

June 6, 2007

Long Butte Water System, Inc.
PO Box 7648
Bend, OR 97708-7648

Vikie Bailey-Goggins
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148

RE: NAME OF COMPANY Affiliated Interest Application with AFFILIATE pursuant to
ORS 757.495.

Dear Ms. Bailey-Goggins:

This affiliated interest application is submitted pursuant to ORS 757.495. The applicant is Long Butte Water System, Inc. (company) and Patrick R. and Rebecca A. Hodge (affiliate)

INFORMATION REQUIREMENTS

(a) The name and address of the person authorized on the water utility's behalf, to receive notices, inquiries, and communications regarding the information;

Patrick R. Hodge, President and Rebecca A. Hodge, Secretary

(b) A statement describing the relationship between the water utility and the contracting entity as defined by ORS 757.015 and 757.490;

Patrick R. Hodge, President is the owner of the water utility and is the affiliated interest.

(c) A list of all officers and directors of the affiliated interest who are also officers or directors of the applicant;

The affiliate, **Patrick R. Hodge**, is an individual. He is the President of **Long Butte Water System, Inc.**, the applicant.

(d) A description of the goods or services to be provided, the cost incurred in providing each of the goods or services, the market value of the goods or services if different from the costs, and the method or methods proposed for pricing those goods or services;

The utility has hired Patrick R. Hodge as a full time System Manager and Certified Operator. He also performs necessary duties as required of a corporate officer.

(e) An estimate of the amount the water utility will pay annually for the goods or services and the accounts in which it will record the charges;

The utility will pay \$3727.00 per officer annually and record this cost to Acct #603. The utility will pay an estimate of \$35,000.00 in annual wages and will record this cost to Acct #601.

(f) Transfer prices in contracts or agreements for the procurement of goods or services under competitive procurement shall be presumed to be the market value, subject to evaluation of the procurement process;

Not applicable

(g) A copy of the proposed contract or agreement between the water utility and the contracting entity; and

For the reasons set forth above, LONG BUTTE WATER SYSTEM, INC.
NAME OF COMPANY
respectfully requests that the Commission issue an order approving the affiliated

interest contract between , Patrick R. Hodge.
NAME OF AFFILIATE
pursuant to the provisions of

ORS 757.495.

DATE: _____

NAME OF COMPANY

(SIGNATURE OF AUTHORIZED PERSON)

Rebecca A. Hodge, Secretary

AFFILIATED INTEREST CONTRACT

DATE June 6, 2007
PARTIES: **LONG BUTTE WATER SYSTEM, INC.**, an Oregon corporation,
 hereafter "LBWS"; and
 PAT HODGE

RECITALS

A: LBWS operates a state approved, PUC regulated, quasi municipal water system that is designed to provide domestic water to property owners who reside within the service area of the system. This system is located in a portion of the Whispering Pines Estates subdivision, Bend, Deschutes County, Oregon.

B: LBWS desires to pay Patrick R. Hodge and Rebecca A. Hodge, as President and Secretary of the corporation as salary of \$3727.00 each per ORDER #06-027. The company also wishes to pay Patrick R. Hodge for employment services. His position is System Manager and Certified Operator. The company wishes to pay Rebecca Hodge for employment services. Her position is bookkeeper and office manager. Wages are estimated to be \$61,000.00 per year.

C: Patrick & Rebecca Hodge are husband and wife. Patrick R. Hodge is sole owner and retains 100% of the stock.

In consideration of the mutual promises hereafter set forth, the Parties agree as follows:

AGREEMENT

1. As consideration for the foregoing **LBWS** shall pay **Patrick R Hodge** wages for duties performed both as officer and employee. **LBWS** shall also pay **Rebecca A. Hodge** wages for duties performed.

If any action or suit is initiated to enforce any of the provisions of this agreement, the prevailing party shall be entitled to such sums as the court may adjudge reasonable as attorney's fees in said suit or action in any court including any appellate court in addition to costs and disbursements provided by statute.

The parties agree that failure by either party at any time to require performance of any provision of this agreement shall in no way affect the right to enforce that provision or be held a waiver of any subsequent breach of any provision.

This agreement shall be binding upon the heirs, successors and assigns of the parties hereto.

This document is the entire, final and complete agreement of the parties and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties of their representatives.

¹This agreement may not be modified, amended, or terminated, except as provided herein or by other written agreement between the parties.

This agreement shall be governed by and construed in accordance with the laws of Oregon. In the event of any suit or action instituted heron, venue of such proceedings shall be exclusively in the appropriate court in Deschutes County, Oregon.

DATED this _____ day of _____, 2007.

Long Butte Water System, Inc.

Patrick R. Hodge

By: _____
Patrick R. Hodge, President

By: _____
Patrick R. Hodge, Owner