
**PUBLIC UTILITY COMMISSION
OF OREGON**

UW 120

STAFF DIRECT TESTIMONY OF

Michael Dougherty

**In the Matter of
CROOKED RIVER RANCH WATER COMPANY
Application to Establish Rates Resulting in Total
Annual Revenue of \$868,453**

August 4, 2008

CASE: UW 120
WITNESS: Michael Dougherty

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 200

Direct Testimony

August 4, 2008

1 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Michael Dougherty. I am the Program Manager of the
4 Corporate Analysis and Water Regulation Section of the Utility Program
5 with the Public Utility Commission of Oregon. My business address is
6 550 Capitol Street NE Suite 215, Salem, Oregon 97308-2148.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
8 **WORK EXPERIENCE.**

9 A. My Witness Qualification Statement is included as Exhibit Staff/201.

10 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

11 A. The purpose of this testimony is to:
12 1. Present my analysis of Crooked River Ranch Water Company's
13 (CRRWC or Company) expenses for the period of July 2007 through
14 June 2008 (test year);
15 2. Recommend updated rates based on the analysis; and
16 3. Discuss the status of the company's bank accounts.

17 **Q. WHO ARE THE PARTIES IN THIS DOCKET?**

18 A. The parties are Staff, the Company, and Intervenors Craig Soule
19 (customer/member), Steve Cook (customer/member), Charles Nichols
20 (customer/member), and Brian Elliott (President, Crooked River Ranch
21 Water Company Board of Directors).

1 **Q. DID YOU PREPARE ANY EXHIBITS FOR THIS DOCKET?**

2 A. Yes. Exhibits No. 202, 203, 204, 205, and 206 contain exhibits in support
3 of my testimony.

4 **Q. WHAT IS EXHIBIT 202?**

5 A. Exhibit 202 is Staff's revenue requirement page, summary of adjustments,
6 revenue sensitive calculations, rate design, rate impacts, and plant
7 adjustments.

8 **Q. WHAT IS EXHIBIT 203?**

9 A. Exhibit 203 is Staff's revenue requirement page, summary of adjustments,
10 revenue sensitive calculations, rate design, rate impacts, and plant
11 adjustments resulting from Staff's first alternate recommendation.

12 **Q. WHAT IS EXHIBIT 204?**

13 A. Exhibit 204 is Staff's revenue requirement page, summary of adjustments,
14 revenue sensitive calculations, rate design, rate impacts, and plant
15 adjustments resulting from Staff's second alternate recommendation.

16 **Q. WHAT IS EXHIBIT 205?**

17 A. Exhibit 205 contains Staff's work papers concerning operating expenses,
18 property tax, and payroll taxes.

19 **Q. WHAT IS EXHIBIT 206?**

20 A. Exhibit 206 includes documents in support of testimony.

21 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

22 A. The testimony is organized as follows:

- 1 1. Summary Comparison of CRRWC's current revenue and rates; Staff's
- 2 proposed revenue and rates; and Staff's alternate proposals concerning
- 3 revenue and rates.
- 4 2. Summary of why the rate case was reopened;
- 5 3. Description of CRRWC;
- 6 4. Staff's discussion on discovery;
- 7
- 8 5. Staff's analysis of the Company's expenses;
- 9 6. Summary of Staff's recommended revenue requirement and rates; and
- 10 7. Staff's discussion concerning CRRWC's bank accounts.

SUMMARY COMPARISON OF ORDER NO. 07-527 REVENUE / RATES

AND STAFF'S RECOMMENDED REVENUE / RATES

Q. PLEASE PROVIDE A QUICK COMPARISON OF CURRENT REVENUE AND RATES AND YOUR PROPOSED RATES.

A. The following table highlights the comparison between current revenue and rates; my recommended revenue and rates; my first alternate proposal concerning revenue and rates; and my second alternate proposal concerning revenue and rates.

	CRRWC UW 120 (07-527)	Staff Proposed	Staff First Alternate	Staff Second Alternate
Total Revenue	\$490,605	\$545,848	\$525,171	\$513,180
Total Revenue Reductions	\$490,605	\$545,848	\$525,171	\$513,180
Net Income	\$0	\$0	\$0	\$0

1

	CRRWC UW 120 (07-527)	Staff Proposed	Staff First Alternate	Staff Second Alternate
Percent Increase in Revenue		10.26%	6.02%	3.56%
Base Rate	\$17.34	\$19.11	\$18.38	\$17.95
Commodity Rate per 100 cf	\$0.80	\$0.89	\$0.86	\$0.84
Average Rate	\$25.87	\$28.52	\$27.43	\$26.79
Connection Charge	\$450 or cost (if cost > \$450)	At cost	At cost	At cost

2

3

Q. CAN YOU PLEASE SUMMARIZE THE DIFFERENCES BETWEEN THE THREE PROPOSALS CONCERNING REVENUE AND RATES?

4

5

A. My proposed recommended revenue and rates are based on:

6

- A review of actual invoices;
- Setting the General Manager’s wages at the UI 281 recommended level (escalated for CPI - \$30.90 per hour); and
- Allowing certain legal costs and amortizing WJ 8 legal costs over three years (\$21,668).

7

8

9

10

11

12

13

My first alternate proposed revenue and rates are based on:

14

- A review of actual invoices;
- Setting the General Manager’s wages at a lower Senior/Lead Water Treatment Plant Operator level (escalated for CPI - \$25.96 per hour); and
- Allowing certain legal costs and amortizing WJ 8 legal costs over five years (\$15,029).

15

16

17

18

19

20

21

22

My second alternate proposed revenue and rates are based on:

- 1 ▪ A review of actual invoices;
- 2 ▪ Setting the General Manager's wages at a lower Senior/Lead
- 3 Water Treatment Plant Operator level (escalated for CPI -
- 4 \$25.96 per hour);
- 5
- 6 ▪ Maintaining legal expenses at the UW 120, Order No. 07-527
- 7 level of \$6,109; and
- 8
- 9 ▪ Maintaining Account 666, Amortization of Rate Case at the
- 10 UW 120, Order No. 07-527 level of \$5,676.
- 11

12 **Q. CAN YOU PLEASE LIST THE MAJOR EXPENSE CATEGORIES THAT**

13 **RESULTED IN YOUR HIGHER REVENUE REQUIREMENT?**

14 A. Yes. Although each item is explained further in testimony, my higher

15 revenue is mainly a result of my recommended:

- 16 1. Higher level of wages and associated payroll taxes;
- 17 2. Higher level of benefit expense;
- 18 3. Higher level of O&M supplies expense;
- 19 4. Higher level of legal expense;
- 20 5. Higher level of transportation expense;
- 21 6. Higher level of general liability insurance expense;
- 22 7. Higher level of workers' compensation expense;
- 23 8. Higher level of rate case amortization expense;
- 24
- 25 9. Higher level of general expense; and
- 26
- 27 10. Higher level of depreciation expense.

1 **SUMMARY OF WHY THE RATE CASE WAS REOPENED**

2 **Q. PLEASE SUMMARIZE WHY THE RATE CASE WAS REOPENED.**

3 A. In Commission Order No. 07-527, dated November 29, 2007, the
4 Commission stated on page 36:

5 In light of our order that the Company submit for approval its
6 contracts with Mr. Rooks and his family, if any, this order is
7 interim. The record also remains open to receive any
8 additional materials obtained by Staff and intervenors
9 through further discovery associated with any outstanding
10 subpoenas or related to earlier data requests.

11 Additionally in Commission Order No. 08-243, dated May 2, 2008, the
12 Commission stated on page 7:

13 In a general rate case, the Commission looks at all financial
14 aspects of a utility's operations, including its cash reserves.
15 In this case Crooked River withheld information regarding
16 these accounts (and, possibly, other accounts). These funds
17 were not accounted for in Order No. 07-527.

18 The rate case is reopened to consider the ratemaking
19 treatment of the Company's surplus capital (in excess of the
20 amount recognized in Order No. 07-527). That action will be
21 coordinated with the accounting of the surcharge balance as
22 addressed above. With its comments of the Company's
23 assessment fund balance, the Staff also shall make a
24 recommendation for the ratemaking treatment of the
25 remaining funds.

26 **Q. HAVE ANY OTHER DOCKETS / HEARINGS CONCERNING CRRWC'S**
27 **NON-COMPLIANCE WITH COMMISSION ORDERS BEEN OPENED?**

28 A. Yes. Staff filed a Complaint for Civil Penalties Pursuant to ORS 757.994
29 against the Company's Board of Directors for non-compliance with ordering
30 paragraphs 4, 5, and 6 of Commission Order No. 07-527. This filing is
31 docketed as UM 1381. The following paragraphs apply:
32
33
34

1 4. Not later than 30 days from the date of this order, Crooked
2 River Ranch Water Company shall submit any contracts
3 between itself and its General Manager Mr. Rooks and
4 members of Rooks' family, along with supporting testimony,
5 to this Commission for approval.
6

7 5. Not later than 30 days from the date of this order, Crooked
8 River Ranch Water Company shall file an accounting of its
9 collection of funds through its special assessment surcharge
10 and the disposition of such funds, from the inception of the
11 fund to the present.
12

13 6. Not later than 30 days from the date of this order, Crooked
14 River Ranch Water Company shall file a report stating its
15 need for funds for new capital improvements, including the
16 intended projects, the estimated costs of each such project,
17 and the time that each investment would be required.
18

19 In addition, due to non-compliance with a Staff subpoena for information,
20 Staff filed a contempt action, which was docketed as State v. Rooks and
21 Crooked River Ranch Water Company, Jefferson County Circuit Court
22 Case No. CV07-0150. The Contempt Hearing was conducted on
23 December 13, 2007. As a result of the Contempt Hearing, CRRWC agreed
24 to produce information requested in the subpoena.
25

26 **CROOKED RIVER RANCH WATER COMPANY**

27 **Q. PLEASE DESCRIBE CROOKED RIVER RANCH WATER COMPANY.**

28 A. CRRWC is a Non-Profit Corporation, Mutual Benefit with Members located
29 in Crooked River Ranch, Oregon. The Company was incorporated in 1977.
30 Approximately 5.625 full-time equivalent (FTE) employees operate
31 CRRWC. The water system currently provides service to approximately
32 1,571 customers.

1 The Commission asserted jurisdiction of the Company pursuant to
2 Commission Order No. 06-642 (WJ 8), entered on November 20, 2006.

3 The Order states on page 1:

4 In this proceeding, the Public Utility Commission of Oregon
5 (Commission) concludes that the Crooked River Ranch
6 Water Company (CRRWC) is a regulated water utility under
7 ORS 757.063. We base this conclusion on a finding that
8 more than 20 percent of CRRWC's members filed a petition
9 requesting that the company be subject to regulation. We
10 also conclude that, because CRRWC became a regulated
11 water utility at the time the petitions were received and
12 verified, the company's subsequent efforts to reorganize as
13 a cooperative were invalid.

14
15 **Q. DOES CRRWC REFER TO ITSELF AS A COOPERATIVE?**

16 A. Yes.

17 **Q. PLEASE EXPLAIN WHY CRRWC IS NOT A COOPERATIVE.**

18 A. Commission Order No. 06-642 was clear on the organizational status of
19 CRRWC and stated on page 5:

20 Furthermore, because jurisdiction presumptively attached at
21 that time, CRRWC became a regulated utility subject to laws
22 administered by the Commission. Those laws require,
23 among other things, that a utility obtain Commission
24 approval prior to the disposal of utility property. See ORS
25 757.480. Contrary to CRRWC's arguments, the dissolution,
26 transfer, and reorganization of a water company's assets
27 requires approval under this statute. Having failed to obtain
28 that approval, CRRWC's efforts to reorganize as a
29 cooperative under ORS Chapter 62 are without legal effect.

30
31 **Q. PLEASE DESCRIBE CRRWC'S WATER SYSTEM.**

32 A. The water system consists of two wells (Well No. 1 and Well No. 2) both
33 with a capacity rating of 800 gallons per minute (1,152,000 gallons per day
34 per well); two reservoirs - the Tower with a capacity of 700,000 gallons and

1 the Cistern of 100,000 gallons; piping; a booster pump system; pressure
2 reducing valves; hydrants; and standpipes.¹ Well No. 1 was brought on line
3 in December 1995, when Well No. 2 was changed to standby. According to
4 CRRWC's 20-Year Master Plan, Well No. 2 is exercised on a regular basis;
5 however, the Company has numerous concerns about the operation of the
6 well.² According to CRRWC's Water Management and Conservation Plan,
7 both wells feed off the same aquifer.³

8 The Company has a water permit of 5 cubic feet per second (cfs) and
9 3.23 million gallons per day (MGD) under permit No. G-11376, which has a
10 priority date of June 18, 1991. The water rights are assumed to cover
11 2,600 potential lots at Crooked River Ranch.⁴ Based on data received from
12 the Company, customer usage in 2006 was approximately 20 million cubic
13 feet. This annual usage equates to an approximate average of 409,863
14 gallons per day (gpd). CRRWC's actual peak demand in August 2006 was
15 927,182 gpd. This usage aligns with the Company's 20-Year Master Plan,
16 which lists peak demand of 970,362 gpd.⁵ As a result, the Company
17 appears to have sufficient water rights for current and future operations.

18 Even though the Company has recently experienced customer growth of
19 approximately 10.7 percent from January 2004 through January 2007,⁶
20 much of this growth appears to be a result of the numerous mainline

¹ Crooked River Ranch Water Company 20-Year Master Plan, November 1997, pages 4-1 to 4-4.

² *Ibid*, page 4-2.

³ Crooked River Ranch Water Company Water Management and Conservation Plan, September 2003, page 2-4.

⁴ Crooked River Ranch Water Company 20-Year Master Plan, November 1997, page 4-4.

⁵ Crooked River Ranch Water Company 20-Year Master Plan, November 1997, page 3-9.

⁶ Crooked River Ranch Water Company's response to Staff Data Request No. 11.

1 extensions installed by the Company. Based on my updated analysis,
2 average use per customer is 1,055 cf per month or 35.2 cf per day
3 (approximately 263 gallons per day). As a result, this growth should not
4 place a strain on the current rated capacity of the system.

5 **Q. HAS THE COMMISSION RECEIVED ANY COMPLAINTS CONCERNING**
6 **CRRWC SINCE ORDER NO. 07-527, DATED NOVEMBER 29, 2007?**

7 A. Yes. According to the Manager of the Commission's Consumer Services
8 Section (Consumers), Consumers has received 50 calls from CRRWC
9 customers with one or more complaints or other issues. Of these 50 calls,
10 10 were simply informational and did not constitute an actual complaint
11 against the Company (although two of these may likely end up as
12 complaints). Forty of the calls were to file a complaint about one or more
13 issues. The total actual issues were 50. Of these 50 issues for which a
14 complaint was received, five were found to be "at fault", meaning that it was
15 demonstrated that the Company had violated a statute or administrative
16 rule. Given a customer base of 1,571 customers, having five at fault
17 complaints in a period of roughly eight months is a high percentage for a
18 company of this size.

19 In comparison, during the same time-period, there were three complaints
20 against Roats, none of which resulted in an "at fault". Agate had one
21 complaint during the time-period; the complaint did not result in an "at fault".
22 Information on the CRRWC complaints received is included in Staff Exhibit
23 206.

1 Motion to Compel based on Staff's request on May 29, 2008, and the
2 second Motion to Compel on June 25, 2008. The Motions to Compel are
3 included in Staff/206.

4 **Q. HAS THE COMPANY PROVIDED ANSWERS TO THE ALL OF THE**
5 **OUTSTANDING DATA REQUESTS AS A RESULT OF STAFF'S**
6 **MOTIONS TO COMPEL?**

7 A. No. The Company has not responded to many of my data requests in the
8 Motions to Compel; however, in its May 27, 2008, response to the first
9 motion to compel, the Company sufficiently answered data requests 162
10 and 163. I was also able to glean the information requested in data request
11 167 by examining the Company's response to data request 166. In
12 addition, CRRWC provided information concerning data requests 158, 166,
13 and 170, on July 2, 2008. Therefore, I have not received responses for
14 data requests 157, 171, 173, 174, and 175.

15 Concerning data requests 173, 174, and 175, the Company responded
16 by stating "Outside PUC Jurisdiction."

17 **Q. ARE THERE ANY OTHER DATA REQUESTS THAT WERE NOT**
18 **INCLUDED IN THE MOTIONS TO COMPEL STILL OUTSTANDING?**

19 A. Yes. As previously mentioned, data requests 178, 179, 181, 182, 183, and
20 192 have not been answered by the Company. Concerning the response to
21 Staff Data Request 185, CRRWC stated:

22 As company attorney, Tim Gassner, advised Jason Jones
23 via email on 6/30/08, CRRWC does not have the time or
24 resources presently to inventory pipe in stock.

1
2 Concerning the response to Staff Data Request 192 that requests the
3 Company's IRS Form 990 for 2007, the Company stated, "Currently
4 unavailable." As a note, data requests 192 – 203 were due on July 17,
5 2008; however, the Company did not provide the responses until July 30,
6 2008; 13 days late and two days prior to the testimony due date.

7 **Q. HAS CRRWC TAKEN ANY OTHER ACTION CONCERNING STAFF'S**
8 **DATA REQUESTS?**

9 A. Yes. CRRWC filed with the Jefferson County Circuit Court a Relator's
10 Petition for an Alternative Writ of Mandamus and an Order Allowing
11 Alternative Writ of Mandamus on July 7, 2008. The petition and order
12 would effectively result in the withdrawal of outstanding data requests and
13 prevent further data requests being sent to the Company.

14 **Q. HOW DID THE LACK OF COMPANY RESPONSES TO STAFF'S DATA**
15 **REQUESTS AFFECT YOUR INVESTIGATION?**

16 A. Although the information requested would have been helpful for my
17 analysis, I was able to piece together a July 2007 through June 2008 test
18 year. I was able to establish a test year based on information received in
19 January 2008 resulting from the Contempt Hearing; as well as, information
20 received on July 2, 2008, resulting from Staff's Motion regarding the
21 CRRWC Operating Account and the Administrative Law Judge (ALJ) Ruling
22 concerning the motion.

23 Although I had information for the period of July 2007 through

1 June 2008, I could not trend expenses over multiple years to determine if
2 any normalization of expenses was required. As a result, some expense
3 categories may not accurately reflect a true level of ongoing costs.
4 Additionally, because the Company did not provide responses to data
5 requests 192 – 203, until two days prior to submittal of my testimony, I
6 could not completely reconcile accounting data with invoices received. With
7 that said, my analysis was a thorough invoice-by-invoice review of the
8 Company's expenses during the test year. Although, I made numerous
9 adjustments, I was not required to annualize any costs because of having
10 12 months of invoices. Specific information on my adjustments is explained
11 later in testimony.

12
13 **STAFF'S ANALYSIS OF THE COMPANY'S EXPENSES**

14 **Q. WHAT ARE THE RESULTS OF STAFF'S ANALYSIS OF THE**
15 **COMPANY'S EXPENSES?**

16 A. My analysis of the Company's expenses results in a recommended revenue
17 requirement of \$545,848, which is an increase of \$55,243, or 10.26 percent,
18 above Order No. 07-528 revenue of \$490,605. I recommend collection of
19 the revenue requirement as follows: \$537,746 from customers and \$8,100
20 in rental revenue. In addition, I recommend continuance of the zero percent
21 rate of return on a rate base of \$606,234.

22 I also propose alternate recommendations based on a reduced level of
23 wages, payroll taxes, legal costs, and rate case amortization costs. My first

1 alternate recommendation results in a recommended revenue requirement
2 of \$525,171, which is an increase of \$34,566, or 6.02 percent, above Order
3 No. 07-528 revenue of \$490,605. My second alternate recommendation
4 results in a recommended revenue requirement of \$513,180, which is an
5 increase of \$22,575, or 3.56 percent, above Order No. 07-528 revenue of
6 \$490,605.

7 **Q. PLEASE EXPLAIN HOW YOU DETERMINED REVENUE AND**
8 **EXPENSES FOR THE JULY 2007 THROUGH JUNE 2008 PERIOD.**

9 A. Staff/202, Staff/203, and Staff/204 pages 2 and 3, show my revenue and
10 expense adjustments and a brief description of each. Additionally,
11 Staff/205 shows the detail supporting the calculations. Below is additional
12 explanation of significant adjustments.

13 Revenue

14 The Company's December 27, 2007, Billing Register includes
15 1,571 accounts. As a result, I multiplied 1,571 by the average customer
16 rate of \$25.87 (Commission Order No. 07-528) to receive \$487,701 in
17 residential water sales.

18 In addition, I maintained the \$8,100 in total other revenue. As
19 explained in Staff/100, Dougherty/14-15, the rental revenue is a result of
20 cellular and internet leases for equipment installed on the company's
21 reservoir tower. Rental revenue includes \$6,900 from T-mobile and an
22 imputed \$1,200 from Webformix. The \$1,200 is imputed because even
23 though a contract requires monthly payments of \$100 to CRRWC, the

1 Company and Webformix agreed that the two entities would not bill each
2 other for services received. The company receives its internet service
3 from Webformix.

4 Although the residential water sales (Column A of Staff/202, Staff/203,
5 and Staff/204, page 1) is an estimated amount, the final revenue
6 requirement resulted from my recommendation on expenses. Because
7 CRRWC is a Non-Profit Corporation, Mutual Benefit with Members, and
8 was not allowed a rate of return in Order No. 07-528, final revenue (Column
9 C of Staff/202, Staff/203, and Staff/204, page 1) equals total revenue
10 reductions.

11 Account No. 606, Salaries and Wages - Employees

12 For non-affiliated interest employees, I used the hourly rates provided in
13 the Company's response to data request 159, to calculate annual expenses
14 and escalated the hourly wages for current and full-time employees by the
15 2007 Consumer's Price Index (CPI-U). For the General Manager and
16 Office Manager, I used the hourly rates recommended by Staff in dockets
17 UI 281 and UI 282. In addition, I continued to include an additional full-time
18 equivalent (FTE) for a vacant Field tech position. The following table
19 highlights my changes:

1

Position	Hourly Rate per Company, UI 281 and UI 282.	Hourly Rate adjusted for CPI-U (4.8%)	Annual Salary (2,076 hours per year)	Current Payroll Based on Actual Employees
General Manager	\$29.48	\$30.90	\$64,148	\$84,348
Office Manager	\$18.58	\$19.47	\$40,420	\$37,368
Meter Reader/Office	\$15.00	\$15.72	\$32,635	\$31,140
Administrative Assistant	\$15.00	\$15.72	\$32,635	\$31,140
Field Tech	\$12.00	\$12.58	\$26,116	\$24,912
Vacant Field Tech	\$12.00	\$12.00	\$24,912	\$0
Part-time Office Assistant	\$12.00	\$12.58	\$13,058	\$12,384
WD III (5 hours per week)	\$25.00	\$26.20	\$6,812	\$6,500
Total Annual & Avg. Hourly Wages	\$21.38	\$18.14	\$240,736	\$227,792

2

3

As a result, my calculated wage expense is \$12,944 greater than the

4

Company's annual payroll based on current wages. Because of the vacant

5

position and allowance for this position's wages, I did not include overtime.

6

My recommendation is \$22,158 greater than the Order No. 07-527 amount.

7

Number of Full-Time Equivalent

8

I maintain that 6.625 FTE should be sufficient based on a previous

9

comparison of staffing performed in UW 119 that compared Agate's staffing

1 with CRRWC and Roats.⁷ However, the Company has yet to hire this
2 additional FTE. As mentioned in the June 6, 2008, Staff's Motion
3 Concerning Crooked River Ranch Water Company's Operating Account, it
4 is important to note that proper operation of the Company may be
5 hampered due to the lack of sufficient, qualified personnel to handle
6 multiple demands of the system during peak summer months.

7 General Manager's Wage

8 It should be noted that in UI 281, the General Manager's pay was based
9 on the AWWA (less than 25 employees) mid-level for Water Operations
10 Manager. Using the Water Operations Manager scale is reasonable
11 because, as a February 28, 2008, letter indicates, Mr. Rooks signed his
12 name above the title General Manager/Operations Manager.⁸

13 As previously mentioned in Staff/100, this job classification is different
14 from what Staff used for the owners of Avion (UI 260 – Commission Order
15 No. 07-081), Agate (UI 263, Commission Order No. 07-188) and Roats
16 (UI 273, Commission Order No. 07-398). In these cases, Staff used AWWA
17 jobs of Top Operations & Maintenance Executive, or blended rates using
18 Top Operations & Maintenance Executive, Top Planning Executive, and Top
19 Engineering Executive. I used these higher positions in the above dockets
20 mainly because in each of these cases, I recognized the increased risk of
21 ownership for these three owners, increased experience of these owners, or

⁷ UW 119, Staff/100, Miller-Dougherty/19.

⁸ The letter is included in Staff Exhibit 206.

1 increased qualifications of the owners. In fact, the Company's By-laws, As
2 Amended September 24, 2004,⁹ states:

3 The Board shall have general supervision and control over
4 and shall manage and conduct the affairs and business of
5 the Corporation, and shall make all necessary rules and
6 regulations, not inconsistent with law or with the Bylaws of
7 Articles of Incorporation, for the management of the
8 Corporation and the guidance of the officers, employees and
9 agents of the Corporation.¹⁰

10
11 This Bylaw demonstrates that the Board has the responsibilities that
12 would normally be associated with ownership. As a result, the General
13 Manager does not incur these greater risks and responsibilities and so it is
14 not reasonable to set rates based on a compensation level at the Top
15 Executive Level.

16 It is also interesting to note that CRRWC's system is a Distribution
17 System 2, which requires a Water Operator 2. However, the General
18 Manager only maintains a Water Operator 1 certification. As a result,
19 CRRWC obtained the services of a Water Operator 3 on a part-time basis to
20 meet the certification requirements of the State's Drinking Water Program.

21 In my two alternate recommendations, I use a lower level of wages for
22 the General Manager of \$24.77 (escalated to \$25.96). This wage is based
23 on the AWWA maximum average salary range for a Senior/Lead Water
24 Treatment Plant Operator (Water Participants). This pay range is a lower

⁹ Although the Company issues revised Bylaws as a Cooperative on June 30, 2006, Commission Order No. 06-642 states: CRRWC's efforts to reorganize as a cooperative under ORS Chapter 62 are without legal effect. However, the June 30, 2006, Bylaws state the same as the quoted only replacing "Corporation" with "Cooperative."

¹⁰ Bylaws for Crooked River Ranch Water Company, Bylaw 4.7.

1 pay range and results in a \$12,725 reduction in the General Manager's
2 wage. This adjustment would reflect that during the time jurisdiction was
3 asserted, the discovery process, and resistance towards Commission
4 Orders and ALJ Rulings, the General Manager has not conducted himself in
5 the manner that his position and scope of responsibility would reasonably
6 require. In Commission Order No. 07-527, the Commission recognized the
7 management deficiencies of the General Manager and stated on pages 13
8 and 14:

9 Staff's further adjustment to the General Manager's salary to
10 reflect discovery failures is well taken. In the case of an
11 investor-owned utility we might respond to management
12 indiscretion by way of an adjustment to return on equity.
13 Given the circumstances of Crooked River, an adjustment to
14 the compensation level of the General Manager is more
15 appropriate.

16
17 Because of the adjusted change, my alternate recommendation on
18 wages results in a \$9,432 increase from the Order No. 07-527 amount.

19 Account No. 604, Employee Pension and Benefits

20 This expense is to provide medical and dental insurance for employees.
21 In this case, I used actual 2008 medical and dental plan costs and added
22 an amount for one additional full-time equivalent (FTE). I then applied a
23 85/15 percent, employer/employee split to the total. I made this adjustment
24 because independent health care studies show that the employees' share
25 of benefits has been increasing as a way to defray the premium increases
26 to companies. Studies show that sharing in the range of 80/20 is becoming

1 standard over multiple industries.¹¹ Staff routinely recommends a split
2 between employer and employee in energy rate cases, most recently PGE
3 UE 197. My total adjusted costs equal \$33,362. This is an increase of
4 \$4,971 from the Order No. 07-527 Employee Pension and benefits amount
5 of \$28,390.

6 Account No. 611, Telecommunications

7 For telecommunication costs, I used the actual costs for T-Mobile, the
8 pager, and Qwest. I also imputed \$1,200 for Webformix internet costs since
9 I added a corresponding amount to Rental Income. As discussed in
10 Staff/100, Dougherty/24, the Company has an agreement with Webformix
11 that if the Company does not charge Webformix for rental costs, Webformix
12 would not charge the Company for internet services. By adding the costs to
13 both revenue and expenses, these costs net to zero. My adjusted results of
14 \$8,083 resulted in a \$995 reduction from the Order No. 07-527
15 Telecommunication cost of \$9,078.

16 Account No. 615, Purchased Power

17 The Company's power cost from June 2007 through May 2008,
18 (according to invoices) was \$49,717. Because CRRWC is a customer of
19 PacifiCorp, I made two adjustments. First, I added 4 percent to account for
20 increased rates that resulted from PacifiCorp's SB 408 tax true-up. Second,
21 I added a 6 percent increase to account for increased power costs. As a
22 result, I increased the Company's power costs to reflect projected increases

¹¹ Kaiser Family Foundation Employer Health Benefits 2007 Survey, Towers Perrin 2008 Health Care Cost Survey, and Hewitt Associates Outlook for 2008.

1 in rates charged by PacifiCorp. My adjusted results of \$54,689 resulted in a
2 \$284 increase from the Order No. 07-527 Purchased Power cost of
3 \$54,404. As can be noted from above, the Order No. 07-527 adjusted
4 amount was \$4,687 greater than the Company's actual 12-month cost.

5 Account No. 619, Office Supplies

6 While reviewing the 2007 and 2008 invoices concerning office supplies, I
7 noted that the amount charged for office supplies after issuance of Order
8 No. 07-527 increased tremendously. For the time-period of July 2007
9 through November 2007, the average monthly cost for office supplies was
10 \$917. For the time-period of December 2007 through June 2008, the
11 average monthly cost for office supplies was \$1,367, even after transferring
12 \$721.59 of paper costs into Account 666, Amortization of Rate Case
13 Expense. This is an approximately 54 percent increase in monthly costs.
14 In the June 6, 2008, Staff's Motion Concerning Crooked River Ranch Water
15 Company's Operating Account, I expressed concern about the decrease in
16 the Company's Operating Account. As a result, I believe the five-month
17 period of July 2007 through November 2007 is more reflective of prudent
18 cost management concerning office supplies. Because of this, I multiplied
19 the \$917 average cost per month by 12 months to receive approximately
20 \$11,007 in office supplies. I then added copier costs to this amount to
21 receive a total cost of \$15,961. My adjusted results of \$15,961 resulted in a
22 \$680 increase from the Order No. 07-527 Office Supplies cost of \$15,281.

1 Staff/205, Dougherty/8 also includes a comparison between CRRWC's
2 office supplies cost per customer with other Class B utilities that I was able
3 to obtain updated, accurate information. As can be seen, CRRWC's cost
4 per customer is \$12.35, while the average of the other companies is \$3.52.
5 This indicates, in comparison to other companies, that the Company has
6 some room for cost savings in the future.

7 Account No. 619.1, Postage

8 The Company uses a bulk rate of \$0.32 per mailing. To determine
9 costs, I multiplied 1,571 customers by \$0.32 for 12 months and received
10 \$6,048. I also added additional shipping costs based on 2007/2008
11 invoices receiving a total cost of \$6,932. My adjusted results of \$6,932
12 resulted in a \$275 increase from the Order No. 07-527 Postage cost of
13 \$6,658.

14 Account No. 620, O & M Materials and Supplies

15 For O&M Materials and Supplies, I was able to use 2007/2008 invoices
16 to calculate a total cost of \$7,696. My adjusted results of \$7,696 resulted in
17 a \$4,030 increase from the Order No. 07-527 O&M Materials and Supplies
18 cost of \$3,666.

19 Account No. 621, Repairs to Plant

20 For Repairs to Plant, I was able to use 2007/2008 invoices to calculate a
21 total cost of \$20,345. Because the Company suspended the maintenance
22 contract of \$500 per week (\$26,000 annually) with J. R. Rooks, I did not
23 add this cost. My adjusted results of \$20,345 resulted in a \$10,288

1 decrease from the Order No. 07-527 Repairs to Plant cost of \$30,633. The
2 decrease was a result of the discontinuation of the maintenance contract.

3 Account No. 632, Contract Services – Accounting

4 Based on the Company's 2007/2008 invoices, I recommend a cost of
5 \$2,513 for accounting services. The Company also submitted invoices for
6 services performed in support of the rate application. I moved these costs
7 into Account 666, Amortization of Rate Case Expenses. My adjusted
8 results of \$2,513 resulted in a \$2,056 decrease from the Order No. 07-527
9 Contract Services - Accounting cost of \$4,569.

10 Account No. 633, Contract Services - Legal

11 CRRWC incurred \$78,253 in non-UW 120 legal costs from the time-
12 period of July 2007 through June 2008. This amount is an extraordinary
13 high amount for a Class "B" water utility.¹² I reviewed all legal invoices
14 submitted and the following table highlights my results:
15

	Amount	Reason
2007/2008 Costs	\$78,253	
<i>Minus</i>	\$2,416	Litigation associated with easements for Well #3. Since Well #3 is CWIP, these costs are properly capitalization and have been transferred to plant.
<i>Minus</i>	\$10,280	Costs associated with State v. Rooks (criminal mischief, trespassing).

¹² In UW 119 – Agate (Commission Order No. 07-359) \$745 was included in legal costs; in UW 107 – Roats (Commission Order No. 05-811) \$2,362 was included in legal costs; and in UW 118 – Sunriver (Commission Order No. 06-678), \$220 was included in legal costs.

1

	Amount	Reason
<i>Minus</i>	\$33,195	WJ 8 jurisdictional costs amortized over 3-years. Total costs were \$49,792, so \$16,547 is recommended for allowance. Staff performed a 2-year amortization in Order No. 07-157.
<i>Minus</i>	\$13,483	Personal lawsuit against J. R. Rooks – Berry Case.
<i>Plus</i>	\$2,789	Remaining Order No. 07-527 amortized expenses.
<i>Total adjustments</i>	\$53,544	
Recommended Allowance	\$21,668	Actual minus adjustments.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

As can be seen from the above table, I removed expenses that were not related to the prudent operation of the utility, removed expenses that were more properly classified to plant, and amortized costs associated with WJ 8 over a three-year period. My adjusted results of \$21,668 resulted in a \$15,559 increase from the Order No. 07-527 Contract Services - Legal cost of \$6,109.

In my first alternate recommendation, I amortized the WJ 8 costs over five years. I performed this extended amortization based on the high level of expenses for a company of 1,571 members. The extended amortization results in a recommended cost of \$15,029. My adjusted results of \$15,029 resulted in an \$8,920 increase from the Order No. 07-527 Contract Services - Legal cost of \$6,109.

In a September 10, 2007, Special Board of Directors Meeting, the meeting minutes address legal costs and state:

1 All board members agree that something has to be done,
2 and will support JR in whatever actions necessary. JR has
3 \$200,000 in CD's to cover the costs.¹³
4

5 Although the non-UW 120 costs equal an extraordinarily high \$75,212,
6 the Company's total legal costs from the July 2007 through June 2008 time-
7 period including UW 120 costs was \$91,268.¹⁴ This equals approximately
8 16.6 percent of total calculated revenue. As mentioned in the June 6, 2008,
9 Staff's Motion Concerning Crooked River Ranch Water Company's
10 Operating Account, these expenditures may cause a lack of funds for
11 necessary purposes including required (versus optional) repairs, planned
12 and preventative maintenance, operations, and hiring personnel to the level
13 (6.625 Full Time Equivalents) authorized by the Commission in Order
14 No. 07-527.

15 In my second alternate recommendation, I maintain the level of legal
16 costs at the Order No. 07-527. As highlighted above, the Company's legal
17 costs are extraordinarily high and appear to work against the best interest
18 of its members.

19 Account No. 635, Contract Services - Testing

20 For testing, I used a three-year average cost of \$4,853. This amount is
21 slightly higher than the actual 2007/2008 costs of \$4,660. My adjusted

¹³ Included in Staff Exhibit/206.

¹⁴ The Company's accounting data actually shows \$103,298 in cost; however, as previously mentioned, due to the late data request submittal, I was not able to reconcile costs. As a result, some costs may have actually occurred prior to the test year or invoices may not have been submitted.

1 results of \$4,853 resulted in a \$553 increase from the Order No. 07-527
2 Contract Services - Testing cost of \$4,299.

3 Account No. 636, Contract Services - Labor

4 Because I increased the part-time Field Tech position to a full-time
5 position, I recommend \$0 for this expense since inclusion of both amounts
6 would result in double counting for the increased labor.

7 Account No. 643, Small Tool Expense

8 For Small Tool Expense, I was able to use 2007/2008 invoices to
9 calculate a total cost of \$1,258. My adjusted results of \$1,258 resulted in a
10 \$1,083 increase from the Order No. 07-527 Small Tool cost of \$175.

11 Account No. 648, Computer/Electronic Expenses

12 For Computer/Electronic Expenses, I was able to use 2007/2008
13 invoices to calculate a total cost of \$1,686. My adjusted results of \$1,686
14 resulted in a \$396 increase from the Order No. 07-527 Computer/Electronic
15 costs of \$1,290.

16 Account No. 650, Transportation

17 For non-fuel transportation costs, I was able to use 2007/2008 invoices
18 to calculate a cost of \$4,991 for parts and repairs. For fuel costs, I used the
19 July 2007 through June 2008 gallons used for both ULSD (Diesel) #2 (2,675
20 gallons) and Unleaded Gas 87 Octane (983 gallons) and multiplied the total
21 gallons for each fuel by an escalated cost per gallon, \$4.24 for Unleaded
22 Gas 87 Octane, and \$5.25 for ULSD #2. I derived the escalated the cost
23 per gallon by using the most current cost to the Company and increasing

1 this cost by 10 percent. As a result, I recommend \$18,209 in fuel costs. It
2 should be noted that the Company's actual 12-month fuel cost was \$13,585,
3 which was lower than the Order No. 07-527 recommended fuel cost of
4 \$14,111. My adjusted results of \$23,200 resulted in a \$6,041 increase from
5 the Order No. 07-527 Transportation costs of \$17,160.

6 Account No. 656, Vehicle Insurance

7 Based on the current policy in effect, I recommend a cost of \$3,406. My
8 adjusted results of \$3,406 resulted in a \$478 decrease from the Order
9 No. 07-527 Vehicle Insurance costs of \$3,884.

10 Account No. 657, General Liability Insurance

11 Based on the current policy in effect, I recommend a cost of \$5,616. My
12 adjusted results of \$5,616 resulted in a \$696 decrease from the Order No.
13 07-527 General Liability Insurance costs of \$6,312.

14 Account No. 658, Workers' Compensation

15 Based on the current policy in effect, I recommend a cost of \$8,201. My
16 adjusted results of \$8,201 resulted in a \$1,367 increase from the Order
17 No. 07-527 Workers' Compensation costs of \$6,835.

18 Account No. 666, Amortization of Rate Case Expense

19 Based on invoices, I recommend an amount \$8,716 in Account 666
20 expenses. The following table highlights my calculation of this expense:

1

Vendor	Expense	Date	Included Expense in Account 666
Karnopp	\$2,984	11/30/2007	
Karnopp	\$841.50	12/31/2007	
Glenn Sites	\$60.00	7/25/2007	
Glenn Sites	\$1,760	8/25/2007	
Glenn Sites	\$1,780	9/25/2007	
<i>Subtotal</i>	\$7,425		
Minus \$5,000 estimated in Order No. 07-527	(\$5,000)		
Total Legal	\$2,425		\$1,212.50
Harrigan	\$2,303	8/25/2007	
Harrigan	\$846	12/25/2007	
Harrigan	\$3,623	11/15/2007	
<i>Subtotal</i>	\$6,772		
Minus \$1,000 estimated in Order No. 07-527	(\$1,000)		
Total Accounting	\$5,772		\$2,886
QUILL Paper Costs	\$721.59		\$360.80
Order No, 07-527 Amortization (18 months of \$5,675.50 still remaining)	\$5,675.50		\$4,256.63
Total			\$8,716

2

3

4

5

6

I calculated this amount by adding all legal costs that occurred from July 2007 through December 2007, which equaled \$7,425. Because in Order No, 07-527, I added \$5,000 in estimated legal costs, I subtracted this \$5,000 to receive \$2,425. Without subtracting the \$5,000, I would be

1 double counting this amount when I added the Order No. 07-527
2 amortization amount to the total. I then amortized the \$2,425 over two-
3 years. I performed a similar method for accounting costs, added paper
4 costs, and added the remainder of the Order No. 07-527 amortization
5 (18 months) receiving a recommended cost of \$8,716. My adjusted results
6 of \$8,716 resulted in a \$3,040 increase from the Order No. 07-527 Rate
7 Case Amortization costs of \$5,676.

8 I did not include any UW 120 costs that occurred after the issuance of
9 Order No. 07-527. The Company could have avoided these costs (\$8,632)
10 by complying with the Commission Order. Concerning my second alternate
11 recommendation, I maintained the expense at the Order No. 07-527 level of
12 \$5,676.

13 Account No. 673, Training and Certification

14
15 Because the Company did not provide any invoices for training, I
16 recommended \$0 for this expense. My adjusted results of \$0 resulted in a
17 \$1,000 decrease from the Order No. 07-527 Training and Certification costs
18 of \$1,000. Although I do not recommend any amount in this account, I
19 included operator certification renewal costs and Oregon Association of
20 Water Utilities (OAWU) membership costs in Account 675, General
21 Expense. OAWU offers numerous training courses throughout the state
22 that are no cost.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Account No. 674, Consumer Confidence Report

Based on an invoice, the Company paid \$200 for production of its Consumer Confidence Report. My adjusted results of \$200 resulted in a \$600 decrease from the Order No. 07-527 Consumer Confidence Report costs of \$800.

Account No. 675, General Expense

For General Expenses, I was able to use 2007/2008 invoices to calculate a total cost of \$4,038. My adjusted results of \$4,038 resulted in a \$3,300 increase from the Order No. 07-527 General Expense of \$738.

Account No. 408.12, Property Tax

Based on property tax statements, the Company paid \$463 in property taxes. My adjusted results of \$463 resulted in a \$463 increase from the Order No. 07-527 Property Tax Expense of \$0.

Account No. 408.12, Payroll Tax

I calculated payroll taxes (SSI, Medicare, FUTA, and SUTA) based on my recommended wage expense (\$240,736) and number of employees. For FUTA, I multiplied \$56 per employee (the maximum rate when a company is also covered by SUTA) by number of employees; and for SSI, Medicare, and SUTA, I multiplied current tax rates by the recommended wage amount to receive my recommended amount of \$24,249. My adjusted results of \$24,249 resulted in a \$4,493 increase from the Order No. 07-527 Payroll Tax Expense of \$19,756.

1 Concerning my alternate recommendations, I performed the same
2 method on the lower level of wages of \$228,002. As a result, I receive an
3 alternate recommendation of \$22,987. My adjusted results of \$22,988
4 resulted in a \$3,231 increase from the Order No. 07-527 Payroll Tax
5 expense of \$19,756.

6 **Q. AS A RESULT OF YOUR MANY ADJUSTMENTS, DO YOU BELIEVE**
7 **THAT YOU HAVE SET OPERATING EXPENSES TO A POINT THAT**
8 **THE COMPANY WILL BE ABLE TO OPERATE THE WATER**
9 **SYSTEM?**

10 A. Yes. Although Staff normally does not base findings solely on comparisons
11 with other water utilities because comparisons cannot take into account all
12 the possible differences in circumstances among companies, I previously
13 compared the total operating expenses of CRRWC to two other Class "B"
14 water utilities of similar size or staffing in the Central Oregon region. The
15 two companies I used as a comparison are Roats and Agate. In UW 107 -
16 Roats (Commission Order No. 05-811), the total operating expense allowed
17 in rates was \$424,195. In UW 119 – Agate (Commission Order No. 07-
18 359), the total operating expense allowed in rates was \$369,790. As can
19 be seen by the comparison, my recommended operating expenses in all
20 three scenarios, based on a review of documentation received, is actually
21 higher than the two comparable companies.

22 Additionally, because of better documentation than that received for
23 Order No. 07-527, total operating expenses in both the recommended and

1 alternate recommendations have increased (\$47,666, \$28,250, and
2 \$16,260 respectively) from the Order No. 07-527 level.

3 **Q. DID YOU ADJUST NET UTILITY PLANT?**

4 A. Yes. After reviewing certain invoices from 2007 and 2008, the Company's
5 Utility Net Plant is actually \$566,703, which is an upward adjustment from
6 the Order No. 07-527 amount of \$543,506. My plant amount added the
7 following improvements:

- 8 1. Exterior painting of CRRWC's building and deck that occurred in
9 August 2007 (\$2,675);
- 10 2. Purchase of a 8' x 40' storage container in February 2008
11 (\$2,000);
- 12 3. Drilling for underground utilities in October 2007 (\$8,313). This
13 was categorized as CIAC because it appears to be related to
14 service connections;
- 15 4. Installation of pipe and plumbing supplies in October 2007
16 (\$5,608). This was categorized as CIAC because it appears to be
17 related to service connections;
- 18 5. Installation of master meter and master meter box in March 2008
19 (\$528);
- 20 6. Installation of a fire hydrant in June 2007 (\$1,449);
- 21 7. Installation of window tint in January 2008 (\$1,140);
- 22 8. New tires for a vehicle in August 2007 (\$782);

- 1 9. Overhauls on two backhoes that occurred in June 2007 (Serial
- 2 No. JJG0285111 - \$14,840) and March 2008 (Serial No.
- 3 JJG0285141 - \$18,607);
- 4 10. Overhaul on a dump truck that occurred in March 2008 (\$11,473);
- 5 11. Purchase of a boom in June 2007 (\$8,405); and
- 6 12. Installation of HVAC equipment in September 2007 (\$9,243).

7 Although I added the overhauls of backhoe (Serial No. JJG0285111) and
8 the dump truck, the prudence of these costs is suspect considering the net
9 book value of these two pieces of equipment is \$325 and \$367,
10 respectively. In addition, the Company's plant schedule indicates both an
11 additional backhoe (Serial No. JJG0285141) and dump truck that have more
12 recent "placed in service dates." I requested information on these costs in
13 Staff Data Requests 178, 181, 187, and 188. The Company did not answer
14 data requests 178 and 181. However, the Company admitted in response
15 to data requests 187 and 188, that no cost benefit analyses of these
16 expensive repairs were performed.

17 With that said, I included these costs to recognize the value of the two
18 pieces of equipment in event that the Company sells either piece of
19 equipment to a third party or affiliated interest. ORS 757.480 requires a
20 water company to obtain the Commission's approval to sell or lease of any
21 property over the value of \$10,000. The overhauls of each equipment
22 exceeded \$10,000 resulting in adjusted book values that currently meet the
23 ORS 757.480 threshold of \$10,000.

1 **Q. PLEASE EXPLAIN CIAC.**

2 A. The Internal Revenue Service defines CIAC as any amount or item of
3 money, services or property received by a utility, from any person or
4 governmental agency, any portion of which is provided at no cost to the
5 utility, which represents an addition or transfer to the capital of the utility,
6 and which is utilized to offset the acquisition, improvement or construction
7 costs of the utility's property, facilities, or equipment used to provide utility
8 services to the public. CIAC is plant that is paid for by entities other than
9 the utility.

10 **Q. WHAT RECENT PLANT EXPENDITURES DID YOU CLASSIFY AS**
11 **CIAC?**

12 A. In the case of the drilling underground utility lines, the drilling occurred in an
13 area of a main line extension where potential customers could request
14 service. As a result, these costs would be included in a hook-up charge
15 and any recovery in plant would result in double recovery. Additionally, in a
16 review of a customer inquiry concerning a service connection, the Company
17 included the cost (\$15 per foot) as stated in the drilling invoice.

18 Concerning the pipe and plumbing supplies purchased in October 2007,
19 I did not include these costs in plant because in its response to Staff Data
20 Request 193, the Company stated that "No new equipment, therefore no
21 labor performed." This indicates that the materials were not purchased for
22 plant improvements, indicating that the costs may be associated with
23 service connections.

1 Although I included costs surrounding a master meter in plant, I did not
2 include customer meters. Concerning customer meters, the Company
3 includes the cost of the meters in the service connection charge and any
4 recovery in plant would result in double recovery.

5 **Q. IS IT STANDARD PRACTICE TO REMOVE CIAC FROM RATE BASE?**

6 A. Yes. Oregon Administrative Rule 860-036-0756(3) specifically requires that
7 CIAC be separated from utility plant and accounted for and depreciated on
8 a separate schedule outside the ratemaking process. If CIAC were not
9 removed from rates, then customers would be paying twice for the plant
10 equipment, once when the equipment is purchased and twice through the
11 recovery of equipment in rates.

12 **Q. DID YOU ADJUST DEPRECIATION EXPENSE?**

13 A. Yes. Because of my plant additions, depreciation expense resulted in an
14 annual expense of \$46,602. My calculated amount is \$2,611 higher than
15 the Order No. 07-527 amount of \$43,991.

16 **Q. DID YOU ADJUST ACCUMULATED DEPRECIATION?**

17 A. Yes. My calculation of Accumulated Depreciation, using Average Service
18 Lives consistent with the method that was originally developed by the
19 National Association of Regulatory Utility Commissioners (with the
20 exception of the Building), resulted in an Accumulated Depreciation amount
21 of \$455,764. My calculated amount is \$47,946 higher than the Order
22 No. 07-527 amount of \$407,818.

1 **Q. DID YOU ADJUST THE RATE OF RETURN AUTHORIZED IN ORDER**
2 **NO. 07-527?**

3 A. No. The Commission in Order No. 07-527 succinctly stated on page 28:

4 A customer/owner of Crooked River has no investment in the
5 company that can be reclaimed in any form, by selling
6 "stock", selling their property, receiving dividends or getting
7 disbursements of amounts in capital accounts. The
8 Company bylaw states: "Memberships in the co-operative
9 shall vest only voting rights and shall not vest in any member
10 a financial interest in the co-operative or its assets."

11
12 In the typical case, we balance the interests of ratepayers
13 and investors in setting the return on equity at a rate that is:
14 a) commensurate with the return on investments in other
15 enterprises having corresponding risks; and b) sufficient to
16 ensure confidence in the financial integrity of the utility,
17 allowing the utility to maintain its credit and attract capital.
18 (ORS 756.040). In this case, the owners are not "investors"
19 in that they receive no return on their investment that can be
20 reclaimed. As a result, we find that the interest of the
21 customer/owners is best served by setting the return on their
22 capital at zero.

23
24 With no long term debt and the zero return on capital, the
25 adopted rate of return is zero. This is the most favorable
26 outcome for the customer/owners and is unique to this case.

27
28 Concerning long-term debt, the Commission in Order No. 07-527 stated
29 on page 10:

30 The building loan was one of the original uses designated for
31 the assessment surcharge, and its payment would be a
32 reasonable use of the assessment funds. We will impute the
33 payoff of the building loan for ratemaking purposes.

34
35 Crooked River also has a loan outstanding for a truck.
36 Although the truck loan was not among the intended uses of
37 the surcharge funds, we also impute the payoff of the truck
38 loan from the assessment fund balance for ratemaking
39 purposes.
40

1 The Commission's decision remains relevant because the Company
2 paid-off the building loan. Although CRRWC still maintains a loan
3 outstanding for the truck, the Commission was clear that it intended to
4 impute the pay-off of the loan for ratemaking purposes.

5 **Q. BECAUSE THERE IS NO ALLOWED ROR, HOW CAN THE COMPANY**
6 **EXPECT TO HAVE FUNDS FOR FUTURE INVESTMENT IN PLANT?**

7 A. I propose to include all plant in service that is not CIAC for calculating
8 Depreciation Expense, which is factored into rates. As previously
9 mentioned, I included depreciation expense of \$46,602 in rates.
10 Depreciation expense is a non-cash expense that allows the Company to
11 have additional cash flow for future investment. CRRWC also maintains
12 various Certificate of Deposits (CDs) and money market funds that could be
13 utilized towards proper plant investment.

14 **Q. WHAT IS THE STATUS OF THE CAPITAL ASSESSMENT FUND?**

15 A. According to a March 29, 2004, Board Resolution, funds are being collected
16 for:

- 17 ▪ Drilling of Well No. 3, and plumbing to accommodate a chlorination
18 system;
- 19 ▪ Upgrading the Cistern and building a new pump house;
- 20 ▪ Re-plumb and add a chlorination station to Well No. 1 (formally Well
21 No. 4); and
- 22 ▪ Pay-off the loan on the office building.

1 On approximately March 12, 2008, the Company paid-off the building
2 loan.

3 Although in Commission Order No. 08-243, the Company was ordered to
4 return \$130,656 of the capital assessment fund to customers, the Company
5 requested the Oregon Court of Appeals stay the Commission refund
6 requirements. Although initially denied, the Court of Appeals granted a
7 temporary stay on May 18, 2008, on the condition that the Company post a
8 bond for that amount. On June 5, 2008, the Company deposited a
9 cashier's check with the Oregon State Treasury for the refund amount.

10 **Q. CONCERNING WELL NO. 3, DO YOU STILL BELIEVE THE WELL IS**
11 **NOT NECESSARY FOR THE OPERATIONS OF THE COMPANY?**

12 A. Yes. As mentioned in Staff/100, the current two wells appear to have
13 sufficient capacity and access to water to supply current and likely
14 additional future customers. Additionally, the new well without associated
15 increased usage to meet the Company's current water permit, would not
16 necessarily result in the Company perfecting its water right at the amount in
17 permit No. G-11376 (5 cfs, 3.23 MGD).¹⁵ As a result, a third well would
18 probably not be used and useful for current customers and should continue
19 to be excluded from rate base as excess capacity.

20 It appears that the Company also believes the two current wells supply
21 sufficient capacity. In a June 13, 2008, letter to the Chair of the Jefferson

¹⁵ Based on information received from OWRD, the Company can perfect its water right at the October 1, 2008, date specified in OWRD Order T-9663, but to an amount lower than 5.0 cfs and 3.23 MGD.

1 County Planning Commission, the General Manager states (emphasis
2 added):

3 “The Association Attorney mentioned that CRR Water
4 Cooperative, of which I am the General Manager and also a
5 Board Member, only had enough water to cover one RV
6 project. In addition, she mentioned that the co-op had made
7 application for a new well, which means that there is a water
8 problem. CRRWC gave letters to Mr. Muck for both of his
9 projects. In addition, there has been no application to drill a
10 well. This is something that we plan to do in the future, **but**
11 **for reasons other than a lack of water availability.** As I
12 explained, I have an 8” main line in this area, with 110 psi,
13 **which is more than adequate** to meet the needs of two 10
14 space RV parks, whether they contain “permanent”
15 residents, or “transient” residents.¹⁶

16
17 As can be derived from the above statement, a third well is not required
18 at this time.

19 **SUMMARY OF STAFF’S REVENUE REQUIREMENT AND RATES**

20 The following table highlights the comparison between current revenue
21 and rates; my recommended revenue and rates; my first alternate and
22 second alternate proposals concerning revenue and rates.

	CRRWC UW 120 (07-527)	Staff Proposed	Staff First Alternate	Staff Second Alternate
Total Revenue	\$490,605	\$545,848	\$525,171	\$513,180
Total Revenue Reductions	\$490,605	\$545,848	\$525,171	\$513,180
Net Income	\$0	\$0	\$0	\$0
Percent Increase in Revenue		10.26%	6.02%	3.56%

¹⁶ Included in Staff Exhibit 206.

	CRRWC UW 120 (07-527)	Staff Proposed	Staff First Alternate	Staff Second Alternate
Base Rate	\$17.34	\$19.11	\$18.38	\$17.95
Commodity Rate per 100 cf	\$0.80	\$0.89	\$0.86	\$0.84
Average Rate	\$25.87	\$28.52	\$27.43	\$26.79
Connection Charge	\$450 or cost (if cost > \$450)	At cost	At cost	At cost

1

2

**Q. DID YOU MAKE ANY CHANGES IN THE RATE DESIGN CURRENTLY
IN EFFECT?**

3

4

A. No

5

**Q. HOW DID YOU ALLOCATE REVENUE INTO BASE AND VARIABLE
RATES?**

6

7

A. Although Staff will routinely use a 60/40 split between base and variable

8

rates, I used a 67/33 split between base and variable rates. This split was

9

made to ensure the Company would be able to recover its fixed costs in the

10

base rate.

11

**Q. PLEASE EXPLAIN WHY YOU DID NOT PROPOSE A TWO-TIER
VARIABLE RATE.**

12

13

A. I did not propose a two-tier rate for two reasons. First, the Company did not

14

provide multiple years of reliable consumption data, so I did not want to

15

determine a rate without a few years of complete and accurate information.

16

Second, the Company based on its current water permit, current usage,

1 and current wells and distribution system, has an adequate supply of water.
2 Staff/202, Staff/203, and Staff/204 contain the rate design.

3 **Q. DO YOU RECOMMEND ANY CHANGES IN THE MISCELLANEOUS**
4 **SERVICE CHARGES?**

5 A. Yes. I recommend the Connection Charge of \$450 be changed to state “at
6 cost”. A connection charge is the cost of all necessary trenching, pipe,
7 valves, and fittings between the Company’s main line and the customer
8 service line. This is generally the distance from the Company’s main line to
9 the customer’s property line. This charge does not include the cost or
10 installation of the meter. The meter is not a component of the service
11 connection. Pursuant to OAR 860-036-0060, the charge must be cost
12 based, the Company and the customer must agree to the cost prior to
13 installation, and the Company bears the burden of proof to justify that the
14 charge is necessary, reasonable, and at actual cost.

15 **Q. WHAT EFFECT DO YOUR RECOMMENDED RATES HAVE ON**
16 **CUSTOMERS?**

17 A. Staff/202, Staff/203, and Staff/204 contain the rate impacts of my
18 recommended rates. Because I have multiple recommendations, I did not
19 include tariff sheets as an exhibit to testimony. Once the Commission
20 issues a final order, tariffs sheets will be developed.

1 **Q. DOES THE COMPANY HAVE ANY AFFILIATED INTEREST**
2 **CONTRACTS THAT REQUIRE COMMISSION APPROVAL?**

3 A. Yes. Commission Order No. 07-527 determined that J. R. Rooks is an
4 affiliated interest. As such, the Company filed UI 281 (Commission Order
5 No. 08-347) and UI 282 (Commission Order No. 08-353) on May 20, 2008,
6 concerning the employment services contracts of Mr. Rooks and his wife.
7 The Company and Mr. Rooks suspended the maintenance contract, and as
8 such, no filing is necessary.

9 **STAFF'S DISCUSSION OF CRRWC'S BANK ACCOUNTS**

10 **Q. IN COMMISSION ORDER NO. 08-243, THE COMMISSION WAS**
11 **CONCERNED ABOUT THE DISCLOSURE AND USE OF FUNDS.**
12 **PLEASE EXPLAIN YOUR INVESTIGATION TO DATE CONCERNING**
13 **CRRWC'S FUNDS.**

14 A. In Commission Order No. 08-243, the Commission stated on page 7:

15 In a general rate case, the Commission looks at all financial
16 aspects of a utility's operations, including its cash reserves.
17 In this case Crooked River withheld information regarding
18 these accounts (and, possibly, other accounts). These funds
19 were not accounted for in Order No. 07-527.

20
21 The rate case is reopened to consider the ratemaking
22 treatment of the Company's surplus capital (in excess of the
23 amount recognized in Order No. 07-527). That action will be
24 coordinated with the accounting of the surcharge balance as
25 addressed above. With its comments of the Company's
26 assessment fund balance, the Staff also shall make a
27 recommendation for the ratemaking treatment of the
28 remaining funds.
29

1 In Staff Data Requests 186 and 194, I requested additional information on
2 these accounts.

3 **Q. DO YOU HAVE AN UPDATE ON CRRWC'S OPERATING ACCOUNT?**

4 A. Yes. In the June 6, 2008, Staff's Motion Concerning Crooked River Ranch
5 Water Company's Operating Account, I included a table that demonstrated
6 the recent decline of funds in the Company's operating account. I have
7 updated this table to include the May 2008 and June 2008 operating
8 account information.

Month	Ending Balance
December 31, 2007 ¹⁷	\$102,433
January 31, 2008	\$114,603
February 29, 2008	\$100,908
March 31, 2008	\$46,710
April 30, 2008	\$39,008
May 31, 2008	\$30,271
June 30, 2008	\$22,110
Decrease December - June	\$80,323
Percent Decrease	78%

9
10 I consider these expenditures problematic because many of them
11 appear unnecessary and may cause a lack of funds for necessary purposes
12 including required (versus optional) repairs, planned and preventative
13 maintenance, operations, and hiring personnel to the level (6.625 Full Time
14 Equivalent) authorized by the Commission in Order No. 07-527. It is
15 important to note that proper operation of the Company may be hampered
16 due to the lack of sufficient, qualified personnel to handle multiple demands

¹⁷ The December 2007 amount of \$102,433 approximated the average 2006 balance of \$102,885, and average 2005 balance of \$101,249.

1 of the system during peak summer months. My concern is reinforced by
2 statements the Company made to customers in a March 26, 2008, letter to
3 its members. In this letter, CRRWC stated:

4 The Board of Directors and management have made
5 adjustments in order to try to continue operations with the
6 budget required by the PUC. Almost all overtime has been
7 eliminated for all staff, no major repairs have been
8 undertaken, all upgrades have been canceled due to lack of
9 funds, and the equipment repairs have been cut. Even with
10 these cuts, the company is now operating in the red. The
11 PUC reduced rates but at the cost of the integrity of your
12 water system. Under the current PUC imposed budget it is
13 only a matter of time before the integrity of the system and
14 the services provided will be compromised.¹⁸

15
16 It is interesting that the Company tells the Commission and water
17 company members that it has no funds for repairs and improvements, but
18 has spent extraordinarily high levels for legal costs, office supplies, and
19 unnecessary plant purchases (overhauls of old and redundant equipment)
20 during the past 12 months. As Staff mentioned in its motion, if the
21 Company continues to drain funds from its operating account, the
22 necessary funds may not be available for required repairs to the system
23 and to hire adequate staffing to ensure the continued operation of the
24 system.

25 **Q. YOU PREVIOUSLY MENTIONED THAT THE COMPANY DEPOSITED**
26 **A CASHIER'S CHECK WITH THE STATE TREASURY BASED ON THE**
27 **COURT OF APPEALS RULING. DO YOU KNOW WHAT ACCOUNTS**
28 **WERE INVOLVED WITH THIS DEPOSIT?**

¹⁸ Included in Staff Exhibit/206

1 A. The cashier's check appears to be based on a transfer of \$130,656.26 from
2 money market account number 57022077. This is a different account from
3 money market account number 57015933 that the Company previously
4 indicated was the Capital Assessment Fund. I was not aware of money
5 market account 57022077 until receiving a statement on July 30, 2008.
6 Because I was not previously aware of this account, the account was not
7 listed in Staff's Supplemental Response to Reconsideration dated
8 April 8, 2008.

9 In addition of using money market account 57022077 for the cashier's
10 check deposited with the State Treasury, the Company also closed-out the
11 Capital Assessment Fund money market account 57015933 on
12 May 15, 2008. It appears that this amount (\$118,562.25) was included in a
13 May 15, 2008 deposit of \$144,643.41 into the Company's Operating
14 Account. Because I only received May 2008 statements for two of four
15 Company CDs held at Community First Bank, the remainder of the deposit
16 (\$26,081.16) could possibly be attributed to CD accounts 50511098 and
17 50511106 (approximately \$24,486 as stated in Staff's Supplemental
18 Response to Reconsideration dated April 8, 2008). Another possible
19 source of the difference could possibly be attributed to Columbia River
20 Bank CD account 8000003266 that showed a balance of \$26,155.04 as of
21 March 6, 2008.

22 Without a copy of the Community First Bank statements for CD accounts
23 50511098 and 50511106 and a recent Columbia River Bank CD account

1 8000003266 statement, I am unable to track the complete source of the
2 \$144,643.41 deposit. The March 2008 statement for CD account
3 8000003266, May 2008 statement for money market account 57015933,
4 and June 2008 statement for money market account 57022077 are included
5 in Staff Exhibit 206.

6 **Q. YOU PREVIOUSLY MENTIONED UM 1381 AND THE COMPANY'S**
7 **NON-COMPLIANCE WITH CERTAIN ORDERING PARAGRAPHS IN**
8 **ORDER NO. 07-527. HAS THE COMPANY COMPLIED WITH THE**
9 **ORDERING PARAGRAPHS?**

10 A. The Company complied with ordering paragraph no. 4 on May 20, 2008,
11 and ordering paragraph no. 6 on January 28, 2008. Concerning ordering
12 paragraph no. 6, the Commission in Order No. 08-243 stated on page 3:

13 The Commission accepted Rooks' declaration as submitted
14 to Staff on January 28, 2008, as effective compliance with
15 Ordering Paragraph 6.
16

17 Although the Company insists it has correctly accounted for the
18 assessment funds (ordering paragraph no. 5), Staff continues to believe the
19 Company has not met the ordering paragraph. In every attempt at
20 accounting, the Company continues to add expenditures that were not in
21 the original board resolution or occurred prior to the resolution.

22 In addition, the Company, in its March 28, 2008, Application for
23 Reconsideration of Commission Order No. 08-181, included four CDs as
24 part of the assessment balance, even though these accounts were
25 established in 1999, long before establishment of the assessment fund.

1 Staff continues to insist that the Company accounting should only show
2 relevant costs that occurred after the resolution. The expenditures made
3 prior to the resolution had already occurred and funds were previously
4 expended for these expenditures. The Company should not try to balance
5 its funds by including costs that occurred as far back as 1999.

6 Additionally, as highlighted in Staff's May 23, 2008, testimony in
7 UCR 100, approximately \$3,618 of the pipe that the Company listed as paid
8 from the assessment fund¹⁹ was later claimed to be used in the Golden
9 Mantel mainline project. Because the Company will not provide its
10 inventory of pipe (as requested in data request 185), I cannot determine
11 how much pipe was actually purchased for use in the projects listed in the
12 Board resolution concerning the assessment charge. As a result, pipe
13 purchases, unless inventoried and dedicated to the specific assessment
14 projects, should not be included in assessment fund expenditures.

15 **Q. WHAT IS YOUR RECOMMENDATION CONCERNING FUNDS**
16 **REMAINING IN THE COMPANY'S CDS AND MONEY MARKET**
17 **ACCOUNTS?**

18 A. In Order No. 07-527, the Commission considered the assessment fund as a
19 constructive trust and stated its intention that the purpose of the fund be
20 preserved. Because the CDs and money market accounts were
21 established for the benefit of members, the Commission may consider
22 ordering the funds in these accounts to be preserved as a constructive trust

¹⁹ CRRWC's Supplemental Response to Order No. 08-243 dated June 4, 2008.

1 and only used for the direct benefit of members. If the Commission
2 chooses to consider the CDs and money market accounts as a constructive
3 trust, the Commission should order the Company to file quarterly
4 statements of all money market and CDs account to Staff.

5 Because the Board of Directors appears to be willing to spend all surplus
6 funds on legal expenses, this action or a similar action, may be necessary
7 to prevent the Company from draining all available funds resulting in a
8 shortage of funds to operate the Company effectively. (See page 25 of
9 testimony.) As previously mentioned, it appears that multiple CD and
10 money market accounts have been closed-out since May 2008.

11 **Q. BESIDES ORDERING THE COMPANY TO FORM CONSTRUCTIVE**
12 **TRUSTS FOR THE CERTIFICATE OF DEPOSITS AND MONEY**
13 **MARKET ACCOUNTS, DO YOU RECOMMEND ANY OTHER ACTIONS**
14 **THE COMMISSION SHOULD TAKE?**

15 A, Yes. In addition to the constructive trusts, the Commission may consider
16 further reducing the manager's wage and the amount of legal costs in rates.
17 These reductions would be based on CRRWC's lack of forthrightness
18 concerning the CDs and money market accounts and to discourage the
19 Company from draining member's funds.

20 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21 A. Yes.

22

CASE: UW 120
WITNESS: Michael Dougherty

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 201

Witness Qualification Statement

August 4, 2008

WITNESS QUALIFICATION STATEMENT

NAME: MICHAEL DOUGHERTY

EMPLOYER: PUBLIC UTILITY COMMISSION OF OREGON

TITLE: PROGRAM MANAGER, CORPORATE ANALYSIS AND WATER REGULATION

ADDRESS: 550 CAPITOL ST. NE, SALEM, OR 97308-2148

EDUCATION: Master of Science, Transportation Management, Naval Postgraduate School, Monterey CA (1987)

Bachelor of Science, Biology and Physical Anthropology, City College of New York (1980)

EXPERIENCE: Employed with the Oregon Public Utility Commission as the Program Manager, Corporate Analysis and Water Regulation. Also serve as Lead Auditor for the Commission's Audit Program.

Performed a five-month job rotation as Deputy Director, Department of Geology and Mineral Industries, March through August 2004.

Employed by the Oregon Employment Department as Manager - Budget, Communications, and Public Affairs from September 2000 to June 2002.

Employed by Sony Disc Manufacturing, Springfield, Oregon, as Manager - Manufacturing, Manager - Quality Assurance, and Supervisor - Mastering and Manufacturing from April 1995 to September 2000.

Retired as a Lieutenant Commander, United States Navy. Qualified naval engineer.

Member, National Association of Regulatory Commissioners Staff Sub-Committee on Accounting and Finance.

CASE: UW 120
WITNESS: Michael Dougherty

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 202

Exhibit in Support of Testimony

August 4, 2008

CRRWC
UW 120
Test Year: 2007/2008

Staff Increase 10.26%

Staff/202
Dougherty/1

Acct. No.		A	B	C
		Staff Analysis	Staff Proposed Rev Changes	Proposed Results (A+B=C)
REVENUES				
1	461.1 Residential / Commercial Water Sales	487,701	50,045	537,746
3	462.1 Fire Department	0	0	0
4	472 Rental Income (Cell Antenna; Equipment)	8,100	0	8,100
5	471 Misc. Revenues	0	0	0
6	468 Special Contracts	0	0	0
7		0	0	0
8	TOTAL REVENUE	495,801	50,046	545,848
OPERATING EXPENSES				
10	601 Salaries and Wages - Employees	240,736		240,736
11	603 Salaries and Wages - Officers	0		0
12	604 Employee Pension & Benefits	33,362		33,362
13	610 Purchased Water	0		0
14	611 Telephone/Communications	8,083		8,083
15	615 Purchased Power	54,689		54,689
16	618 Chemical / Treatment Expense	0		0
17	619 Office Supplies	15,961		15,961
18	619.1 Postage	6,932		6,932
19	620 O&M Materials/Supplies	7,696		7,696
20	621 Repairs to Water Plant	20,345		20,345
21	631 Contract Svcs - Engineering	0		0
22	632 Contract Svcs - Accounting	2,513		2,513
23	633 Contract Svcs - Legal	21,668		21,668
24	634 Contract Svcs - Management Fees	0		0
25	635 Contract Svcs - Testing	4,853		4,853
26	636 Contract Svcs - Labor	0		0
27	637 Contract Svcs - Billing/Collection	0		0
28	638 Contract Svcs - Meter Reading	0		0
29	639 Contract Svcs - Other	0		0
30	641 Rental of Building/Real Property	0		0
31	642 Rental of Equipment	0		0
32	643 Small Tools	1,258		1,258
33	648 Computer/Electronic Expenses	1,686		1,686
34	650 Transportation	23,200		23,200
35	656 Vehicle Insurance	3,406		3,406
36	657 General Liability Insurance	5,616		5,616
37	658 Workers' Comp Insurance	8,201		8,201
38	659 Insurance - Other	0		0
39	660 Public Relations/Advertising	0		0
40	666 Amortz. of Rate Case	8,716		8,716
41	667 Gross Revenue Fee (PUC)	1,240	125	1,365
42	668 Water Resource Conservation	0		0
43	670 Bad Debt Expense	0		0
44	671 Cross Connection Control Program	0		0
45	672 System Capacity Dev Program	0		0
46	673 Training and Certification	0		0
47	674 Consumer Confidence Report	200		200
48	675 General Expense	4,038		4,038
49	TOTAL OPERATING EXPENSE	474,399	125	474,524
OTHER REVENUE DEDUCTIONS				
50	403 Depreciation Expense	46,602		46,602
51	407 Amortization Expense	0		0
52	408.11 Property Tax	463		463
53	408.12 Payroll Tax	24,249		24,249
54	408.13 Other Tax	0		0
55	409.11 Oregon Income Tax	10	0	10
56	409.10 Federal Income Tax	0	0	0
57	TOTAL REVENUE DEDUCTIONS	545,723	125	545,848
58	NET OPERATING INCOME	(49,921)	49,921	0
59	101 Utility Plant in Service	1,022,467		1,022,467
60	Less:			
61	108.1 Depreciation Reserve	(455,764)		(455,764)
62	271 Contributions in Aid of Const	0		0
63	272 Amortization of CIAC	0		0
64	281 Accumulated Deferred Income Tax	0		0
65	Net Utility Plant	566,703	0	566,703
66	Plus: (working capital)	596,706		596,706
67	151 Materials and Supplies Inventory	0		0
68	Working Cash (Total Op Exp /12)	39,533	0	39,533
69	TOTAL RATE BASE	606,236	0	606,236
70	Rate of Return	-8.23%		0.00%

Order 07-527	Amounts	Difference
	482,505	55,241
	0	0
	8,100	0
	0	0
	0	0
	0	0
	490,605	55,243

218,578	22,158
0	0
28,390	4,971
0	0
9,078	(995)
54,404	284
0	0
15,281	680
6,658	275
3,666	4,030
30,633	(10,285)
0	0
4,669	(2,056)
6,109	15,559
0	0
4,299	553
0	0
0	0
0	0
0	0
67	(67)
175	1,083
1,290	396
17,160	6,041
3,884	(478)
6,312	(696)
6,835	1,367
0	0
0	0
0	0
5,676	3,040
1,256	109
0	0
0	0
0	0
1,000	(1,000)
800	(600)
798	3,300
426,857	47,666

43,991	2,611
0	0
0	463
19,756	4,492
0	0
0	10
0	0
490,605	55,243
0	0

951,324	71,142
(407,818)	47,946
0	0
0	0
0	0
543,506	23,196
35,580	(35,580)
35,596	3,937
614,683	(8,447)
0	0

Cash Flow Staff 546,602

Staff 606,236

CRRWC				Staff/202
Test Year: 2007/2008				Dougherty/2
SUMMARY OF ADJUSTMENTS				
			Results	Reason
REVENUES				
1	461	Residential / Commercial Water Sales	487,701	Average use multiplied by active customers for 2007.
3	465	Fire Department	0	
4	472	Rental Income (Cell Antenna; Equipment)	8,100	Based on cell tower revenue and imputed Webformix revenue.
5	471	Misc. Revenues	0	
6		Special Contracts	0	
7		0	0	
8		TOTAL REVENUE	495,801	
9				
OPERATING EXPENSES				
10	601	Salaries and Wages - Employees	240,736	Based on employ and employee wages. For Rooks family used UI 281 and UI 282 recommendations.
11	603	Salaries and Wages - Officers	0	
12	604	Employee Pension & Benefits	33,362	Based on actual costs plus 1 FTE
13	610	Purchased Water	0	
14	611	Telephone/Communications	8,083	Based on invoices.
15	615	Purchased Power	54,689	Based on invoices plus escalation for power costs and tax true-up.
16	618	Chemical / Treatment Expense	0	
17	619	Office Supplies	15,961	Based on July - November cost average multiplied by 12 months; and copier costs.
18	619	Postage	6,932	\$0.32 * 12 * 1,571 plus invoices for shipping.
19	620	O&M Materials/Supplies	7,696	Based on invoices.
20	621	Repairs to Water Plant	20,345	Based on invoices.
21	631	Contract Svcs - Engineering	0	
22	632	Contract Svcs - Accounting	2,513	Based on invoices.
23	633	Contract Svcs - Legal	21,668	Allowed expenses plus 3-year amortization of WJ 8 costs.
24	634	Contract Svcs - Management Fees	0	
25	635	Contract Svcs - Testing	4,853	Three-year average of testing.
26	636	Contract Svcs - Labor	0	
27	637	Contract Svcs - Billing/Collection	0	
28	638	Contract Svcs - Meter Reading	0	
29	639	Contract Svcs - Other	0	
30	641	Rental of Building/Real Property	0	
31	642	Rental of Equipment	0	
32	643	Small Tools	1,258	Based on invoices.
33	648	Computer/Electronic Expenses	1,686	Based on invoices.
34	650	Transportation	23,200	Based on invoices for non-fuel costs. Fuel costs equal average gallons per month * 12 * escalated (10%) fuel cost.
35	656	Vehicle Insurance	3,406	Based on invoices.
36	657	General Liability Insurance	5,616	Based on invoices minus imputed excavator insurance.
37	658	Workers' Comp Insurance	8,201	Based on invoices.
38	659	Insurance - Other	0	
39	660	Public Relations/Advertising	0	
40	666	Amortz. of Rate Case	8,716	Calculated, does not include post Order No. 07-527 costs.
41	667	Gross Revenue Fee (PUC)	1,240	Calculated.
42	668	Water Resource Conservation	0	
43	670	Bad Debt Expense	0	
44	671	Cross Connection Control Program	0	
45	672	System Capacity Dev Program	0	
46	673	Training and Certification	0	
47	674	Consumer Confidence Report	200	Teresa Mireles
48	675	General Expense	4,038	Based on invoices.
49		TOTAL OPERATING EXPENSE	474,399	

		OTHER REVENUE DEDUCTIONS		
50	403	Depreciation Expense	46,602	Calculated based on attached Plant sheet.
51	407	Amortization Expense	0	
52	408	Property Tax	463	
53	408	Payroll Tax	24,247	Calculated based on recommended wages.
54	408	Other Tax	0	
55	409	Oregon Income Tax	10	
56	409	Federal Income Tax	0	
57		TOTAL REVENUE DEDUCTIONS	545,721	
58		NET OPERATING INCOME	(49,919)	
59	101	Utility Plant in Service	1,022,467	Calculated based on attached Plant sheet.
60		Less:		
61	108	Depreciation Reserve	(455,764)	Calculated based on attached Plant sheet.
62	271	Contributions in Aid of Const	0	
63	272	Amortization of CIAC	0	
64	281	Accumulated Deferred Income Tax	0	
65		Net Utility Plant	566,703	Calculated based on attached Plant sheet.
66		Plus: (working capital)	0	
67	151	Materials and Supplies Inventory	0	
68		Working Cash (Total Op Exp /12)	39,533	1/12 of operating expenses.
69		TOTAL RATE BASE	606,236	
70		Rate of Return		

CRRWC
UW 120

RATE IMPACT - RESIDENTIAL (3/4 x 5/8) - 1 TIER

Commodity Rate	Monthly Consumptions Customer Usage cubic feet	Current Base Rate	Current Commodity Rate	Current Usage Factor	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference
\$0.89	0	\$17.34	\$0.80	0.0	\$17.34	\$19.11	\$0.89	0	\$19.11	\$1.77	10.22%
	250	\$17.34	\$0.80	2.5	\$19.34	\$19.11	\$0.89	2.5	\$21.34	\$2.00	10.35%
	500	\$17.34	\$0.80	5.0	\$21.34	\$19.11	\$0.89	5	\$23.57	\$2.23	10.47%
	700	\$17.34	\$0.80	7.0	\$22.94	\$19.11	\$0.89	7	\$25.36	\$2.42	10.54%
	1000	\$17.34	\$0.80	10.0	\$25.34	\$19.11	\$0.89	10	\$28.04	\$2.70	10.64%
	1055	\$17.34	\$0.80	10.5	\$25.78	\$19.11	\$0.89	10.55	\$28.52	\$2.75	10.65%
	1500	\$17.34	\$0.80	15.0	\$29.34	\$19.11	\$0.89	15	\$32.50	\$3.16	10.76%
	2000	\$17.34	\$0.80	20.0	\$33.34	\$19.11	\$0.89	20	\$36.96	\$3.62	10.86%
	3000	\$17.34	\$0.80	30.0	\$41.34	\$19.11	\$0.89	30	\$45.88	\$4.54	10.99%
	4000	\$17.34	\$0.80	40.0	\$49.34	\$19.11	\$0.89	40	\$54.81	\$5.47	11.08%
	5000	\$17.34	\$0.80	50.0	\$57.34	\$19.11	\$0.89	50	\$63.73	\$6.39	11.15%
	6000	\$17.34	\$0.80	60.0	\$65.34	\$19.11	\$0.89	60	\$72.66	\$7.32	11.20%
	8000	\$17.34	\$0.80	80.0	\$81.34	\$19.11	\$0.89	80	\$90.51	\$9.17	11.27%
	10000	\$17.34	\$0.80	100.0	\$97.34	\$19.11	\$0.89	100	\$108.35	\$11.01	11.31%
	12000	\$17.34	\$0.80	120.0	\$113.34	\$19.11	\$0.89	120	\$126.20	\$12.86	11.35%
	15000	\$17.34	\$0.80	150.0	\$137.34	\$19.11	\$0.89	150	\$152.98	\$15.64	11.38%
					\$489.46				\$542.99		

Staff/202
Dougherty/9

CASE: UW 120
WITNESS: Michael Dougherty

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 203

Exhibit in Support of Testimony

August 4, 2008

CRRWC
UW 120
Test Year: 2007/2008

Staff Increase 6.02%

Staff/203
Dougherty/1

Acct. No.		A	B	C	
REVENUES		Staff Analysis	Staff Proposed Rev Changes	Proposed Results (A+B=C)	
1	461.1	Residential / Commercial Water Sales	487,701	29,368	517,069
3	462.1	Fire Department	0	0	0
4	472	Rental Income (Cell Antenna; Equipment)	8,100	0	8,100
5	471	Misc. Revenues	0	0	0
6	468	Special Contracts	0	0	0
7					
8		TOTAL REVENUE	495,801	29,369	525,171
OPERATING EXPENSES					
10	601	Salaries and Wages - Employees	228,010		228,010
11	603	Salaries and Wages - Officers	0		0
12	604	Employee Pension & Benefits	33,362		33,362
13	610	Purchased Water	0		0
14	611	Telephone/Communications	8,083		8,083
15	615	Purchased Power	54,689		54,689
16	618	Chemical / Treatment Expense	0		0
17	619	Office Supplies	15,961		15,961
18	619.1	Postage	6,932		6,932
19	620	O&M Materials/Supplies	7,696		7,696
20	621	Repairs to Water Plant	20,345		20,345
21	631	Contract Svcs - Engineering	0		0
22	632	Contract Svcs - Accounting	2,513		2,513
23	633	Contract Svcs - Legal	15,029		15,029
24	634	Contract Svcs - Management Fees	0		0
25	635	Contract Svcs - Testing	4,853		4,853
26	636	Contract Svcs - Labor	0		0
27	637	Contract Svcs - Billing/Collection	0		0
28	638	Contract Svcs - Meter Reading	0		0
29	639	Contract Svcs - Other	0		0
30	641	Rental of Building/Real Property	0		0
31	642	Rental of Equipment	0		0
32	643	Small Tools	1,258		1,258
33	648	Computer/Electronic Expenses	1,686		1,686
34	650	Transportation	23,200		23,200
35	656	Vehicle Insurance	3,406		3,406
36	657	General Liability Insurance	5,616		5,616
37	658	Workers' Comp Insurance	8,201		8,201
38	659	Insurance - Other	0		0
39	660	Public Relations/Advertising	0		0
40	666	Amortz. of Rate Case	8,716		8,716
41	667	Gross Revenue Fee (PUC)	1,240	73	1,313
42	668	Water Resource Conservation	0		0
43	670	Bad Debt Expense	0		0
44	671	Cross Connection Control Program	0		0
45	672	System Capacity Dev Program	0		0
46	673	Training and Certification	0		0
47	674	Consumer Confidence Report	200		200
48	675	General Expense	4,038		4,038
49		TOTAL OPERATING EXPENSE	455,034	73	455,108
OTHER REVENUE DEDUCTIONS					
50	403	Depreciation Expense	46,602		46,602
51	407	Amortization Expense	0		0
52	408.11	Property Tax	463		463
53	408.12	Payroll Tax	22,988		22,988
54	408.13	Other Tax	0		0
55	409.11	Oregon Income Tax	0	0	0
56	409.10	Federal Income Tax	0	0	0
57		TOTAL REVENUE DEDUCTIONS	525,097	73	525,171
58		NET OPERATING INCOME	(29,296)	29,296	0
59	101	Utility Plant in Service	1,022,467		1,022,467
60		Less:			
61	108.1	Depreciation Reserve	(455,764)		(455,764)
62	271	Contributions in Aid of Const	0		0
63	272	Amortization of CIAC	0		0
64	281	Accumulated Deferred Income Tax	0		0
65		Net Utility Plant	566,703	0	566,703
66		Plus: (working capital)	566,703		566,703
67	151	Materials and Supplies Inventory	0		0
68		Working Cash (Total Op Exp /12)	37,920	0	37,920
69		TOTAL RATE BASE	604,622	0	604,622
70		Rate of Return	-4.85%		0.00%

Order 07-527	Amounts	Difference
	482,505	34,564
	0	0
	8,100	0
	0	0
	0	0
	0	0
	490,605	34,566

218,578	9,432
0	0
28,390	4,971
0	0
9,078	(995)
54,404	284
0	0
15,281	680
6,658	275
3,666	4,030
30,633	(10,288)
0	0
4,669	(2,056)
6,109	8,920
0	0
4,299	553
0	0
0	0
0	0
0	0
67	(67)
175	1,083
1,290	396
17,160	6,041
3,884	(478)
8,312	(696)
6,835	1,367
0	0
0	0
5,676	3,040
1,256	57
0	0
0	0
0	0
1,000	(1,000)
800	(605)
738	3,300
426,857	28,250

43,991	2,611
0	0
0	463
19,756	3,231
0	0
0	0
0	0
0	0
490,605	34,566
0	0

951,324	71,142
(407,818)	47,946
0	0
0	0
0	0
543,506	23,196
35,580	(35,580)
35,596	2,323
614,683	(10,061)
0	0

Cash Flow Staff \$46,602

Staff 606,600/2007

CRRWC				
Test Year: 2007/2008				
SUMMARY OF ADJUSTMENTS				
			Results	Reason
REVENUES				
1	461	Residential / Commercial Water Sales	487,701	Average use multiplied by active customers for 2007.
3	465	Fire Department	0	
4	472	Rental Income (Cell Antenna; Equipment)	8,100	Based on cell tower revenue and imputed Webformix revenue.
5	471	Misc. Revenues	0	
6		Special Contracts	0	
7			0	
8		TOTAL REVENUE	495,801	
8				
9		OPERATING EXPENSES		
10	601	Salaries and Wages - Employees	228,010	Based on employee wages. For Jacque Rooks used UI 282 recommendations. For JR Rooks used lower level Senior/Lead Plant Operator wages. All wages escalated for CPI-U.
11	603	Salaries and Wages - Officers	0	
12	604	Employee Pension & Benefits	33,362	Based on actual costs plus 1 FTE
13	610	Purchased Water	0	
14	611	Telephone/Communications	8,083	Based on invoices.
15	615	Purchased Power	54,689	Based on invoices plus escalation for power costs and tax true-up.
16	618	Chemical / Treatment Expense	0	
17	619	Office Supplies	15,961	Based on July - November cost average multiplied by 12 months; and copier costs.
18	619	Postage	6,932	\$0.32 * 12 * 1,571 plus invoices for shipping.
19	620	O&M Materials/Supplies	7,696	Based on invoices.
20	621	Repairs to Water Plant	20,345	Based on invoices.
21	631	Contract Svcs - Engineering	0	
22	632	Contract Svcs - Accounting	2,513	Based on invoices.
23	633	Contract Svcs - Legal	15,029	Allowed costs plus 5-year amortization of WJ 8 costs.
24	634	Contract Svcs - Management Fees	0	
25	635	Contract Svcs - Testing	4,853	Three-year average of testing.
26	636	Contract Svcs - Labor	0	
27	637	Contract Svcs - Billing/Collection	0	
28	638	Contract Svcs - Meter Reading	0	
29	639	Contract Svcs - Other	0	
30	641	Rental of Building/Real Property	0	
31	642	Rental of Equipment	0	
32	643	Small Tools	1,258	Based on invoices.
33	648	Computer/Electronic Expenses	1,686	Based on invoices.
34	650	Transportation	23,200	Based on invoices for non-fuel costs. Fuel costs equal average gallons per month * 12 * escalated (10%) fuel cost.
35	656	Vehicle Insurance	3,406	Based on invoices.
36	657	General Liability Insurance	5,616	Based on invoices minus imputed excavator insurance.
37	658	Workers' Comp Insurance	8,201	Based on invoices.
38	659	Insurance - Other	0	
39	660	Public Relations/Advertising	0	
40	666	Amortz. of Rate Case	8,716	Calculated, does not include post Order No. 07-527 costs.
41	667	Gross Revenue Fee (PUC)	1,240	Calculated.
42	668	Water Resource Conservation	0	
43	670	Bad Debt Expense	0	
44	671	Cross Connection Control Program	0	
45	672	System Capacity Dev Program	0	
46	673	Training and Certification	0	
47	674	Consumer Confidence Report	200	Teresa Mireles
48	675	General Expense	4,038	Based on invoices.
49		TOTAL OPERATING EXPENSE	455,034	

		OTHER REVENUE DEDUCTIONS			
50	403	Depreciation Expense	46,602	Calculated based on Staff/202 Plant sheet.	
51	407	Amortization Expense	0		
52	408	Property Tax	463		
53	408	Payroll Tax	22,988	Calculated based on Staff/202 Plant sheet.	
54	408	Other Tax	0		
55	409	Oregon Income Tax	10		
56	409	Federal Income Tax	0		
57		TOTAL REVENUE DEDUCTIONS	525,097		
58		NET OPERATING INCOME	(29,296)		
59	101	Utility Plant in Service	1,022,467	Calculated based on Staff/202 Plant sheet.	
60		Less:			
61	108	Depreciation Reserve	(455,764)	Calculated based on Staff/202 Plant sheet.	
62	271	Contributions in Aid of Const	0		
63	272	Amortization of CIAC	0		
64	281	Accumulated Deferred Income Tax	0		
65		Net Utility Plant	566,703	Calculated based on Staff/202 Plant sheet.	
66		Plus: (working capital)	0		
67	151	Materials and Supplies Inventory	0		
68		Working Cash (Total Op Exp /12)	37,920	1/12 of operating expenses.	
69		TOTAL RATE BASE	604,622		
70		Rate of Return			

CRRWC
UW 120

RATE IMPACT - RESIDENTIAL (3/4 x 5/8) - 1 TIER

Commodity Rate	Monthly Consumptions Customer Usage cubic feet	Current Base Rate	Current Commodity Rate	Current Usage Factor	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference	Staff/203
												Dougherty/5
\$0.86												
	0	\$17.34	\$0.80	0.0	\$17.34	\$18.38	\$0.86	0	\$18.38	\$1.04	5.98%	
	250	\$17.34	\$0.80	2.5	\$19.34	\$18.38	\$0.86	2.5	\$20.52	\$1.18	6.11%	
	500	\$17.34	\$0.80	5.0	\$21.34	\$18.38	\$0.86	5	\$22.67	\$1.33	6.22%	
	700	\$17.34	\$0.80	7.0	\$22.94	\$18.38	\$0.86	7	\$24.38	\$1.44	6.29%	
	1000	\$17.34	\$0.80	10.0	\$25.34	\$18.38	\$0.86	10	\$26.96	\$1.62	6.38%	
	1055	\$17.34	\$0.80	10.5	\$25.78	\$18.38	\$0.86	11	\$27.43	\$1.65	6.40%	
	1500	\$17.34	\$0.80	15.0	\$29.34	\$18.38	\$0.86	15	\$31.25	\$1.91	6.50%	
	2000	\$17.34	\$0.80	20.0	\$33.34	\$18.38	\$0.86	20	\$35.54	\$2.20	6.60%	
	3000	\$17.34	\$0.80	30.0	\$41.34	\$18.38	\$0.86	30	\$44.12	\$2.78	6.72%	
	4000	\$17.34	\$0.80	40.0	\$49.34	\$18.38	\$0.86	40	\$52.70	\$3.36	6.81%	
	5000	\$17.34	\$0.80	50.0	\$57.34	\$18.38	\$0.86	50	\$61.28	\$3.94	6.87%	
	6000	\$17.34	\$0.80	60.0	\$65.34	\$18.38	\$0.86	60	\$69.86	\$4.52	6.92%	
	8000	\$17.34	\$0.80	80.0	\$81.34	\$18.38	\$0.86	80	\$87.03	\$5.69	6.99%	
	10000	\$17.34	\$0.80	100.0	\$97.34	\$18.38	\$0.86	100	\$104.19	\$6.85	7.03%	
	12000	\$17.34	\$0.80	120.0	\$113.34	\$18.38	\$0.86	120	\$121.35	\$8.01	7.07%	
	15000	\$17.34	\$0.80	150.0	\$137.34	\$18.38	\$0.86	150	\$147.09	\$9.75	7.10%	
					\$489.46				\$522.11			

CASE: UW 120
WITNESS: Michael Dougherty

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 204

Exhibit in Support of Testimony

August 4, 2008

CRRWC
UW 120
Test Year: 2007/2008

Staff increase 3.56%

Staff/204
Dougherty/1

		A	B	C
		Staff Analysis	Staff Proposed Rev Changes	Proposed Results (A+B=C)
Acct. No.	REVENUES			
1	461.1 Residential / Commercial Water Sales	487,701	17,378	505,079
3	462.1 Fire Department	0	0	0
4	472 Rental Income (Cell Antenna; Equipment)	8,100	0	8,100
5	471 Misc. Revenues	0	0	0
6	468 Special Contracts	0	0	0
7				
8	TOTAL REVENUE	495,801	17,379	513,180
9	OPERATING EXPENSES			
10	601 Salaries and Wages - Employees	228,010		228,010
11	603 Salaries and Wages - Officers	0		0
12	604 Employee Pension & Benefits	33,362		33,362
13	610 Purchased Water	0		0
14	611 Telephone/Communications	8,083		8,083
15	615 Purchased Power	54,689		54,689
16	618 Chemical / Treatment Expense	0		0
17	619 Office Supplies	15,961		15,961
18	619.1 Postage	6,932		6,932
19	620 O&M Materials/Supplies	7,696		7,696
20	621 Repairs to Water Plant	20,345		20,345
21	631 Contract Svcs - Engineering	0		0
22	632 Contract Svcs - Accounting	2,513		2,513
23	633 Contract Svcs - Legal	6,109		6,109
24	634 Contract Svcs - Management Fees	0		0
25	635 Contract Svcs - Testing	4,853		4,853
26	636 Contract Svcs - Labor	0		0
27	637 Contract Svcs - Billing/Collection	0		0
28	638 Contract Svcs - Meter Reading	0		0
29	639 Contract Svcs - Other	0		0
30	641 Rental of Building/Real Property	0		0
31	642 Rental of Equipment	0		0
32	643 Small Tools	1,258		1,258
33	648 Computer/Electronic Expenses	1,686		1,686
34	650 Transportation	23,200		23,200
35	656 Vehicle Insurance	3,406		3,406
36	657 General Liability Insurance	5,616		5,616
37	658 Workers' Comp Insurance	8,201		8,201
38	659 Insurance - Other	0		0
39	660 Public Relations/Advertising	0		0
40	666 Amortz. of Rate Case	5,676		5,676
41	667 Gross Revenue Fee (PUC)	1,240	43	1,283
42	668 Water Resource Conservation	0		0
43	670 Bad Debt Expense	0		0
44	671 Cross Connection Control Program	0		0
45	672 System Capacity Dev Program	0		0
46	673 Training and Certification	0		0
47	674 Consumer Confidence Report	200		200
48	675 General Expense	4,038		4,038
49	TOTAL OPERATING EXPENSE	443,074	43	443,118
	OTHER REVENUE DEDUCTIONS			
50	403 Depreciation Expense	46,602		46,602
51	407 Amortization Expense	0		0
52	408.11 Property Tax	463		463
53	408.12 Payroll Tax	22,988		22,988
54	408.13 Other Tax	0		0
55	409.11 Oregon Income Tax	0	0	0
56	409.10 Federal Income Tax	0	0	0
57	TOTAL REVENUE DEDUCTIONS	513,137	43	513,180
58	NET OPERATING INCOME	(17,336)	17,336	0
59	101 Utility Plant in Service	1,022,467		1,022,467
60	Less:			
61	108.1 Depreciation Reserve	(455,764)		(455,764)
62	271 Contributions in Aid of Const	0		0
63	272 Amortization of CIAC	0		0
64	281 Accumulated Deferred Income Tax	0		0
65	Net Utility Plant	566,703	0	566,703
66	Plus: (working capital)			
67	151 Materials and Supplies Inventory	0		0
68	Working Cash (Total Op Exp /12)	36,923	0	36,923
69	TOTAL RATE BASE	603,626	0	603,626
70	Rate of Return	-2.87%		0.00%

Order 07-527	Amounts	Difference
	482,605	22,574
	0	0
	8,100	0
	0	0
	0	0
	0	0
	490,605	22,575

218,578	9,432
0	0
28,390	4,971
0	0
9,078	(995)
54,404	284
0	0
15,281	680
6,658	275
3,666	4,030
30,633	(10,288)
0	0
4,569	(2,056)
6,109	0
0	0
0	0
4,299	553
0	0
0	0
0	0
0	0
0	0
67	(67)
175	1,083
1,290	396
17,160	6,041
3,884	(478)
6,312	(696)
6,835	1,367
0	0
0	0
5,676	1
1,256	27
0	0
0	0
0	0
1,000	(1,000)
800	(600)
738	3,300
426,857	16,260

43,991	2,611
0	0
0	463
19,756	3,231
0	0
0	0
0	0
0	0
490,605	22,575
0	0

951,324	71,142
(407,818)	47,946
0	0
0	0
0	0
543,506	23,196
35,580	(35,580)
35,596	1,326
614,683	(11,057)
0	0

Cash Flow Staff

\$42,602

Staff
op/ed/p/du/ty/wer

\$251

CRRWC				Staff/204
Test Year: 2007/2008				Dougherty/2
SUMMARY OF ADJUSTMENTS				
			Results	Reason
REVENUES				
1	461	Residential / Commercial Water Sales	487,701	Average use multiplied by active customers for 2007.
3	465	Fire Department	0	
4	472	Rental Income (Cell Antenna; Equipment)	8,100	Based on cell tower revenue and imputed Webformix revenue.
5	471	Misc. Revenues	0	
6		Special Contracts	0	
7		0	0	
8		TOTAL REVENUE	495,801	
8				
9		OPERATING EXPENSES		
10	601	Salaries and Wages - Employees	228,010	Based on employee wages. For Jacque Rooks used UI 282 recommendations. For JR Rooks used lower level Senior/Lead Plant Operator wages. All wages escalated for CPI-U.
11	603	Salaries and Wages - Officers	0	
12	604	Employee Pension & Benefits	33,362	Based on actual costs plus 1 FTE
13	610	Purchased Water	0	
14	611	Telephone/Communications	8,083	Based on invoices.
15	615	Purchased Power	54,689	Based on invoices plus escalation for power costs and tax true-up.
16	618	Chemical / Treatment Expense	0	
17	619	Office Supplies	15,961	Based on July - November cost average multiplied by 12 months; and copier costs.
18	619	Postage	6,932	\$0.32 * 12 * 1,571 plus invoices for shipping.
19	620	O&M Materials/Supplies	7,696	Based on invoices.
20	621	Repairs to Water Plant	20,345	Based on invoices.
21	631	Contract Svcs - Engineering	0	
22	632	Contract Svcs - Accounting	2,513	Based on invoices.
23	633	Contract Svcs - Legal	6,109	Order No. 07-527 costs.
24	634	Contract Svcs - Management Fees	0	
25	635	Contract Svcs - Testing	4,853	Three-year average of testing.
26	636	Contract Svcs - Labor	0	
27	637	Contract Svcs - Billing/Collection	0	
28	638	Contract Svcs - Meter Reading	0	
29	639	Contract Svcs - Other	0	
30	641	Rental of Building/Real Property	0	
31	642	Rental of Equipment	0	
32	643	Small Tools	1,258	Based on invoices.
33	648	Computer/Electronic Expenses	1,686	Based on invoices.
34	650	Transportation	23,200	Based on invoices for non-fuel costs. Fuel costs equal average gallons per month * 12 * escalated (10%) fuel cost.
35	656	Vehicle Insurance	3,406	Based on invoices.
36	657	General Liability Insurance	5,616	Based on invoices minus imputed excavator insurance.
37	658	Workers' Comp Insurance	8,201	Based on invoices.
38	659	Insurance - Other	0	
39	660	Public Relations/Advertising	0	
40	666	Amortz. of Rate Case	5,676	Order No. 07-527 costs.
41	667	Gross Revenue Fee (PUC)	1,240	Calculated.
42	668	Water Resource Conservation	0	
43	670	Bad Debt Expense	0	
44	671	Cross Connection Control Program	0	
45	672	System Capacity Dev Program	0	
46	673	Training and Certification	0	
47	674	Consumer Confidence Report	200	Teresa Mireles
48	675	General Expense	4,038	Based on invoices.
49		TOTAL OPERATING EXPENSE	443,074	

		OTHER REVENUE DEDUCTIONS			
50	403	Depreciation Expense	46,602	Calculated based on Staff/202 Plant sheet.	
51	407	Amortization Expense	0		
52	408	Property Tax	463		
53	408	Payroll Tax	22,988	Calculated based on recommended wages.	
54	408	Other Tax	0		
55	409	Oregon Income Tax	10		
56	409	Federal Income Tax	0		
57		TOTAL REVENUE DEDUCTIONS	513,137		
58		NET OPERATING INCOME	(17,336)		
59	101	Utility Plant in Service	1,022,467	Calculated based on Staff/202 Plant sheet.	
60		Less:			
61	108	Depreciation Reserve	(455,764)	Calculated based on Staff/202 Plant sheet.	
62	271	Contributions in Aid of Const	0		
63	272	Amortization of CIAC	0		
64	281	Accumulated Deferred Income Tax	0		
65		Net Utility Plant	566,703	Calculated based on Staff/202 Plant sheet.	
66		Plus: (working capital)	0		
67	151	Materials and Supplies Inventory	0		
68		Working Cash (Total Op Exp /12)	36,923	1/12 of operating expenses.	
69		TOTAL RATE BASE	603,626		
70		Rate of Return			

CRRWC
UW 120

RATE IMPACT - RESIDENTIAL (3/4 x 5/8) - 1 TIER

Monthly Consumptions Customer Usage cubic feet	Current Base Rate	Current Commodity Rate	Current Usage Factor	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference	Staff/204 Dougherty/5	
											Consumption No	Surcharge
0	\$17.34	\$0.80	0.0	\$17.34	\$17.95	\$0.84	0	\$17.95	\$0.61	3.52%		
250	\$17.34	\$0.80	2.5	\$19.34	\$17.95	\$0.84	2.5	\$20.05	\$0.71	3.65%		
500	\$17.34	\$0.80	5.0	\$21.34	\$17.95	\$0.84	5	\$22.14	\$0.80	3.76%		
700	\$17.34	\$0.80	7.0	\$22.94	\$17.95	\$0.84	7	\$23.82	\$0.88	3.83%		
1000	\$17.34	\$0.80	10.0	\$25.34	\$17.95	\$0.84	10	\$26.33	\$0.99	3.92%		
1055	\$17.34	\$0.80	10.5	\$25.78	\$17.95	\$0.84	11	\$26.79	\$1.01	3.93%		
1500	\$17.34	\$0.80	15.0	\$29.34	\$17.95	\$0.84	15	\$30.52	\$1.18	4.03%		
2000	\$17.34	\$0.80	20.0	\$33.34	\$17.95	\$0.84	20	\$34.71	\$1.37	4.12%		
3000	\$17.34	\$0.80	30.0	\$41.34	\$17.95	\$0.84	30	\$43.10	\$1.76	4.25%		
4000	\$17.34	\$0.80	40.0	\$49.34	\$17.95	\$0.84	40	\$51.48	\$2.14	4.34%		
5000	\$17.34	\$0.80	50.0	\$57.34	\$17.95	\$0.84	50	\$59.86	\$2.52	4.40%		
6000	\$17.34	\$0.80	60.0	\$65.34	\$17.95	\$0.84	60	\$68.24	\$2.90	4.44%		
8000	\$17.34	\$0.80	80.0	\$81.34	\$17.95	\$0.84	80	\$85.01	\$3.67	4.51%		
10000	\$17.34	\$0.80	100.0	\$97.34	\$17.95	\$0.84	100	\$101.77	\$4.43	4.55%		
12000	\$17.34	\$0.80	120.0	\$113.34	\$17.95	\$0.84	120	\$118.54	\$5.20	4.58%		
15000	\$17.34	\$0.80	150.0	\$137.34	\$17.95	\$0.84	150	\$143.68	\$6.34	4.62%		
				\$489.46				\$510.01				

CASE: UW 120
WITNESS: Michael Dougherty

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 205

Exhibit in Support of Testimony

August 4, 2008

CRRWC Adjustments - Revenue

Staff/205
Dougherty/1

Method A

Customers	\$ 1,571.00
Monthly Average	\$ 25.87
Months	\$ <u>12.00</u>
Total Customer Revenue	\$ 487,701.24

Based on UW 120 (Order 07-528)

Cell Antenna

T-Mobile	\$ 6,900.00	\$575 per month
Webformix	\$ <u>1,200.00</u>	\$100 per month
Total Other revenue	\$ 8,100.00	

Consumption Data

Staff/205
Dougherty/2

Date	Residential/ Commercial Consumption	CRR Maint	Sub-total of Consumption	Water Haulers	Total	Fire Department
Jan-06 ¹	701,280	10,000	711,280	7,000	718,280	5,000
Feb-06	907,000	1,000	908,000	7,000	915,000	500
Mar-06	749,100	0	749,100	7,000	756,100	0
Apr-06	835,600	0	835,600	4,200	839,800	0
May-06 ¹	1,755,550	0	1,755,550	4,900	1,760,450	0
Jun-06	2,390,500	0	2,390,500	4,900	2,395,400	970
Jul-06	2,397,500	0	2,397,500	4,900	2,402,400	5,500
Aug-06	3,842,600	0	3,842,600	4,900	3,847,500	15,000
Sep-06	2,347,000	0	2,347,000	4,900	2,351,900	15,650
Oct-06	1,685,300	50,000	1,735,300	4,900	1,740,200	14,000
Nov-06	1,433,600	35,000	1,468,600	4,900	1,473,500	10,000
Dec-06	562,800	0	562,800	4,900	567,700	0
Totals	19,607,830	96,000	19,703,830	64,400	19,768,230	66,620

Customer Increase 2007

1%

Consumption Adjusted for Increase

19,984,485

1. Adjusted from reported 7,012,800 to 701,280 as it appears an extra zero was added to the amount.

1. Adjusted from reported 17,555,500 to 1,755,550 as it appears an extra zero was added to the amount.

Updated data - Received July 30, 2007

Dec-07 12-months usage

19,785,000

Average 2006/2007 usage

19,884,742

Average use

1,055

Average use Order no. 07-527

1,066

CRRWC Adjustments Wages & Benefits

Staff/205
Dougherty/3

Position (7.0 FTE's)	Current Wage	UI 281 / UI 282 Wage	Employee wages adjusted to 2008 by CPI (4.8%)	Annual Hours	Annual Salary	Current Based on Actual employees
General Manager	JR \$ 40.63	\$ 29.48	\$ 30.90	2,076	\$ 64,148.40	\$ 84,347.88
Office Manager	JaR \$ 18.00	\$ 18.58	\$ 19.47	2,076	\$ 40,419.72	\$ 37,388.00
Meter Reader/Office	SS \$ 15.00	\$ 15.00	\$ 15.72	2,076	\$ 32,634.72	\$ 31,140.00
Admin. Asst.	BO \$ 15.00	\$ 15.00	\$ 15.72	2,076	\$ 32,634.72	\$ 31,140.00
Field Tech	AV \$ 12.00	\$ 12.00	\$ 12.58	2,076	\$ 26,116.08	\$ 24,912.00
Field Tech	Vacant \$ 12.00	\$ 12.00	\$ 12.00	2,076	\$ 24,912.00	\$ -
Part-time	CP \$ 12.00	\$ 12.00	\$ 12.58	1,038	\$ 13,058.04	\$ 12,384.00
5-hours per week	WD III \$ 25.00	\$ 25.00	\$ 26.20	260	\$ 6,812.00	\$ 6,500.00
Total Annual & Avg. Hourly Wages	\$ 18.70	\$ 17.38	\$ 18.15		\$ 240,735.88	\$ 227,791.88

Total Wages Recommended in O&M

Amount above actual payroll

Benefits	Plan Costs	Adjusted Costs
2008 Medical Plan cost	\$ 27,384.86	\$ 27,384.86
Add 1 FTE	\$ 6,846.24	\$ 6,846.24
Annual Plan Dental Plan cost	\$ 4,048.08	\$ 4,048.08
Add 1 FTE	\$ 989.98	\$ 989.98
Sub-total	\$ 39,249.24	\$ 39,249.24
Apply 85/15 Sharing		\$ 33,381.85

Alternate Wages Calculation

Position (7.0 FTE's)	Current Wage	Adjusted Wage for General manager	Employee wages adjusted to 2008 by CPI (4.8%)	Annual Hours	Annual Salary	Current Based on Actual employees
General Manager	JR \$ 40.63	\$ 24.77	\$ 25.96	2,076	\$ 51,423.00	\$ 84,347.88
Office Manager	JaR \$ 18.00	\$ 18.58	\$ 19.47	2,076	\$ 40,419.72	\$ 37,388.00
Meter Reader/Office	SS \$ 15.00	\$ 15.00	\$ 15.72	2,076	\$ 32,634.72	\$ 31,140.00
Admin. Asst.	BO \$ 15.00	\$ 15.00	\$ 15.72	2,076	\$ 32,634.72	\$ 31,140.00
Field Tech	AV \$ 12.00	\$ 12.00	\$ 12.58	2,076	\$ 26,116.08	\$ 24,912.00
Field Tech	Vacant \$ 12.00	\$ 12.00	\$ 12.00	2,076	\$ 24,912.00	\$ -
Part-time	CP \$ 12.00	\$ 12.00	\$ 12.58	1,038	\$ 13,058.04	\$ 12,384.00
5-hours per week	WD III \$ 25.00	\$ 25.00	\$ 26.20	260	\$ 6,812.00	\$ 6,500.00
Sub-Total Annual & Avg. Hourly Wages	\$ 21.38	\$ 17.53	\$ 17.53		\$ 228,010.28	\$ 227,791.88

CRRWC Adjustments - Communications

Staff/205
Dougherty/4

Expense	Vendor	Invoice Date	Explanation
\$ 132.00	Pager - ITI	5/24/2008	Annual Cost
\$ 947.16	T-Mobile	5/24/2008	Annual Cost
\$ 5,804.28	Qwest	6/19/2008	Imputed
\$ 1,200.00	Webformix		
\$ 8,083.44	Communications		

Total Recommended \$ 8,083.44

Phones	Amount	Vendor	Explanation
T-Mobile	947.16		
Pager -ITI	132.00		
Qwest	357.84		
Qwest	487.92		
Qwest	359.40		
Qwest	4,599.12		
Sub-Total Phones	6,883.44		

Based on Monthly Charge (\$69.99) plus usage (~4.00) plus taxes (\$4.94)
Based on Monthly Charge (\$11) (Formerly Clackamas)

541-448-4683
541-504-9165
541-923-0117
541-923-1041

Internet	Amount	Vendor	Explanation
Webformix	1,200.00		
Total	8,083.44		

Accounting Summary \$ 7,079.86

CRRWC Adjustments - Power

Staff/205
Dougherty/5

	Adjusted	Explanation	Invoice Date	Meter
Test-year cost	\$49,717		7/25/07	2204433
Escalated	\$54,689	SB 408 & RVM	7/25/07	2917811
			7/26/07	1170774
			8/23/07	2204433
			8/23/07	2917811
			8/24/07	1170774
			9/25/07	2204433
			9/25/07	2917811
			9/25/07	1170774
			10/30/07	2204433
			10/25/07	1170774
			10/31/07	2917811
			11/27/07	2917811
			11/30/07	2204433
			11/27/07	1170774
			12/28/07	2204433
			12/28/07	2917811
			12/31/07	1170774
Total Recommended	\$54,689	Power	1/29/08	2204433
			1/28/08	2917811
UW 120 (07-527) Amount	\$54,404		1/28/08	1170774
			2/25/08	2204433
			2/25/08	2917811
			2/27/08	1170774
UW 120 Amount above actual	\$4,687		3/25/08	2204433
			3/25/08	2917811
			3/26/08	1170774
			4/23/08	2204433
			4/23/08	2917811
			4/24/08	1170774
			5/22/08	2204433
			5/22/08	2917811
			5/27/08	1170774
			6/30/07	2204433
			7/1/07	2917811
			7/2/07	1170774
			53899191	

Sub-Total \$ 49,716.92

Accounting Summary \$ 49,716.92

CRRWC Adjustments - Office Supplies

Staff/205
Dougherty/6

Expense	Vendor	Invoice Date	Explanation
\$ 100.00	Cascade Printer Service	8/27/2007	
\$ 50.00	Costco	7/26/2007	
\$ 210.82	PAVCO	9/6/2007	
\$ 174.21	PAVCO	9/27/2007	
\$ 344.55	PAVCO	11/1/2007	
\$ 14.76	Petty Cash	7/13/2007	Fred Meyer
\$ 139.15	Petty Cash	11/1/2007	
\$ 99.10	QUILL	7/13/2007	
\$ 488.30	QUILL	7/26/2007	
\$ 425.13	QUILL	8/9/2007	
\$ 438.70	QUILL	8/22/2007	
\$ 16.19	QUILL	9/18/2007	
\$ 202.54	QUILL	9/18/2007	
\$ 461.05	QUILL	10/4/2007	
\$ 399.98	QUILL	10/18/2007	
\$ 593.88	QUILL	11/1/2007	
\$ 31.00	Stamp Expressions	8/22/2007	
\$ 193.10	Staples	7/26/2007	
\$ 83.91	QUILL	11/26/2007	2791604
\$ 119.98	QUILL	11/28/2007	2834342
Subtotal	July - November (5-months)		
\$ 4,586.35			
\$ 917.27	<i>Per Month (5-months)</i>		

Expense	Vendor	Invoice Date	Explanation
\$ 294.00	Gowdy Bros.	2/22/2008	5054
\$ 250.40	PAVCO	1/16/2008	18923
\$ 250.40	PAVCO	1/31/2008	
\$ 150.16	PAVCO	2/11/2008	18998
\$ 205.04	PAVCO	2/22/2008	18990
\$ 150.16	PAVCO	2/26/2008	
\$ 346.11	PAVCO	3/18/2008	19132
\$ 251.39	PAVCO	5/7/2008	19298
\$ 147.61	PAVCO	5/7/2008	19299
\$ 557.82	PAVCO	5/11/2008	19300
\$ 297.09	PAVCO	5/21/2008	
\$ 5.49	Petty Cash		Office Supplies
\$ 26.19	QUILL	12/3/2007	
\$ 19.46	QUILL	12/3/2007	
\$ 102.85	QUILL	12/14/2007	3366382
\$ 280.17	QUILL	12/19/2007	3487407
\$ 68.27	QUILL	12/20/2007	33521059
\$ 48.83	QUILL	12/20/2007	3520907
\$ 98.84	QUILL	12/28/2007	3634072
\$ 31.85	QUILL	12/28/2007	3634163
\$ 55.49	QUILL	1/7/2008	3849659
\$ 29.99	QUILL	1/9/2008	4047661
\$ 29.99	QUILL	1/9/2008	3940164
\$ 28.07	QUILL	1/9/2008	3949780
\$ 36.73	QUILL	1/11/2008	4044844
\$ 31.95	QUILL	1/11/2008	4044792
\$ 24.93	QUILL	1/11/2008	4051400
\$ 16.27	QUILL	1/11/2008	4044867
\$ 92.96	QUILL	1/18/2008	4268351
\$ 49.52	QUILL	1/24/2008	4433325
\$ 45.99	QUILL	1/24/2008	4441988
\$ 26.97	QUILL	1/24/2008	4433185
\$ 8.38	QUILL	1/24/2008	4432118
\$ 4.18	QUILL	1/24/2008	4429201
\$ 699.96	QUILL	1/25/2008	4520876
\$ 72.05	QUILL	1/25/2008	4470119
\$ 10.49	QUILL	1/25/2008	4469984

Staff/205
Dougherty/7

\$	100.88	QUILL	1/31/2008	4644212
\$	37.74	QUILL	1/31/2008	4644326
\$	19.37	QUILL	1/31/2008	4644509
\$	6.08	QUILL	1/31/2008	4651845
\$	679.96	QUILL	2/1/2008	4680192
\$	159.75	QUILL	2/4/2008	4716928
\$	55.39	QUILL	2/7/2008	4838662
\$	318.68	QUILL	2/14/2008	5024763
\$	42.49	QUILL	2/14/2008	5060437
\$	1.99	QUILL	2/14/2008	5029898
\$	34.96	QUILL	2/27/2008	5360464
\$	28.60	QUILL	2/27/2008	5367414
\$	57.18	QUILL	2/28/2008	5401632
\$	(34.96)	QUILL	2/28/2008	122904
\$	39.54	QUILL	3/3/2008	5473333
\$	7.99	QUILL	3/3/2008	5520169
\$	48.93	QUILL	3/6/2008	5601917
\$	61.98	QUILL	3/13/2008	5601917
\$	125.40	QUILL	3/17/2008	5860502
\$	106.19	QUILL	3/17/2008	5854242
\$	41.80	QUILL	3/20/2008	5970537
\$	18.18	QUILL	3/20/2008	5964922
\$	3.22	QUILL	3/21/2008	5990304
\$	50.55	QUILL	3/25/2008	6055063
\$	17.96	QUILL	3/27/2008	6132687
\$	100.61	QUILL	3/31/2008	6210658
\$	74.25	QUILL	4/3/2008	6320211
\$	57.99	QUILL	4/3/2008	6320387
\$	33.98	QUILL	4/3/2008	6320368
\$	33.45	QUILL	4/4/2008	6533347
\$	22.99	QUILL	4/4/2008	6349893
\$	115.56	QUILL	4/7/2008	6390155
\$	83.70	QUILL	4/10/2008	6501538
\$	18.99	QUILL	4/10/2008	6497843
\$	(9.29)	QUILL	4/10/2008	6501538
\$	45.78	QUILL	4/11/2008	6532958
\$	23.99	QUILL	4/11/2008	6533028
\$	9.29	QUILL	4/11/2008	6532973
\$	50.93	QUILL	4/15/2008	6604052
\$	23.59	QUILL	4/15/2008	6601363
\$	35.43	QUILL	4/17/2008	6538467
\$	100.97	QUILL	4/21/2008	6741940
\$	148.95	QUILL	4/22/2008	6776084
\$	51.98	QUILL	4/22/2008	6776448
\$	111.66	QUILL	4/23/9661	
\$	346.75	QUILL	4/30/2008	6776084
\$	21.98	QUILL	4/30/2008	7058107
\$	(346.75)	QUILL	4/30/2008	Offset to 6776084
\$	55.92	QUILL	5/1/2008	
\$	140.45	QUILL	5/29/2008	
\$	139.98	QUILL	5/30/2008	
\$	55.88	QUILL	5/30/2008	
\$	45.62	QUILL	5/30/2008	
\$	35.15	QUILL	5/30/2008	
\$	10.27	QUILL	5/30/2008	
\$	31.65	QUILL	6/4/2008	
\$	15.65	QUILL	6/4/2008	
\$	24.86	QUILL	6/9/2008	
\$	22.94	QUILL	6/9/2008	
\$	106.90	QUILL	6/11/2008	
\$	278.02	QUILL	6/19/2008	
\$	36.44	Reliable	1/8/2008	
\$	831.83	RVS Software	4/2/2008	83130
\$	9,864.24	December - June (7-months)		
\$	1,409.18	Per month (7-months)		

Subtotal

Recommended	\$ 11,007.24	Office Supplies - Used Jul - November Average
	\$ 4,953.66	Copier Costs
Total Recommended	\$ 15,960.90	Office Supplies

Copier Costs

	Expense	Vendor	Invoice Date	Explanation
11292574	\$ 249.73	IKON	4/13/2008	5007991534
11292574	\$ 225.10	IKON	6/11/2008	5008205646
861KL	\$ 535.80	IKON	7/13/2007	
861KL	\$ 230.43	IKON	12/21/2007	5007128865
861KL	\$ 335.80	IKON	3/25/2008	5007817349
D1G4I	\$ 346.13	IKON	7/2/2007	
D1G4I	\$ 215.90	IKON	8/22/2007	
D1G4I	\$ 76.84	IKON	9/14/2007	
D1G4I	\$ 133.93	IKON	11/14/2007	5006821712
D1G4I	\$ 53.58	IKON	12/15/2007	5007054948
D1G4I	\$ 337.68	IKON	1/14/2008	5007275286
D1G4I	\$ 71.21	IKON	2/14/2008	5007520844
D1G4I	\$ 70.62	IKON	3/15/2008	5007763453
D1G4I	\$ 66.97	IKON	6/15/2008	5008464003

Copier	Average Monthly	Annual	Total
D1G4I	\$ 152.54	\$ 1,830.48	\$ 4,953.66
	Average Monthly	Annual	
11292574	\$ 260.27	\$ 3,123.18	
	Average Quarterly	Annual	
861KI	\$ 367.34	\$ 1,469.37	

Comparison	Office Supplies	Customers	Cost per customer	
Agate	\$ 4,479.00	1,126	\$ 3.98	Company Annual Report Based on invoices June, 21, 2008 letter Annual Report
Cline Butte	\$ 7,941.00	1,439	\$ 5.52	
CRRWC	\$ 19,404.25	1,571	\$ 12.35	
Roats	\$ 6,720.74	1,512	\$ 4.44	
Running Y	\$ 1,390.00	560	\$ 2.48	
Salmon Valley	\$ -	525	\$ -	
Sunriver	\$ 5,597.00	4,770	\$ 1.17	Company CFO
Average of companies	\$ 7,588.67	1,643	\$ 4.28	
Average (no CRRWC)	\$ 5,225.55	1,881	\$ 3.52	
Staff CRRWC Average	\$ 15,960.90	1,571	\$ 10.16	
Staff CRRWC above Average	288.68%			

Accounting Summary	\$ 14,822.30
Invoice Total	\$ 14,450.59

CRRWC Adjustments - Postage

Staff/205
Dougherty/9

Expense	Vendor	Invoice Date	Explanation
\$ 6,048.00	USPS		Calculated 1,575 customers at 12 months
\$ 210.88	USPS - Petty cash		Postage
\$ 175.00	Standard Mail	3/21/2008	
\$ 28.80	USPS - Petty cash	7/13/2007	
\$ 12.25	USPS	8/22/2008	
\$ 96.00	USPS	8/10/2007	
\$ 75.20	USPS - Petty cash	11/1/2007	
\$ 210.88	USPS - Petty cash	1/17/2008	
\$ 75.14	USPS - Petty cash	7/2/2008	

Total Recommended \$ 6,932.15 Postage

Accounting Summary \$ 9,327.02 Provided July 30, 2008

Minus \$ 7,795.71 Shipping costs already accounted for in other accounts.

CRRWC Adjustments - O&M Supplies

Staff/205
Dougherty/10

Expense	Vendor	Invoice Date	Explanation - Invoices
\$ 30.60	Advanced System Pot. Rest.	11/1/2007	
\$ 44.40	Advanced System Pot. Rest.	11/29/2007	
\$ 58.00	All American Fire Protection	10/4/2007	
\$ 648.00	Aspen Creek Enterprises	2/22/2008	1167
\$ 228.30	Baker Equipment	10/18/2007	
\$ 40.83	Big R	12/5/2007	149146
\$ 32.55	Cent-Wise	8/9/2007	
\$ 177.55	Cent-Wise	10/3/2007	
\$ 48.93	Cent-wise	2/29/2008	29024
\$ 36.02	Charlie's Trading Post	11/9/2007	
\$ 88.80	Charlie's Trading Post	12/10/2007	560761 & 5607658
\$ 84.32	Charlie's Trading Post	1/4/2008	531669 & 5015610
\$ 138.18	Charlie's Trading Post	2/10/2008	5016066
\$ 51.85	Charlie's Trading Post	5/12/2008	5616607
\$ 76.09	Charlie's Trading Post	6/6/2008	5316296
\$ 54.50	Cinder Butte Rock	2/19/2008	5721
\$ 112.63	Denfeld Paints	11/26/2007	625689
\$ 124.91	Fastenal	11/30/2007	4206253
\$ 132.45	Fastenal	3/10/2008	ORRED121494
\$ 486.23	Ferguson	7/26/2007	
\$ 46.71	Ferguson	9/6/2007	
\$ 335.50	Fluid Connector	11/1/2008	
\$ 29.60	Home Depot	8/9/2007	
\$ 332.13	Home Depot	9/18/2007	
\$ 179.22	Home Depot	2/28/2008	
\$ 126.03	Home Depot	3/28/2008	
\$ 11.47	Newhouse Manufacturing	8/9/2007	
\$ 19.25	Newhouse Manufacturing	11/26/2007	171996
\$ 18.87	Newhouse Manufacturing	5/31/2008	
\$ 33.44	Norco	7/26/2007	
\$ 121.14	Norco	9/6/2007	
\$ 16.74	Norco	9/26/2007	
\$ 62.01	Norco	10/31/2007	03402975
\$ 149.29	Norco	11/21/2007	03471042
\$ 16.74	Norco	11/25/2007	03490534
\$ 61.47	Norco	12/4/2007	03521539
\$ 149.35	Norco	12/5/2007	05525890
\$ 18.90	Norco	12/30/2007	03607966
\$ 14.56	Norco	1/25/2008	03704840
\$ 17.36	Norco	2/25/2008	03808685
\$ 16.24	Norco	3/25/2008	03918432
\$ 17.36	Norco	4/25/2008	04035454
\$ 17.36	Norco	4/25/2008	04035454
\$ 16.80	Norco	5/25/2008	04145156
\$ 17.89	Parr	12/20/2007	19295818
\$ 40.39	Petty Cash		Shop Supplies
\$ 78.44	Platt	9/6/2007	
\$ 125.02	Platt	12/10/2007	2473594
\$ 93.20	SA Moore	8/9/2007	
\$ 319.15	SA Moore	8/15/2007	87-21
\$ 684.60	SA Moore	11/2/2007	
\$ 797.37	SA Moore	1/31/2008	18-27
\$ 36.84	Terrebonne Hardware	7/13/2007	
\$ 6.49	Terrebonne Hardware	7/13/2007	
\$ 25.50	Terrebonne Hardware	9/6/2007	Petty cash
\$ 66.77	Terrebonne Hardware	11/1/2007	
\$ 755.95	Terrebonne Hardware	11/13/2007	
\$ 25.22	Terrebonne Hardware	11/20/2007	
\$ 42.06	Terrebonne Hardware	12/26/2007	
\$ 58.76	Terrebonne Hardware	4/1/2008	14071
Total Recommended	\$ 7,696.33	O&M Materials/Supplies	
Accounting Summary	\$ 64,507.06	Includes Transportation, Repairs, Plant	

CRRWC Adjustments - Repairs

Staff/205
Dougherty/11

Expense	Vendor	Invoice Date	Explanation
\$ 75.25	Big R	9/6/2007	
\$ 714.00	Bullfrog	1/3/2008	Annual Service Contract - 5808
\$ 950.00	Bullfrog	2/27/2008	113238
\$ 13.53	Bullfrog	2/28/2008	94639
\$ 95.00	Cascade Heating	8/9/2007	
\$ 290.00	Cascade Heating	8/22/2007	
\$ 473.76	Cascade Machine	9/6/2007	
\$ 7.40	Cascade Machine	11/1/2007	
\$ 1,048.36	Cascade Machine	11/20/2007	
\$ 24.60	Cascade Machine	2/20/2008	
\$ 51.67	HD Fowler	7/26/2007	
\$ 58.28	HD Fowler	7/31/2007	
\$ 51.67	HD Fowler	7/31/2007	
\$ 46.37	HD Fowler	7/31/2007	
\$ 415.38	HD Fowler	8/9/2007	
\$ 203.75	HD Fowler	9/6/2007	
\$ 50.48	HD Fowler	11/5/2007	02712121
\$ 382.52	HD Fowler	12/4/2007	12245824
\$ 149.86	HD Fowler	4/1/2008	12287849
\$ 1,788.00	HD Fowler	4/29/2008	
\$ 538.11	HD Fowler	5/1/2008	02828816
\$ 828.13	HD Fowler	5/30/2008	
\$ 2,365.00	High Desert Aggregate	10/4/2007	
\$ 647.71	Lawson Products	7/25/2007	
\$ 450.75	Lawson Products	8/9/2007	
\$ 319.38	Lawson Products	9/6/2007	
\$ 514.03	Lawson Products	9/18/2007	
\$ 451.19	Lawson Products	10/4/2007	
\$ 60.10	Lawson Products	11/1/2007	
\$ 358.80	Lawson Products	11/29/2007	
\$ 37.15	Lawson Products	12/14/2007	6348393
\$ 459.06	Lawson Products	12/27/2007	6381013
\$ 363.07	Lawson Products	1/29/2008	6476760
\$ 370.33	Lawson Products	2/19/2008	6544458
\$ 407.81	Lawson Products	2/29/2008	6582346
\$ 380.91	Lawson Products	3/18/2008	6644192
\$ 435.48	Lawson Products	4/23/2008	5772882
\$ 447.41	Lawson Products	5/14/2008	
\$ 245.00	Linn Septic	1/31/2008	
\$ 18.96	Petty Cash	11/1/2007	
\$ 4.99	Petty Cash	11/1/2007	
\$ 314.80	Swift Steel	7/13/2007	
\$ 177.54	Swift Steel	9/6/2007	
\$ 56.00	Swift Steel	10/4/2007	
\$ 745.13	Swift Steel	11/2/2007	
\$ 100.20	Swift Steel	11/13/2007	584357
\$ 66.80	Swift Steel	11/13/2007	584245
\$ 151.54	Swift Steel	11/19/2007	584857
\$ 91.10	Swift Steel	1/16/2008	588991
\$ 37.07	Swift Steel	2/15/2008	591230
\$ 263.81	Swift Steel	2/25/2008	591962
\$ 137.00	Swift Steel	2/29/2008	592321
\$ 160.68	Swift Steel	5/11/2008	600382
\$ 924.52	United Pipe	12/28/2007	7748257
\$ 370.51	United Pipe	12/31/2007	7748462
\$ (370.51)	United Pipe	12/31/2007	7748462 - Return
\$ 240.40	United Pipe	1/17/2008	7754523
\$ 240.40	United Pipe	1/23/2008	7757805
\$ (113.87)	United Pipe	1/24/2008	7761808
\$ 159.00	United Pipe	3/17/2008	823782

Total Recommended \$ 20,345.37 Repairs

CRRWC Adjustments - Accounting

Staff/205
Dougherty/12

Expense	Vendor	Invoice Date	Explanation
\$ 2,285.00	Harrigan Price Fronk	2/25/2008	2007 Taxes and financial statement.
\$ 228.00	Harrigan Price Fronk	<u>12/25/2007</u>	

Total Recommended \$ 2,513.00

1. Moved various costs into Account 666, Amortization of Rate Case.
2. Although 2007 have tracked high for first part of year, two major events (financials and IRS filing) have already occurred.

CRRWC Adjustments - Legal

Staff/205
Dougherty/13

Expense	Vendor	Invoice Date	Explanation	Include	Alternate
\$ 202.50	Paul J. Speck	8/30/2007	Contracts	\$ 202.50	202.50
\$ 900.00	Paul J. Speck	10/1/2007	Contracts	\$ 900.00	900.00
\$ 112.50	Paul J. Speck	12/20/2007	Contracts	\$ 112.50	112.50
\$ 247.50	Paul J. Speck	1/25/2008	Contracts	\$ 247.50	247.50
\$ 228.00	Harrang Long Gary Rudnick	12/25/2007	DOJ Investigation	\$ 228.00	228.00
\$ 30.00	Petty cash	11/1/2007	Legal Costs	\$ 30.00	30.00
\$ 353.00	Glenn, Sites, Reeder & Gassner	9/25/2007	Morgan	\$ 353.00	353.00
\$ 148.00	Bayeat & Eager	3/31/2008	PUC Action	\$ 148.00	148.00
\$ 60.00	Glenn, Sites, Reeder & Gassner (page 1)	5/27/2008	UCR 100	\$ 60.00	60.00
\$ 2,281.50	Miscellaneous				
\$ 330.00	Glenn, Sites, Reeder & Gassner	5/27/2008	WJ 8 Appeal - Amortize 3 years	\$ 110.00	66.00
\$ 30.00	Glenn, Sites, Reeder & Gassner (page 1)	2/25/2007	WJ 8 Appeal - Amortize 3 years	\$ 10.00	6.00
\$ 60.00	Glenn, Sites, Reeder & Gassner (page 1)	3/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 20.00	12.00
\$ 30.00	Glenn, Sites, Reeder & Gassner (page 1)	4/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 10.00	6.00
\$ 280.00	Glenn, Sites, Reeder & Gassner (page 2)	12/25/2007	WJ 8 Appeal - Amortize 3 years	\$ 93.33	56.00
\$ 30.00	Glenn, Sites, Reeder & Gassner (page 2)	1/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 10.00	6.00
\$ 40.00	Glenn, Sites, Reeder & Gassner (page 2)	4/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 13.33	8.00
\$ 230.00	Glenn, Sites, Reeder & Gassner (page 2)	5/27/2008	WJ 8 Appeal - Amortize 3 years	\$ 76.67	46.00
\$ 110.00	Glenn, Sites, Reeder & Gassner (page 3)	3/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 36.67	22.00
\$ 330.00	Glenn, Sites, Reeder & Gassner (page 3)	5/27/2008	WJ 8 Appeal - Amortize 3 years	\$ 110.00	66.00
\$ 240.00	Glenn, Sites, Reeder & Gassner (page 4)	3/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 80.00	48.00
\$ 100.00	Glenn, Sites, Reeder & Gassner (page 4)	4/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 33.33	20.00
\$ 80.00	Glenn, Sites, Reeder & Gassner (page 4)	5/27/2008	WJ 8 Appeal - Amortize 3 years	\$ 26.67	16.00
\$ 80.00	Glenn, Sites, Reeder & Gassner (page 4)	5/27/2008	WJ 8 Appeal - Amortize 3 years	\$ 26.67	16.00
\$ 90.00	Glenn, Sites, Reeder & Gassner (page 6)	4/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 30.00	18.00

Total

Staff/205
Dougherty/14

	\$ 5,928.31	Harrang Long Gary Rudnick	7/19/2007	WJ 8 Appeal - Amortize 3 years	\$ 1,976.10	\$ 1,185.66
	\$ 115.00	Harrang Long Gary Rudnick	8/25/2007	WJ 8 Appeal - Amortize 3 years	\$ 38.33	\$ 23.00
	\$ 2,830.98	Harrang Long Gary Rudnick	11/25/2007	WJ 8 Appeal - Amortize 3 years	\$ 943.66	\$ 566.20
	\$ 259.50	Harrang Long Gary Rudnick	12/25/2007	WJ 8 Appeal - Amortize 3 years	\$ 86.50	\$ 51.90
	\$ 846.00	Harrang Long Gary Rudnick	12/25/2007	WJ 8 Appeal - Amortize 3 years	\$ 282.00	\$ 169.20
	\$ 246.81	Harrang Long Gary Rudnick	1/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 82.27	\$ 49.36
	\$ 7,871.92	Harrang Long Gary Rudnick	2/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 2,623.97	\$ 1,574.38
	\$ 8,294.87	Harrang Long Gary Rudnick	3/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 2,764.96	\$ 1,655.97
	\$ 8,615.85	Harrang Long Gary Rudnick	4/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 2,871.95	\$ 1,723.17
	\$ 12,693.00	Harrang Long Gary Rudnick	5/25/2008	WJ 8 Appeal - Amortize 3 years	\$ 4,231.00	\$ 2,538.60
	\$ 30.00	Glenn, Sites, Reeder & Gassner	8/25/2007	WJ 8 Appeal - Amortize 3 years	\$ 10.00	\$ 6.00
Total	\$ 49,792.24	WJ 8 Appeal			\$ 16,597.41	\$ 9,958.45

Previously amortized WJ 8. 1.5 year of 2-year amortization still exists.

	\$ 3,719.00				\$ 2,789.25	\$ 2,789.25
Total Recommended					\$ 21,668.16	\$ 15,029.20

Not Recommended for rates						
\$ 265.05	Around the Bend	12/14/2007	Personal Lawsuit			
\$ 183.80	Around the Bend	5/6/2008	Personal Lawsuit			
\$ 160.00	Balyeat & Eager	8/31/2007	Personal Lawsuit			
\$ 2,746.78	Balyeat & Eager	9/30/2007	Personal Lawsuit			
\$ 2,164.41	Balyeat & Eager	11/30/2007	Personal Lawsuit			
\$ 1,646.78	Balyeat & Eager	12/31/2007	Personal Lawsuit			
\$ 1,719.89	Balyeat & Eager	1/31/2008	Personal Lawsuit			
\$ 170.61	Balyeat & Eager	2/29/2008	Personal Lawsuit			
\$ 90.44	Balyeat & Eager	3/31/2008	Personal Lawsuit			
\$ 902.89	Balyeat & Eager	4/30/2008	Personal Lawsuit			
\$ 330.82	Balyeat & Eager	5/31/2008	Personal Lawsuit			
\$ 3,041.34	Balyeat & Eager	6/11/2008	Personal Lawsuit			
\$ 60.00	Glenn, Sites, Reeder & Gassner	7/25/2007	Personal Lawsuit			
Total	\$ 13,482.91	Personal Lawsuit				

Not Recommended for rates							
\$	250.00	Glenn, Sites, Reeder & Gassner	8/25/2007	State v. Rooks			
\$	342.60	Glenn, Sites, Reeder & Gassner	7/25/2007	State v. Rooks			
\$	177.60	Glenn, Sites, Reeder & Gassner (page 1)	5/27/2008	State v. Rooks			
\$	390.00	Glenn, Sites, Reeder & Gassner (page 1)	2/25/2007	State v. Rooks			
\$	50.00	Glenn, Sites, Reeder & Gassner (page 2)	2/25/2007	State v. Rooks			
\$	482.16	Jim Smith	4/15/2008	State v. Rooks			
\$	858.50	Jim Smith	5/12/2008	State v. Rooks			
\$	290.00	Glenn, Sites, Reeder & Gassner (page 1)	3/25/2008	State v. Rooks			
\$	620.00	Glenn, Sites, Reeder & Gassner (page 2)	3/25/2008	State v. Rooks			
\$	150.00	Glenn, Sites, Reeder & Gassner (page 3)	3/25/2008	State v. Rooks			
\$	82.50	Glenn, Sites, Reeder & Gassner (page 4)	3/25/2008	State v. Rooks			
\$	102.19	Glenn, Sites, Reeder & Gassner (page 1)	4/25/2008	State v. Rooks			
\$	100.00	Glenn, Sites, Reeder & Gassner (page 2)	4/25/2008	State v. Rooks			
\$	300.00	Glenn, Sites, Reeder & Gassner (page 3)	4/25/2008	State v. Rooks			
\$	1,239.60	Glenn, Sites, Reeder & Gassner (page 4)	4/25/2008	State v. Rooks			
\$	3,767.68	Glenn, Sites, Reeder & Gassner (page 5)	4/25/2008	State v. Rooks			
\$	178.64	Glenn, Sites, Reeder & Gassner (page 6)	4/25/2008	State v. Rooks			
\$	729.00	Fire Scene Investigations	4/17/2008	State v. Rooks			
\$	120.00	Glenn, Sites, Reeder & Gassner		State v. Rooks			
\$	50.00	Glenn, Sites, Reeder & Gassner	7/25/2007	State v. Rooks			
\$	10,280.47	State vs. Rooks		Jefferson County Tort			
Capital	\$ 2,416.00	Glenn, Sites, Reeder & Gassner	Various	Easements - Amount taken from CRRWC Order 08- Brief Well #3 CIAC			
Total Legal	\$ 78,253.12	Does Not include UW 120					
	\$ 94,309.65	Includes UW 120					
Accounting Summary	\$ 103,298.00	Includes June Glenn Sites costs - no invoices received					

CRRWC Adjustments - Rate Case

Staff/205
Dougherty/16

Expense	Vendor	Invoice Date	Explanation	Included
\$ 2,993.50	Karnopp Peterson	11/30/2007		
\$ 841.50	Karnopp Peterson	12/31/2008		
\$ 60.00	Glenn, Sites, Reader & Gassner	7/25/2007		
\$ 1,760.00	Glenn, Sites, Reader & Gassner	8/25/2007		
\$ 1,780.00	Glenn, Sites, Reader & Gassner	9/25/2007		
Total UW 120 (07-527)				
\$ 7,425.00	<i>Expenses occurring after Staff's UW 120 (07-527) Testimony</i>			
\$ (5,000.00)	Minus \$5,000 estimated allowed in 07-527 for time period of July through November.			
\$ 2,425.00	Additional incremental costs not accounted for in UW 120 (07-527); Amortized over two years.			\$ 1,212.50
\$ 2,303.00	Harrigan Price Fronk	8/25/2007	UW 120 - Amortize 3 years;	\$ 2,886.00
\$ 846.00	Harrigan Price Fronk	12/25/2007	1,303 amortized since Staff	
\$ 3,623.00	Harrigan Price Fronk	11/15/2007	included \$1,000 estimated	
			accounting fees in UW 120 (Order No. 07-527).	

**Total UW 120 (07-527)
Legal and Accounting**

\$ 9,728.00 **\$ 4,098.50**

\$ 197.80	QUILL - Paper	4/28/2008	6911211	98.90
\$ 197.80	QUILL - Paper	3/26/2008	6094053	98.90
\$ 82.14	QUILL - Paper	3/21/2008	5987328	41.07
\$ 46.05	QUILL - Paper	3/21/2008	5986807	23.03
\$ 197.80	QUILL - Paper	4/22/2008	6776084	98.90
\$ 721.59	<i>Total paper attributed for data responses, etc.</i>			
	2007 Charges			\$ 4,459.30
\$ 5,675.50	UW 120 (07-527) Amortization (18 months left)			\$ 4,256.63
	Total Recommended			\$ 8,715.92

Total Legal and Accounting amortized.

\$ 4,459.30

Recommend Disallowance - Company should not receive legal fees for non-compliance with Commission Orders

Disallow - Non-compliance	12/25/2007	Glenn, Sites, Reeder & Gassner (page 2)	280.00
Disallow - Non-compliance	1/25/2008	Glenn, Sites, Reeder & Gassner (page 1)	1,190.00
Disallow - Non-compliance	1/25/2008	Glenn, Sites, Reeder & Gassner (page 2)	895.00
Disallow - Non-compliance	1/25/2008	Glenn, Sites, Reeder & Gassner (page 3)	580.00
Disallow - Non-compliance	2/25/2008	Glenn, Sites, Reeder & Gassner (page 1)	90.00
Disallow - Non-compliance	2/25/2008	Glenn, Sites, Reeder & Gassner (page 2)	50.00
Disallow - Non-compliance	3/25/2008	Glenn, Sites, Reeder & Gassner (page 1)	220.00
Disallow - Non-compliance	3/25/2008	Glenn, Sites, Reeder & Gassner (page 2)	134.84
Disallow - Non-compliance	3/25/2008	Glenn, Sites, Reeder & Gassner (page 3)	790.00
Disallow - Non-compliance	3/25/2008	Glenn, Sites, Reeder & Gassner (page 4)	10.00
Disallow - Non-compliance	5/27/2008	Glenn, Sites, Reeder & Gassner (page 1)	465.21
Disallow - Non-compliance	5/27/2008	Glenn, Sites, Reeder & Gassner (page 2)	640.00
Disallow - Non-compliance	5/27/2008	Glenn, Sites, Reeder & Gassner (page 3)	590.00
Disallow - Non-compliance	5/27/2008	Glenn, Sites, Reeder & Gassner (page 4)	233.93
Disallow - Non-compliance	4/25/2008	Glenn, Sites, Reeder & Gassner (page 1)	1,200.00
Disallow - Non-compliance	4/25/2008	Glenn, Sites, Reeder & Gassner (page 2)	293.45
Disallow - Non-compliance	4/25/2008	Glenn, Sites, Reeder & Gassner (page 3)	499.30
Disallow - Non-compliance	4/25/2008	Glenn, Sites, Reeder & Gassner (page 4)	150.00
Disallow - Non-compliance	4/25/2008	Glenn, Sites, Reeder & Gassner (page 5)	100.00
Disallow - Non-compliance	4/25/2008	Glenn, Sites, Reeder & Gassner (page 6)	220.00
			8,631.53

Total

UW 120 (07-527) Legal

1/10/2007	70.00
1/11/2007	30.00
1/13/2007	110.00
1/19/2007	650.00
3/1/2007	60.00
3/13/2007	30.00
5/15/2007	40.00
5/16/2007	20.00
5/20/2007	120.00
5/21/2007	90.00

Settlement; Hearings; Motions - Originally no input from Company, stated "Have no idea." Company then submitted \$10,000. Since this is an estimate, I used \$5,000 since these costs are estimates and not known. However, five month history shows a lower level.

Estimate (Staff) \$ 5,000.00
Sub-Total Legal \$ 6,220.00

Accounting UW 120 (07-527)

IDR Responses 5/25/2007
PUC Personnel, Rate Filing 3/25/2007
PUC Rate Case Issues 2/25/2007
PUC Regulatory Matters 12/25/2006
Staff estimate on future costs

Sub-Total Accounting \$ 5,131.00

Total \$ 11,351.00

2-Year Amort. \$ 5,675.50

Actual: Jul - Nov 2007 based on invoices submitted =

CRRWC Adjustments - Testing

Staff/205
Dougherty/18

Requested	Adjusted	Explanation	3-Year Average
	\$4,853	3-year average costs.	2007
		Costs obtained from	2008
		Umpqua Research	2009
			\$1,483
			\$10,435
			\$2,640
			\$4,853

Total Recommended \$4,853 Contract Services - Testing

Accrual 2007-2008 Invoices

\$100	Umpqua Labs	8/17/2007
\$100	Umpqua Labs	9/21/2007
\$100	Umpqua Labs	10/17/2007
\$100	Umpqua Labs	12/13/2007
\$25	Umpqua Labs	12/19/2007
\$110	Umpqua Labs	1/24/2008
\$110	Umpqua Labs	2/21/2008
\$110	Umpqua Labs	3/25/2008
\$110	Umpqua Labs	4/24/2008
\$110	Umpqua Labs	5/21/2008
\$3,465	Umpqua Labs	6/4/2008
<u>\$4,440</u>		

Sub-total

\$220 Add missing months for coliform

Total 2008

\$4,660

Accounting Summary

\$4,895

Provided by CRRWV - July 30, 2008

CRRWC Adjustments - CS Labor

Staff/205
Dougherty/19

Expense	Vendor	Invoice Date	Explanation
\$959	Calculated vacant Field Tech FTE in Wages and Benefits. Any Contract labor would result in double count.	7/26/2007 8/22/2007 9/6/2007	

Adjustment Sub-total

Total Recommended \$0 **Contract Services - Labor**

Did not include Fire Scene Investigations, as included in Legal.

CRRWC Adjustments - Small Tools

Staff/205
Dougherty/20

Expense	Vendor	Invoice Date	Explanation
\$ 893.43	Big R	11/21/2007	
\$ 355.25	Big R	10/15/2007	
\$ 66.85	Big R	12/27/2007	
\$ (57.90)	Big R	12/27/2007	

Total Recommended \$ 1,257.63 **Small Tools**

Accounting Summary \$ 192 **Provided by CRRWV - July 30, 2008**

CRRWC Adjustments - Computer

Staff/205
Dougherty/21

Expense	Vendor	Invoice Date	Explanation
\$ 119.40	Webformix	1/1/2008	\$29.95 quarterly payment
\$ 99.95	QUILL	3/27/2008	Flash Drive
\$ 199.99	QUILL	3/21/2008	Photo Scanner
\$ 673.00	Webformix	7/19/2007	Repairs to Server
\$ 14.95	Webformix	5/4/2008	Domain
\$ 526.00	RVS Software	7/26/2007	Maintenance
\$ 172.00	Com-Link	7/26/2007	Antenna / CB Radio
\$ 59.70	Webformix	8/22/2007	Hosting - Not in, web-sit discontinued

Total Recommended \$ 1,685.89 Computer Expenses

CRRWC Adjustments - Transportation

Staff/205
Dougherty/22

Gallons	Expense	Vendor	Invoice Date	Explanation
159	\$ 449.16	Carson	8/2/2007	Unleaded Gas 87 Oct - \$2.825
275	\$ 732.49	Carson	8/2/2007	ULSD #2 - \$2.664
90	\$ 248.80	Carson	8/22/2007	Unleaded Gas 87 Oct - \$2.765
421	\$ 1,051.96	Carson	8/22/2007	ULSD #2 - \$2.499
50	\$ 139.90	Carson	9/13/2007	Unleaded Gas 87 Oct - \$2.798
50	\$ 122.74	Carson	9/13/2007	ULSD #2 - \$2.455
299	\$ 517.56	Carson	9/27/2007	ULSD #2 - \$2.588
60	\$ 168.67	Carson	10/11/2007	Unleaded Gas 87 Oct - \$2.811
200	\$ 566.43	Carson	10/11/2007	ULSD #2 - \$2.832
100	\$ 286.34	Carson	12/20/2007	ULSD #2 - \$2.863
70	\$ 208.50	Carson	12/20/2007	Unleaded Gas 87 Oct - \$2.979
125	\$ 347.88	Carson	1/17/2008	ULSD #2 - \$2.783
100	\$ 284.20	Carson	1/31/2008	ULSD #2 - \$2.842
70	\$ 206.26	Carson	1/31/2008	Unleaded Gas 87 Oct - \$2.947
100	\$ 346.05	Carson	2/13/2008	ULSD #2 - \$4.46
70	\$ 211.42	Carson	2/13/2008	Unleaded Gas 87 Oct - \$3.02
50	\$ 204.84	Carson	3/18/2008	ULSD #2 - \$4.097
100	\$ 332.04	Carson	3/18/2008	Unleaded Gas 87 Oct - \$3.32
400	\$ 1,680.82	Carson	4/10/2008	ULSD #2 - \$4.202
120	\$ 418.91	Carson	4/10/2008	Unleaded Gas 87 Oct - \$3.491
125	\$ 547.34	Carson	4/24/2008	ULSD #2 - \$4.379
106	\$ 396.12	Carson	4/24/2008	Unleaded Gas 87 Oct - \$3.737
100	\$ 490.59	Carson	5/8/2008	ULSD #2 - \$4.306
88	\$ 316.30	Carson	5/8/2008	Unleaded Gas 87 Oct - \$3.857
80	\$ 376.18	Carson	5/22/2008	ULSD #2 - \$4.703
150	\$ 706.84	Carson	6/5/2008	ULSD #2 - \$4.712
100	\$ 477.91	Carson	6/19/2008	ULSD #2 - \$4.771

Note: UW 120 (07-527) amount was set at \$14,111.

Shows November costs, no invoices.

Total	\$ 11,836.25			
Accounting Summary	\$ 13,584.79			
Unleaded Gas 87 Oct - Average Monthly Use		82	gallons per month	
Calc Cost	\$4,170.57	983	gallons per year	10% increase
		\$4,171	Cost at	\$4.24
ULSD #2 - Average Monthly Use		223	gallons per month	
Calc Cost	\$14,038.67	2,675	gallons per year	10% increase
		\$14,039	Cost at	\$5.25

CRRWC Adjustments - Transportation

Gallons	Expense	Vendor	Invoice Date	Explanation
	\$ 184.24	Les Swab	8/9/2007	
	\$ 14.50	Les Swab	11/8/2007	109809
	\$ 311.20	Les Swab	3/12/2008	
	\$ 297.10	NAPA	8/9/2007	
	\$ 569.31	NAPA	9/6/2007	
	\$ 100.29	NAPA	10/4/2007	
	\$ 62.79	NAPA	11/1/2007	888-557090
	\$ 270.87	NAPA	11/2/2007	
	\$ 289.80	NAPA	11/6/2007	888-558291
	\$ 92.51	NAPA	12/26/2007	888-570037
	\$ 7.05	NAPA	12/31/2007	
	\$ 103.32	NAPA	1/23/2008	575978
	\$ 158.90	NAPA	2/3/2008	888-578274
	\$ 16.44	NAPA	2/6/2008	888-578899
	\$ 112.08	NAPA	2/21/2008	888-582501
	\$ 53.97	NAPA	2/21/2008	888-582352
	\$ 253.49	NAPA	2/26/2008	888-583356
	\$ 30.08	NAPA	3/9/2008	888-586243
	\$ 20.60	NAPA	3/15/2008	888-587951
	\$ 132.11	NAPA	4/5/2008	888-592509
	\$ 19.90	NAPA	4/23/2008	888-596817
	\$ 12.99	NAPA	4/26/2008	888-597497
	\$ 299.50	NAPA	4/28/2008	888-597743
	\$ 3.29	NAPA	4/30/2008	888-598496
	\$ 89.44	NAPA	5/13/2008	
	\$ 1,485.16	Wright Ford	1/9/2008	92159

\$ 4,990.93 Parts/repairs total

\$ 18,209 Fuel

\$ 23,200.17

34% increase over accounting data amount (\$13,584.79)

Total Recommended

CRRWC Adjustments - Vehicle Insurance

Staff/205
Dougherty/24

Expense	Vendor	Invoice Date	Explanation
\$ 3,406.00	SafeCo Insurance	10/28/2007	Invoice

Total Recommended \$ 3,406.00 Vehicle Insurance

CRRWC Adjustments - General Liability

Staff/205
Dougherty/25

Explanation
Invoice.

Invoice Date
10/28/2007

Vendor
Safeco Insurance

Expense
\$ 5,616.00

Remove UW 120 Excavator

Total Recommended \$ 5,616.00

CRRWC Adjustments - Workers Comp

Staff/205
Dougherty/26

Expense	Vendor	Invoice Date	Explanation
\$7,648	SAIF	3/25/2008	\$637.31 multiplied by 12
\$352	DCBS Assessment	3/25/2008	\$29.12 multiplied by 12
\$87	DCBS - WBF	5/9/2008	
\$115	DCBS - WBF	9/27/2007	

Total Recommended

\$8,201

CRRWC Adjustments - Training

Staff/205
Dougherty/27

Expense	Vendor	Invoice Date	Explanation
\$0	No training occurred; no new field personnel		
\$0	Adjustment Sub-total		
\$0	Training		

Total Recommended

CRRWC Adjustments - General Expenses

Staff/205
Dougherty/28

Expense	Vendor	Invoice Date	Explanation
\$ 70.00	American Backflow	11/1/07	
\$ 322.00	AWWA	2/27/08	Annual
\$ 843.60	Crooked River Sanitary	12/1/07	Annual
\$ 65.00	CRR Chamber of Commerce	1/7/08	Annual
\$ 930.00	CRR Club & Maint.	6/1/08	Annual Dues - 3 Properties
\$ 27.00	DMV	8/5/07	Amortized over 2 years
\$ 27.00	DMV	10/11/07	Amortized over 2 years
\$ 37.50	DMV	1/7/08	Amortized over 2 years
\$ 120.00	DWP	1/31/08	Amortized over 2 years
\$ 437.93	OAWU	12/3/07	Certification Renewal
\$ 91.00	D&B Solutions	8/22/08	Annual
\$ 10.32	Jefferson County	7/13/07	
\$ 5.30	Jefferson County	8/9/07	
\$ 6.30	Jefferson County	9/6/07	
\$ 5.30	Jefferson County	11/1/07	
\$ 7.00	Jefferson County	12/11/07	
\$ 4.00	Jefferson County	2/4/08	
\$ 5.75	Jefferson County	3/6/08	
\$ 8.75	Jefferson County	4/3/08	
\$ 6.25	Jefferson County	5/5/08	
\$ 6.25	Jefferson County	6/3/08	
\$ 95.00	Petty Cash - Maps	7/13/07	
\$ 10.50	One Call Concept	9/18/07	
\$ 5.25	One Call Concept	9/18/07	
\$ 4.20	One Call Concept	10/18/07	
\$ 5.25	One Call Concept	11/30/07	
\$ 3.15	One Call Concept	12/31/07	
\$ 5.00	OPUC	4/25/08	7128687
\$ 16.99	Oreck	8/22/08	011200
\$ 550.90	Oregon Building	8/22/08	
\$ 85.00	Safe & Lock	7/26/07	
\$ 75.00	Sure Things	4/1/08	
\$ 25.50	Wolfgang Associates	1/2/08	03889
\$ 30.00	Wolfgang Associates	4/1/08	04356
\$ 30.00	Wolfgang Associates	8/22/07	
\$ 60.45	Wolfgang Associates	10/4/07	

Total Recommended \$ 4,038.44 General Expenses

CRRWC Adjustments - Property Taxes

Staff/205
Dougherty/29

Amount	Explanation
\$ 219.73	8820 SW Crater Loop
\$ 243.42	13865 SW Commercial Loop
\$ 463.15	Property Tax

Total Recommended

CRRWC Adjustments - Payroll Taxes

Staff/205
Dougherty/30

	Expense	Explanation
	\$ 18,416.28	SSI / Medicare Based on \$227,887
	\$ 392.00	FUTA - 7 FTE * \$56 maximum.
	\$ 5,440.63	SUTA - DR 99 (Rate = 2.26%)
	\$ 24,248.91	Adjustment Sub-total
Total Recommended	\$ 24,248.91	Payroll Taxes

	Expense	Explanation
	\$ 17,442.79	SSI / Medicare Based on \$228,002
	\$ 392.00	FUTA - 7 FTE * \$56 maximum.
	\$ 5,153.03	SUTA - DR 99 (Rate = 2.26%)
	\$ 22,987.82	Adjustment Sub-total
Total Recommended	\$ 22,987.82	Payroll Taxes

CASE: UW 120
WITNESS: Michael Dougherty

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 206

Exhibit in Support of Testimony

August 4, 2008

Crooked River Ranch Water Complaint and Inquiries November 29, 2007 to July 24, 2008

Complaint Issues			
Class	Type	Sub-type	Number
Disconnect	Notice	Procedure	1
Miscellaneous	Credibility		15
Miscellaneous	Appoint Regent		15
Miscellaneous	Personnel		1
No Jurisdiction	Elections		3
No Jurisdiction	Personnel		1
Disconnect	Posting Problem		1
Disconnect	Notice		2
Service	Pressure		1
Service	Reconnect	Delay	1
Service	Equipment	Procedure	1
Service	Line Extention		1
Billing	Delay		1
Billing	High Bill		1
Billing	Notice		1
Billing	Estimated Read		1
Billing	Format		1
Customer Service	No Return Contact		1
Rules	Estimated Read		1
			<u>50</u>

Informational Issues (Two of these may eventually turn into complaints)

Class	Type	Sub-type	Number
No Jurisdiction	Wages		1
No Jurisdiction	Miscellaneous	Data	1
Billing	Line Extension		1
Billing	Rates		2
Billing	Late Pay Fee		1
Customer Service	Kudos to company		1
Customer Service	Access		1
Billing	Meter Reading		1
Misc			1
			<u>10</u>

March 6, 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 145 - 146	March 21, 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.

145. Please provide the November 2007, December 2007, January 2008, and February 2008 Washington Mutual Operating Account and Community First Bank Capital Account bank statements.
146. Please provide information (project, amount, vendor, invoices, checks, transfers, etc.) concerning any withdrawals from the Community First Bank Capital Account. Did these withdrawals, if any, comply with Commission Order No. 07-527 that stated (please explain):

"In allowing the Company to retain the funds for now, we state our intent that the use of the funds be limited to capital improvements or the pay-off of loans; expenses incurred by the Company should be paid for out of operating revenues."

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

March 12, 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 147 - 149	March 27, 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.

147. Besides the Community First Bank (Capital) Account and the Washington Mutual (Operating) Account does CRRWC maintain any other bank and investments accounts including Certificates of Deposits, Money Market accounts, Checking, Mutual Funds, other? Please explain.
148. If the Company maintains other bank and investment accounts, please provide statements of such accounts from May 2006 through February 2008.
149. Please provide specific details of any deposits, transfers, and withdrawals from these accounts.

Please provide an original and one complete copy of your response to the attention of Vikié 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

March 27, 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 150 - 156	April 11, 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.

150. Concerning the Certificate of Deposits:

- a. If these Certificates of Deposits are part of the assessment fund balance, please explain why these accounts were not provided in data request responses and in response to the subpoena request:
 1. *Bank records concerning the capital (special assessment) fund. Bank records should include all months that the special assessment fund has been in place, and copies of all checks written by the Company that were processed or recorded by the bank for the time period listed above. (Data requests nos. 3, 110, 121, 122, 124(b), and 126).*
 - b. When were these CD accounts originally established?
 - c. Please include the CRRWC check numbers that established these accounts. Please provide copies of the processed checks.
 - d. Was November 2006 the original date these CD's were established or is November 2006 a renewal date on previous established accounts? Please explain. Please provide all statements since establishment of the accounts.
151. Please provide copies of the following checks (3344, 3346, 3583, 3806) made to CRRWC that were not cashed as of July 2006 operating account statement and show as a \$0.00 deposit in the August 2006 statement?
152. What was the purpose of writing checks to CRRWC off the operating account and not cashing these checks? Please explain.

CRRWC
Data Requests 150 - 156
March 27, 2008
Page 2

153. Please explain why the capital assessment funds were used for dump truck repairs and back hoe repairs when the enabling resolution specifically stated that the funds would be use for:

- Drilling of Well No. 3, and plumbing to accommodate a chlorination system;
- Upgrading the Cistem and building a new pump house;
- Re-plumb and add a chlorination station to Well No. 1 (formally Well No. 4); and
- Pay-off the loan on the office building.

154. Please provide the applicable Board of Director resolutions that authorized this fund to be used for:

- Back hoe repairs;
- Dump truck repairs;
- Legal costs concerning the Commission assertion of jurisdiction of CRRWC in WJ 8;
- Accounting costs related to WJ 8, UW 120, a civil complaint, standard financial reporting, and other Commission regulatory matters;
- UW 120 legal costs concerning contributions in aid of construction;
- \$30,000 for land that was actually purchased in 2001 prior to the establishment of the capital assessment fund; and
- \$13,500 for a crane that was actually purchased in 2002 prior to the establishment of the capital assessment fund.

155. Concerning the Contingency Account:

- a. When was the Contingency Account established?
- b. Please include the CRRWC check numbers that established this account. Please provide copies of the processed checks.

156. Please provide the December 1, 2007 customer list.

CRRWC
Data Requests 150 - 156
March 27, 2008
Page 3

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

April 10, 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 157 - 158	April 25, 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.

157. As a follow-up to the company's response to data request 155, please provide a copy of check 1001 written off the contingency account. Was this check used for Cooney & Crew legal services? Please explain.

158. Please provide copies of all Board minutes and resolutions from July 1, 2005, through April 24, 2008.

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

April 11, 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 159 - 165	April 28, 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.

159. Please provide a listing of current CRRWC employees? Please include job title, brief summary description of duties, and regularly scheduled hours per week.
160. Has CRRWC hired any personnel since Commission Order No. 07-527, which allowed funds for 6.625 full-time equivalents? If not, please explain why since there are sufficient funds available to hire additional personnel.
161. Has CRRWC hired the vacant field tech and meter read/field tech positions? If so, please provide the names of these personnel.
162. Has Mr. Rooks completed the qualifications for Water Operator 2? Please explain.
163. Does Mr. Valdez or any newly hired personnel have a Water Operator 1 or higher qualification? Please explain.
164. Please provide copies of the Accounting Program Reconciliation Detail for the Washington Mutual Operating Account for the months of November 2007 through March 2008.

CRRWC
Data Requests 159 - 165
April 11, 2008
Page 2

165. Please provide a copy of the March 2008 Washington Mutual Operating Account statement.

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

May 6, 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 166 - 175	May 21, 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.

166. Please provide copies of all legal invoices for the time period of November 2007 through March 2008.
167. Please explain the legal services during the above time period provided by:
 - a. Balyeat & Eager
 - b. Paul J. Speck
 - c. Harrang/Long/Gary/Rudnick
 - d. Karnopp Petersen LLP
 - e. Glenn, Sites, Reeder & Gassner
168. Even though the Company indicates to customers that repairs have been cut, a review of the December 2007 through March 2008 Reconciliation Detail reports indicate that over \$15,000 has been paid to entities that provide repair and maintenance services/supplies. Please provide invoices for the following vendors from the time period of 11/01/07 through 03/31/08:
 - a. CNH Capital
 - b. Big R (payments over \$50)
 - c. Swift Steel
 - d. High Desert Aggregate
 - e. Terrebonne True Value
 - f. H. D. Fowler
 - g. Bullfrog Enterprises
 - h. High Desert Auto Parts
 - i. Wright Ford
 - j. Custom Tint

CRRWC
Data Requests 166 - 175
May 6, 2008
Page 2

- k. Lawson Products
- l. United Pipe & Supply
- m. Linn Septic
- n. Fastenal
- o. NORCO
- p. Gowdy Brothers Electric
- q. PAVCO

169. As a follow-up to CRRWC's response to data request No. 161, please provide copies of all CRRWC job postings and advertisements for the vacant field tech position and meter reader/field tech positions that were authorized in Commission Order No. 07-527.
170. Please provide the Board Minutes and Board Resolution that authorized the General Manager's 63 percent pay increase as reflected in the employee's pay stubs. Please identify the vote cast by each Board Member for this Resolution.
171. Please explain the \$200 pay deduction for "Supplies" shown on the General Manager's pay stubs. What are the supplies? Please provide the Board Minutes and Board Resolution that authorized the deduction. Please identify the vote cast by each Board Member for this Resolution.
172. Please provide the name of the former Board member that left the Board resulting in a current vacant position.
173. Please provide the names, address, dates and terms (including the date term expires) for the present Board members.
174. Please provide copies of the verified/certified voting results for the current Board members. The results should indicate the number of affirmative votes.
175. Has any current Board Member had his term extended without an election by members? If so, please identify the Board Member. Please explain the circumstances behind the extension.

CRRWC
Data Requests 166 - 175
May 6, 2008
Page 3

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

May 9, 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 176	May 23, 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.

176. Please provide copies of the Washington Mutual Operating Account Statement and Accounting Program Reconciliation Detail for the Washington Mutual Operating Account for April 2008.

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

May 14, 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 177	May 29, 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.

177. Please provide invoices for the following vendors from the time period of 11/01/07 through 03/31/08:

- a. Pacific Power **Products**
- b. Aspen Creek Enterprises
- c. Washington Mutual - Visa

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

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.
- 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?
- 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

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.

CRRWC
Data Requests 178 - 183
May 29, 2008
Page 2

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?
- 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.

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.
- 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?
- 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.

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.

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

CRRWC
Data Requests 178 - 183
May 29, 2008
Page 3

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

June 5, 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 184 - 185	June 20, 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.

184. Please provide the detailed invoices for the Accounting Fees listed on CRRWC's Supplemental Response to Order No. 08-243.
185. Please provide a list of all "Pipes for Projects" currently held by the CRRWC in inventory. The inventory should include:
 - Type of pipe (PVC, galvanized steel, etc.)
 - Amount of pipe for each type by foot
 - Location of inventory

For accuracy, this inventory should be confirmed by CRRWC's accounting firm since this inventory could potentially affect CRRWC's financial records and annual IRS filing.

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

June 26, 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 186 - 191	July 11, 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.

186. Please provide copies of the Washington Mutual Operating Account Statement and Accounting Program Reconciliation Detail for the Washington Mutual Operating Account for the months of May 2008 and June 2008.

187. As a follow-up to the unanswered data requests 178 and 181, please provide CRRWC's cost benefit analysis concerning ownership of construction equipment (dump truck, back hoes, hammer, etc.). A cost benefit analysis would normally include items such as:

- a. Purchase cost of equipment;
- b. Expected life of equipment;
- c. Depreciation cost of equipment;
- d. Annual repair costs of equipment;
- e. Annual maintenance cost of equipment;
- f. Annual fuel cost of equipment;
- g. Annual insurance cost of equipment;
- h. Annual daily use of equipment; and
- i. Daily rental costs of similar equipment.

Was the Company's cost benefit analysis developed by an accountant, financial analyst, or a person with a degree in business, finance, accounting, or economics? Please explain.

188. If a basic cost benefit analysis was not performed were any other studies such as payback, net present value, or internal rate of return used to determine the cost effectiveness of owning construction equipment? Please explain.

CRRWC
Data Requests 185 - 191
June 26, 2008
Page 2

189. Please provide the Construction Contractors Board (CCB) license number for J. R. Rooks. Does Mr. Rooks maintain any other licenses or certificates based on his qualifications? Please explain.
190. Please provide any wage studies performed by CRRWC over the last five years that were used to determine Mr. Rooks' wages.
191. Please provide a copy of CRRWC's Consumer Confidence report for 2007.

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

July 2, 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 192 - 203	July 17, 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.

192. Please provide a copy of CRRWC's Form 990 for 2007. Please ensure it contains a copy of the 2007 Federal Book Depreciation Schedule.
193. For any new additions to capital plant in 2007 and 2008:
 - a. Please provide invoices that show the cost of the new equipment; and
 - b. Please provide the amount of labor hours performed by CRRWC personnel for these projects.
194. Please provide the March 2008 - June 2008 statements for all bank (CD's, MMDA's, others) accounts maintained by CRRWC.
195. Please provide consumption data for all months January 2007 through June 2008. The consumption data should include:
 - a. Water Pumped Water Used – Metered/Unmetered Reports
 - b. All Pumps Usage Report
 - c. Usage Breakdown Report
 - d. Usage Summary Report
 - e. Year End Usage Report for 2007
196. Please provide the Sales and Receivable Reports for 2007 and for January to June 2008.

CRRWC
Data Requests 192 - 203
July 2, 2008
Page 2

197. Please provide copies of all insurance (general liability, auto, life, property, etc.) premium summaries (that state cost and coverage) for insurance that is currently in effect.
198. Has CRRWC received any insurance claim payments concerning losses, lawsuits, etc. in 2007 and 2008? If so, please provide the amount and reason of claim payment.
199. Please provide copies of all medical insurance (health, dental, vision) premium summaries (that state cost and coverage) for insurance that is currently in effect.
200. Please provide QuickBooks (or other accounting program) account summaries for 2007 and for January 2007 through June 2008 for the following accounts:
 - a. 611, Telephone/Communications
 - b. 615, Purchased power
 - c. 618, Chemical Treatment Expense
 - d. 619, Office Supplies
 - e. 619.1, Postage
 - f. 620, O&M Material/Supplies
 - g. 621, Repairs to Water Plant
 - h. 631, Contract Services – Engineering
 - i. 632, Contract Services – Accounting
 - j. 633, Contract Services – Legal
 - k. 635, Contract Services – Testing
 - l. 636, Contract Services – Labor
 - m. 639, Contract Services, Other
 - n. 642, Rental of Equipment
 - o. 643, Small Tools
 - p. 648, Computer/Electronic Expenses
 - q. 650, Transportation
 - r. 660, Public Relations
 - s. 668, Water Resource Conservation
 - t. 670, Bad Debt Expense
 - u. 671, Cross Connection Program
 - v. 672, System Capacity Development
 - w. 673, Training and Certification
 - x. 674, Consumer Confidence Report
 - y. 675, General Expense

CRRWC
Data Requests 192 - 203
July 2, 2008
Page 3

z. 151, Materials and Supplies (Capital Inventory, i.e. pipe, pumps, meters, etc.)

201. For the time period of January 2007 through June 2008, please provide the following information concerning new hook-ups (for services not previously provided to a structure):

- a. Name of customer
- b. Address of residence
- c. Amount paid by customer
- d. Canceled check by customer
- e. Breakdown of costs for each customer

202. Please provide a copy of any settlement and/or court rulings concerning the easement dispute with Crooked River Ranch Club and Maintenance Organization.

203. Concerning the Fire Hall donation:

- a. Please provide the status of CRRWC's involvement in the new fire station. Is CRRWC's participation complete? Please explain.
- b. Please provide invoices for all parts, supplies, equipment purchased by CRRWC for the project.
- c. Please provide the hours and supporting documentation concerning the hours worked by CRRWC personnel.

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

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 120

In the Matter of)	
)	
CROOKED RIVER RANCH WATER)	
COMPANY)	RULING
)	
Request for rate increase in total annual)	
revenues from \$806,833 to \$868,453, or)	
8.13 percent.)	

DISPOSITION: MOTION TO COMPEL GRANTED

On May 14, 2008, the Commission Staff (Staff) filed a motion to compel data responses from Crooked River Ranch Water Company (Crooked River). Crooked River submitted a reply to Staff's motion on May 27, 2008. The Company's reply was late-filed but is received.¹

Staff states that it served its Data Request No. 156 on March 27, 2008, and Data Request Nos. 157, 158, 162 and 163 on April 10 and 11, 2008. In its motion, Staff describes each request and explains their relevance. Staff reports that Crooked River has failed to respond at all, or sufficiently, to its requests.

In Data Request No. 156, Staff asked for a list of customers, as of December 1, 2007. Staff explains that its request is relevant to the distribution of the special assessment fund surcharge balance. In its reply, the Company argues that the information is not relevant because the Commission does not have subject matter jurisdiction over the distribution of the funds.

The Company's jurisdictional argument is pending in the Court of Appeal. So far as this Commission is concerned, it has jurisdiction to decide these matters. The information sought in Data Request No. 156 is plainly relevant and must be provided.

In Data Request No. 157 Staff requests a copy of a check and asks the purpose of its use. Staff notes that the amount of the check - \$15,000 is significant, and states that the information is relevant to Staff's investigation into the Company's use of funds, pursuant to Order No. 08-242.

¹ By ruling dated August 21, 2007, the time for Crooked River to reply to motions to compel was shortened to five days.

Crooked River notes that the date of the check predates the Commission's assertion of jurisdiction, and argues that the check is not relevant for ratemaking purposes. The Company also argues that information regarding the check is protected by the attorney/client privilege.

The scope of the Commission's ratemaking function is not limited to financial matters occurring only after the Commission's assertion of jurisdiction. Test year ratemaking requires several years of financial information. Staff's request is granted.

In Data Request No. 158, Staff requests copies of all Board minutes and resolutions from July 1, 2005, through April 24, 2008. Staff argues that these documents are discoverable to determine the actions of the Board concerning rates and service.

Crooked River objects to any request for production of documents prior to the assertion of jurisdiction by the Commission. The Company states that it will review Board minutes and resolutions from after the Commission's assertion of jurisdiction and will provide any documents relevant to the establishment of rates and service.

Again the Company is mistaken regarding the scope of the Commission's authority and the range of information that is relevant for ratemaking purposes. Actions by the Board are relevant to the financial condition of the Company and its rates and services. Staff's request is granted.

In Data Requests Nos. 162 and 163, Staff asked the Company to provide information concerning the water operator qualifications of the General Manager and the currently employed Field Technician. Staff argues that the information relates to rates and service, particularly to the salary paid to the General Manager.

Crooked River again argues the relevancy of the data requests, but does provide some information that might be responsive. To the extent that the supplied information is responsive, Staff's motion is moot. If Staff is not satisfied with the Company's response, Staff should pursue further discovery.

The information requested is plainly relevant.

IT IS ORDERED that, within five days of the date of this ruling, Crooked River provide full and complete answers to Staff's Data Request Nos. 156, 157 and 158.

Dated at Salem, Oregon, this 29th day of May, 2008.

PATRICK POWER
Administrative Law Judge

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 120

In the Matter of)	
)	
CROOKED RIVER RANCH WATER)	RULING
COMPANY)	
)	
Request for rate increase in total annual)	
revenues from \$806,833 to \$868,453 or)	
8.13 percent.)	

DISPOSITION: STAFF MOTION TO COMPEL GRANTED

On June 6, 2008, the Public Utility Commission of Oregon Staff (Staff) filed a motion to compel data responses from Crooked River Ranch Water Company (Crooked River or the Company). Crooked River filed a response to Staff's motion on June 16, 2008.

Staff states that it served its Data Requests Nos. 166 through 175 on May 6, 2008. According to Staff, Crooked River did not provide full and complete answers to Data Requests Nos. 166, 167, 170, 171, 173, 174, and 175.

In its motion Staff explains the relevance of each request. In its reply Crooked River offers some information or disputes the relevance of each of Staff's requests.

In its Data Requests Nos. 166 and 167 Staff requested information regarding legal services provided to the Company "performed by five legal firms during the November 2007 through March 2008 timeframe." In its reply Crooked River provides some information regarding matters of "public record," but objects to providing any further information, citing the attorney-client privilege.

The purpose of the attorney-client privilege is to encourage full disclosure to attorneys so they are able to render effective legal assistance. There has been no showing that disclosure of the information requested by Staff would intrude on the Company's communications with its attorneys. The attorney-client privilege does not apply here. The information requested is relevant and shall be disclosed.

In its Data Requests Nos. 170, 171, 173, 174, and 175 Staff requested information concerning the Company's Board of Directors, Board minutes and resolutions, and Board elections. In support of its motion Staff cites ORS 756.070.¹

In its reply Crooked River argues that the information "is outside the scope of the PUC's authority," citing a ruling by the Jefferson County Circuit Court in a contempt proceeding regarding the Company's failure to respond to data requests propounded by intervenor Soule in this matter. The Company further argues that information regarding actual employee compensation is not relevant for setting rates.

This Commission has exclusive jurisdiction over its ratemaking function, and a circuit court has no authority to decide what information is relevant for purposes of the Commission's business. The circuit court's reported ruling is of no moment in this proceeding.

Discovery is an integral part of the Commission's ratemaking process. Where a party believes that discovery responses have been inadequate, it may file a motion for an order to compel the production of that information. The opposing party may file in opposition to the motion to compel.

If the motion to compel is granted, and if the information is not provided, the moving party may choose how to proceed further. The party may request a subpoena, and if the information is not provided, may proceed to Circuit Court with a motion and order to show cause for failure to produce the information. Alternatively, the party simply may deem the evidence "willfully" suppressed and invoke Evidence Code Section 311(c): Evidence willfully suppressed would be adverse to the party suppressing it. (ORS 40.135(1)(c)). The Commission's rules do not require that a party initiate contempt proceedings as a condition precedent to invoking the Evidence Code.

The information requested by Staff is plainly relevant to the management of the Company. Utilities provide essential public services and the Commission has both the authority and the responsibility to take such measures as are necessary and convenient in the exercise of its power and jurisdiction.

IT IS ORDERED that: Within five days, Crooked River Ranch Water Company shall provide full and complete answers to Staff's Data Requests Nos. 166, 167, 170, 171, 173, 174, and 175.

Dated at Salem, Oregon, this 25th day of June, 2008.

PATRICK POWER
Administrative Law Judge

¹ ORS 756.070 provides: The Public Utility Commission may inquire into the management of the business of all public utilities and telecommunications utilities and shall keep informed as to the manner and method in which they are conducted and has the right to obtain from any public utility or telecommunications utility all necessary information to enable the commission to perform duties.

1 which is located in Eagle Crest, because many of the employee functions are
2 contracted out to its parent company. Although Staff includes the following
3 table as a comparison, a simple comparison of wages among utilities is not a
4 sufficient analysis from which to base revenue requirement recommendations.

5 **Table 8 – Class B Water Utilities Wage and Benefit Comparison**

	Agate	Crooked River	Roats
Total Full Time Equivalents (FTE)	7	6.5	6
Wages – Employees	\$182,862	\$343,500	\$116,103
Wages – Officers	\$55,800		\$101,518
Pension & Benefits	\$19,444	\$33,000	\$22,683
Total Payments	\$258,106	\$376,500	\$240,304
Employee Expense per Revenue	\$0.41	\$0.50	\$0.30
Total Operating Expense per Customer per Year	\$356	\$427	\$457

6
7 Although Agate's wages are slightly higher than Roats Water Company,
8 they are lower than Crooked River Ranch Water Company, as Table 8
9 indicates. Agate's overall operating expense per customer per year is lower
10 than both Roats Water Company and Crooked River Ranch Water Company.

11 Staff also believes Intervenor Tim Kelly's comparison to Connecticut Water
12 Services (Connecticut) is irrelevant. As a result of economies of scale, it is
13 reasonable to expect a declining employee to customer ratio as companies



Staff/206
Dougherty/29

February 27, 2008

Doug Muck
PO Box 1895
Redmond, OR 97756

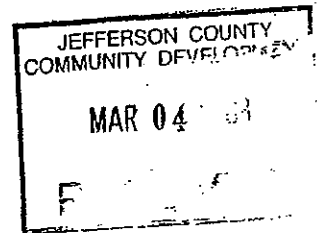
RE: 10 Space RV Park
Phase 16 Lots 58 and 35

Doug,

Crooked River Ranch Water Company has more than adequate water and water pressure to supply a 10 space RV park, providing that you are willing to install adequate plumbing and meter.

If you have any further questions, please call me at 923-1041.

"JR" James Rooks
General Manager/Operations Manager



SPECIAL BOARD OF DIRECTORS MEETING
September 10, 2007

The meeting was called to order at 11:58 a.m. Held in Managers office.

Present: Brian Elliott, Richard Miller, Randy Scott, James Rooks

JR: He's got the final "order" from Michael Dougherty of the PUC. He's cut over \$400,000 from the budget, and has cut JR's wages. CRRWC had proposed rates totaling \$868,458, the PUC has proposed \$525,295.

Over a year ago JR asked Michael Dougherty, Jason Jones and Marc Hellman to come over, sit down, and discuss the rates. They refused. JR then contacted Marc Hellman direct, and Mr. Hellman and Jason Jones came over and spent 2 ½ hours. JR drew diagrams and maps of the system and showed them both the office, the record keeping, etc.

On the tariff papers initially filed by the company, it asks what historic period the company wanted to use to base it's rates. We put down 2007. Going on past figures is no good - prices have doubled and tripled in the last couple of years. All board members agreed. Michael Dougherty blames JR for not cooperating, not giving them what they've asked for, etc. JR showed them the box of records that Jacquie has been keeping for this year. JR tried to give it to Dougherty at the last settlement conference, but he refused to take them.

JR noted that 10 years ago, customers were paying \$17 a month for water. Now the PUC is recommending \$18+ (base). They have thrown this company backwards.

The plan for the evidentiary hearing, to be held 10/25, is for the Accountant to give a financial statement, the attorney to address legal issues, and JR and/or Brian to state that the company can't live off the budget PUC is proposing. JR is going to request the attorney to draw up a lawsuit this week. Michael Dougherty has broke the law since the beginning. The only hope we have is for a court to issue an injunction to stop the process.

All board members agree that something has to be done, and will support JR in whatever actions necessary. JR has \$200,000 in CD's to cover the costs.

Brian Elliott noted that the company has been somewhat holding steady the

last few years, but this budget will not work. After 5 months, we will probably need to call for a federal mediator on a bankruptcy case. JR noted that Michael Dougherty has eliminated all contracts, including JR's employment contract, Ken White's contract for SCADA services, etc. JR has attorney in Bend researching the contract issue.

The PUC has allowed the company \$3,000 for maintenance. Last year, JR spent \$89,000 for parts just to fix the system.

The PUC has cut communication costs by 50%.

Brian suggested that starting with the new budget and new rates, the company needs to keep a ledger reflecting every penny spent. And be judicious. If given \$3,000 for supplies, don't go out and spend it all at once. We must show that we have tried to live within the PUC's budget. This is to be internal logging - not something that needs to be sent to the accountant. Brian stated that mainly we need to refer to the big items, i.e. materials, labor, electricity, telephone, etc. If we run out of money, take it to the PUC and ask them what they expect us to do. If they allow \$5000 for electricity, and in 2 months we have exceeded that amount, let the PUC explain the next steps! Randy and Richard both agreed.

JR: Issue #2. PUC allows for no overtime, standby time, or holiday time. JR has come up with a proposal that should work for him and the CRRWC. JR hasn't asked for a raise in 10 years. PUC claims to use the AWWA book in determining wages. JR gave the book to Wes, our accountant, and asked him to come up with a fair wage for JR. Wes recommended not less than \$80,000 and not more than \$100,000. Based on this, JR is asking for a raise to \$38.54 an hour. He guarantees the system will be covered after hours, weekends and holidays, with no overtime requested.

In addition, JR has been charging \$500 per week for the use of his shop and his fixing of the equipment. JR requested estimates of cost from 3 companies to come and provide preventative maintenance on the equipment, only Case responded. Their quote was \$3,750 per month, which was basically oil changes, etc. (preventative maintenance). This did not include mileage, use of welder, etc. JR will continue to do all repairs in his new wage package, with no additional charge to the company. This will save the company about \$30,000 a year, even though JR will be incurring a reduction in wages. However, all repairs will be done during the work day - no more evening and weekend work. This was agreeable to all. Brian Elliott told JR to change his contract to reflect the new wage amount and remove

references to overtime, etc. However, he said to keep the contract with an hourly wage - not salary.

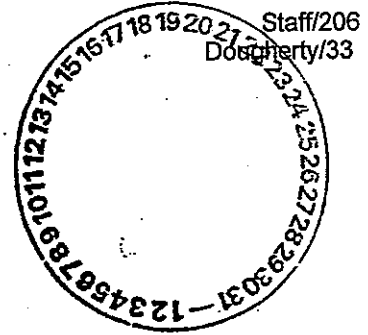
JR: Issue #3: "Residents" have called the DA and AG's office accusing JR of stealing the Track Hoe. JR showed the other board members copies of the payments he's made and explained how he has paid full price for the equipment. He has never charged the company for the use of the Track Hoe when used on company jobs (and there's been several). Brian Elliott asked JR to call local rental outfits when he plans to use the track hoe on a job, and take an average of the daily rental. After some hesitation by JR, they agreed to charge 65% of the average. That is the amount that he is authorized to charge the company for the use of his equipment.

Meeting adjourned at 12:35 p.m.

Submitted by:

Richard Miller, Secretary/Treasurer

Date



June 13, 2008

Don Martin, Chair
Jefferson Co. Planning Commission
85 SE "D" Street
Madras, OR 97741

Re: Doug Muck, Jr.
07-SP-04 and 07-SP-05

Dear Chairman Martin:

Thank you for the opportunity to provide verbal testimony last evening re Mr. Muck's appeal on his RV park permit. As suggested, I am submitting this written comment to enhance my testimony given June 12, 2008.

The Crooked River Ranch commercial area has been a 30 year failure due to the Board of Directors of the Club and Maintenance Association. This area was set aside as a commercial area, and has been zoned as such by the county. However, whenever someone wants to develop a business that is acceptable by ranch and zoning rules, the Association Board of Directors, or some trouble making members of the association, try to cause trouble. Many of the developers have just walked away, as Mr. Muck proposed doing last night, rather than continue the high legal bills and frustration involved in battling the ranch.

Financially, it would be a tremendous advantage to the county and Association to advocate for development in the commercial area of CRR. It would provide additional SDC's for the county in the hundreds of thousands of dollars. In addition, property values would increase, which, instead of \$100 per year in property tax, the county would get approximately \$2000. Not only would this benefit the county, but residents of CRR in that the fire department and road district would see increased revenues. In this time of recession, we should advocate for all possible construction in this county that we can.

The CRR Club and Maintenance Association argues that there should be no permanent housing in the commercial zone. We have had permanent residents here for over 20 years, and they have not always had a business associated with the residence. The River Rim RV Park has about 15 permanent residents that live there year round in RV's. The CRR RV Park,

owned by the Association, has made their park available year round, and we are aware of persons who have lived there for over 2 years. It seems rather hypocritical that the Association would cause this type of trouble for Mr. Muck when they have done the exact same thing. I believe this would be another case of "selective enforcement", a practice that the CRR Club and Maintenance Association is becoming rather well known for.

The Association Attorney mentioned that CRR Water Cooperative, of which I am the General Manager and also a Board Member, only had enough water to cover one RV project. In addition, she mentioned that the co-op had made application for a new well, which means that there is a water problem. CRRWC gave letters to Mr. Muck for both of his projects. In addition, there has been no application made to drill a well. This is something we plan to do in the future, but for reasons other than a lack of water availability. As I explained, I have an 8" main line in this area, with 110 psi, which is more than adequate to meet the needs of two 10 space RV parks, whether they contain "permanent" residents, or transient travelers.

As I understand the original basis of the CRR Club and Maintenance Associations objection, it was due to Mr. Muck's advertising of "lots for sale". Mr. Muck admitted an error, and immediately pulled his signs and website ads that included this. It seems to me that should have been the end of this issue.

I support Mr. Muck's efforts to develop his properties here in the commercial district of Crooked River Ranch; and sincerely urge the Planning Commission to approve his plans and allow him to continue. This has caused a financial stress to Mr. Muck, and truly was not justified.

If you have any question, I will be more than happy to try to answer them. I may be reached at my office at 541-923-1041 x5.

Sincerely,



James Rooks, General Manager
Crooked River Ranch Water Cooperative

Date: March 26, 2008
To: CRRWC Members
From: CRRWC Board of Directors
Subject: Public Utility Commission Update

Many of you have heard on the radio or television, or read in the newspaper, statements made by the PUC and their representatives which are not correct. The biggest misrepresentation has been that CRRWC has misappropriated \$118,000. Many of the media reports are inaccurate and misrepresent the contents of the PUC's order. If you would like to read the order itself, you can access it through the PUC website at <http://apps.puc.state.or.us/edockets/>, order number 08-177. The management and Board of Directors of Crooked River Ranch Water Co-op state to you now that there are no funds missing or unaccounted for in this company.

As you may know, in 2006 and 2007, petitions were collected by the Water Watch Dogs and submitted to the PUC requesting that they assert jurisdiction over your water company. After their first failed attempt to assert jurisdiction over CRRWC in 2001 the PUC sponsored legislation which became Oregon Revised Statute (ORS) 757.063. This is the law that provides for the PUC to intervene when 20% of a recognized association petitions for regulation. CRRWC has challenged the constitutionality of a law which allows an unrepresentative minority to take action on behalf of the majority as contrary to the fundamental democratic principles of this country.

When Chairman of the Public Utility Commission, Lee Beyer sponsored this new law before the legislature in Salem he said "If 20% of the associations' members say that or - petition us and say that we would like you to regulate our association, then it gives the PUC the right to come in and determine whether there is a need to do that or not. And, that is simply all it does. It provides us the opportunity to do that." After the legislature passed the Bill which became ORS 757.063 and petitions for regulation were submitted to the PUC the PUC started regulating CRRWC as soon as those petitions were received. This action by the PUC Staff was upheld by the PUC Board of Commissioners when challenged. In an order signed by Lee Beyer the PUC said "....we agree with Staff that ORS 757.063 confers jurisdiction upon Commission receipt and verification of signatures from 20 percent of a water association's members." "Furthermore, because jurisdiction presumptively attached at that time, CRRWC became a regulated utility subject to the laws

administered by the Commission." Commissioner Beyer told the legislature one thing about the effect of the new law and then enforced a completely different interpretation. CRRWC has challenged this fraud which was perpetrated on our legislature through an appeal to the Court of Appeals in Salem, Oregon.

The fraud in the procurement of the law that allowed the PUC to regulate CRRWC is not the only illegal act perpetrated by the PUC against your water company. Actions by the Public Utility Commission are regulated by the Oregon Administrative Procedures Act. The Oregon Administrative Procedures Act is set out in laws known as Oregon Administrative Rules (OAR's). The PUC violated these OAR's when they asserted jurisdiction over CRRWC. This issue is also on Appeal to the Oregon Court of Appeals in Salem however we are still waiting for that case to be decided.

While the Court of Appeals considers whether or not the actions of the PUC were legal CRRWC remains under their oversight. Because of the PUC oversight a proceeding was started to establish rates necessary for the operation of your company. The PUC handpicked an Administrative Law Judge to conduct this proceeding. When the Judge disregarded information submitted by CRRWC an investigation revealed that the person the PUC picked was not a licensed attorney in the State of Oregon in violation of ORS 9.160. The Oregon State Bar started an investigation against this man for the un-authorized practice of law a crime punishable by up to a fine of \$500 or imprisonment in the county jail for a period not to exceed six months, or both. The Oregon State Bar Investigator first found that the Judge had committed the un-authorized practice of law but later changed his position without explanation, likely under heavy political pressure.

The proceeding to establish rates went on with the PUC's Judge in charge and CRRWC submitted the initial rate request. The rate request was prepared with the assistance of the company's accounting firm who is experienced in these types of submissions to the PUC. The rate request contained a proposal for rates that would allow the company to continue with its maintenance program and perform necessary upgrades. The PUC responded with a budget that would not allow CRRWC to maintain the integrity of the existing water system let alone make any improvements.

The Board of Directors and management have made adjustments in order to try to continue operations with the budget required by the PUC. Almost all overtime has been eliminated for all staff, no major repairs have been undertaken, all upgrades have been cancelled due to lack of funds, and the

equipment repairs have been cut. Even with these cuts, the company is now operating in the red. The PUC reduced rates but at the cost of the integrity of your water system. Under the current PUC imposed budget it is only a matter of time before the integrity of the system and the service provided will be compromised.

In recognition of the fact that the Court of Appeals will likely overturn their order asserting jurisdiction the PUC is claiming non-compliance with its existing order and trying to impose fines against the CRRWC Board of Directors in order to appoint it's own representative to run CRRWC and eliminate the current Board and Management. With PUC people running the company the Appeal to the Court of Appeals will simply be dropped and the PUC will not be held accountable for their actions. The fact is that even though the law is not a fair one it is still the law until overturned by the Court of Appeals. CRRWC has abided by the law despite the claims of the PUC and their hand picked and non-licensed Judge. When certain issues in this case were brought before a Circuit Court Judge in Jefferson County CRRWC has obtained favorable rulings unfortunately due to legal processes not every action of the PUC can be appealed to the Circuit Court.

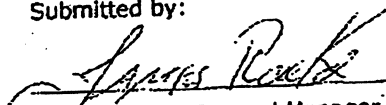
The PUC has demonstrated that it will stop at nothing to expand it's bureaucracy. The CRRWC Board of Directors and Management will continue to oppose regulation by the PUC when it is achieved through unethical and in some cases illegal means. Ask yourself this question:

Do you have clean, abundant water with adequate pressure at your house? If your answer is "yes", please pick up the phone and call the PUC and tell them to leave your water company alone! The Commissioner's phone number is

503-378-6611

The CRRWC Board of Director's and Management will continue to work hard to provide quality water service despite the interference by the PUC.

Submitted by:


James Rooks, General Manager



COLUMBIA RIVER BANK

Staff/206
Doupherty/38

CUSTOMER: 12100
AS OF: 03/06/08
PAGE:

NON-PERSONAL - 100M CERTIFICATE

ORIGINAL ISSUE DATE:	04/16/99	INTEREST RATE:	2.4400
ORIGINAL ISSUE VALUE:	20,000.00	MATURITY DATE:	08/26/08
LAST RENEWAL DATE:	02/28/08	TERM:	180 DAYS
LAST RENEWAL VALUE:	26,155.04	BALANCE AS OF 03/06/08:	26,155.04

* R E N E W A L A D V I C E *

YOUR CERTIFICATE MATURED ON 02/28/08. THE CERTIFICATE HAS RENEWED AND THE NEW MATURITY DATE IS 08/26/08. INTEREST WILL BE CREDITED TO YOUR CERTIFICATE MONTHLY.

THANK YOU FOR BANKING WITH US. WE APPRECIATE YOUR BUSINESS!

COPIED FOR PUC

JUL 25 2008

See reverse for important information

24 Hour Customer Service Center

☎ Telebanking ☎

Toll Free 1-888-600-8702 Ext. 100

Member FDIC

COMMUNITY FIRST BK-TERREBONNE
P.O. Box 539
TERREBONNE, OR 97760

ACCOUNT:
DOCUMENTS:



TELEPHONE: 541-548-7800

Staff/206
Dougherty/39

CROOKED RIVER RANCH WATER
COOPERATIVE
PO BOX 2319
TERREBONNE OR 97760

<C> 30
0
1

*** FINAL STATEMENT ***

www.MyCommunityFirst.com
New Community First Branch in Bend!
Be sure to stop by our new Mill Quarter drive up branch on Staats Street
between Colorado and Arizona.
Extended hours are Monday - Friday, 7:00 am - 6:30 pm

BUSINESS MMDA ACCOUNT

LAST STATEMENT 04/30/08 118,562.25
CREDITS .00
2 DEBITS 118,562.25
THIS STATEMENT 05/30/08 .00

----- CHECKS -----
CHECK #..DATE.....AMOUNT CHECK #..DATE.....AMOUNT CHECK #..DATE.....AMOUNT
05/15 118,562.25

----- OTHER DEBITS -----
DESCRIPTION DATE AMOUNT
CLOSING WITHDRAWAL 05/15 .00

THE DISCLOSURE PERIOD FOR THIS ACCOUNT IS 05/01/08 THRU 05/14/08.

----- INTEREST -----

INTEREST PAID 2008: 409.15

----- ITEMIZATION OF NSF PAID AND RETURNED ITEM FEES -----

	THIS PERIOD	YEAR TO DATE
NSF PAID ITEM FEE:	.00	.00
NSF RETURNED ITEM FEE:	.00	.00
OVERDRAFT FEES:	.00	.00

*** CONTINUED ***

COPIED FOR PUC

JUL 25 2008

COMMUNITY FIRST BK-TERREBONNE
P.O. Box 539
TERREBONNE, OR 97760

ACCOUNT:
DOCUMENTS:

PAGE: 1
06/30/2008
Staff/206
Dougherty/40

FDIC

TELEPHONE: 541-548-7800

Staff/206
Dougherty/40

CROOKED RIVER RANCH WATER COOPERATIVE
PO BOX 2319
TERREBONNE OR 97760 30 0 1

www.MyCommunityFirst.com
New Community First Branch in Bend!
Be sure to stop by our new Mill Quarter drive up branch on Staats Street
between Colorado and Arizona.
Extended hours are Monday - Friday, 7:00 am - 6:30 pm

BUSINESS MMDA ACCOUNT

MINIMUM BALANCE 377.84 LAST STATEMENT 05/30/08 131,034.10
AVERAGE BALANCE 17,236.71 1 CREDITS 13.71
1 DEBITS 130,656.26
THIS STATEMENT 06/30/08 391.55

----- OTHER CREDITS -----
DESCRIPTION DATE AMOUNT
INTEREST 06/30 13.71

----- OTHER DEBITS -----
DESCRIPTION DATE AMOUNT
IN BANK WITHDRAWAL 06/04 130,656.26

----- I N T E R E S T -----
AVERAGE LEDGER BALANCE: 17,236.71 INTEREST EARNED: 13.71
INTEREST PAID THIS PERIOD: 13.71 DAYS IN PERIOD: 31
INTEREST PAID 2008: 47.81 ANNUAL PERCENTAGE YIELD EARNED: .94%

----- ITEMIZATION OF NSF PAID AND RETURNED ITEM FEES -----

THIS PERIOD YEAR TO DATE
NSF PAID ITEM FEE: .00 .00
NSF RETURNED ITEM FEE: .00 .00
OVERDRAFT FEES: .00 .00

*** CONTINUED ***

COPIED FOR PUC

JUL 25 2008

COMMUNITY FIRST BK-TERREBONNE
P.O. Box 539
TERREBONNE, OR 97760

ACCOUNT: [REDACTED]
DOCUMENTS:

PAGE: 2
06/30/2008
Staff/206
1 Dougherty/41

FDIC

TELEPHONE: 541-548-7800

Staff/206
Dougherty/41

CROOKED RIVER RANCH WATER
COOPERATIVE

BUSINESS MMDA ACCOUNT [REDACTED]

DAILY BALANCE		DAILY BALANCE		DAILY BALANCE	
DATE.....	BALANCE	DATE.....	BALANCE	DATE.....	BALANCE
06/04	377.84	06/30	391.55		



COPIED FOR PUC

JUL 25 2008

Staff/206
Dougherty/42

MONEY MARKET

NAME CRP - 11111111 B. 111111

ACCOUNT NO. 1111111111111111 \$ 130,656.26

One hundred thirty thousand six hundred 26 and 00/100

Community First Bank

[Signature]

⑆123206410⑆ 057022077 57

0 \$130,656.26 06/04/2008



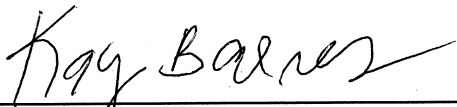
COPIED FOR PUC
JUL 25 2008

CERTIFICATE OF SERVICE

UW 120

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to the following parties or attorneys of parties.

Dated at Salem, Oregon, this 4th day of August, 2008.



Kay Barnes
Public Utility Commission
Regulatory Operations
550 Capitol St NE Ste 215
Salem, Oregon 97301-2551
Telephone: (503) 378-5763

**UW 120
Service List (Parties)**

STEVEN COOK	PO BOX 1111 TERREBONNE OR 97760 sewfab4u@hotmail.com
CHARLES G NICHOLS	PO BOX 1594 REDMOND OR 97756 charlien@blazerind.com
CRAIG SOULE	11953 SW HORNY HOLLOW TERREBONNE OR 97760 cby_64@yahoo.com
CROOKED RIVER RANCH WATER CO BRIAN ELLIOTT PRESIDENT, BOARD OF DIRECTORS	PMP 313 - 1604 S HWY 97 #2 REDMOND OR 97756
CROOKED RIVER RANCH WATER COMPANY JAMES R ROOKS GENERAL MANAGER	PO BOX 2319 TERREBONNE OR 97760 jr@crrwc.com
DEPARTMENT OF JUSTICE JASON W JONES ASSISTANT ATTORNEY GENERAL	REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us
PUBLIC UTILITY COMMISSION OF OREGON MICHAEL DOUGHERTY	550 CAPITOL ST NE - STE 215 SALEM OR 97301