as it goes around the pipe, etc.

CRRWC
Data Requests 178 - 183
May 29, 2008
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Please provide an original and one complete copy of your response to the attention of Vikie Bailey-Goggins, PO Box 2148 or 550 Capitol St NE Ste 215, Salem, OR 97308-2148; (puc.datarequests@state.or.us) and one complete copy to the attention of counsel for PUC Staff, Jason W. Jones, Department of Justice, 1162 Court St NE, Salem, OR 97301-4096 (jason.w.jones@state.or.us).

Michael Dougherty
Program Manager
Corporate Analysis and Water Regulation
(503) 378-3623

cc: Service List