



# Oregon

Theodore R. Kulongoski, Governor

## Public Utility Commission

550 Capitol St NE, Suite 215

**Mailing Address:** PO Box 2148

Salem, OR 97308-2148

**Consumer Services**

1-800-522-2404

Local: (503) 378-6600

**Administrative Services**

(503) 373-7394

February 29, 2008

OREGON PUBLIC UTILITY COMMISSION  
ATTENTION: FILING CENTER  
PO BOX 2148  
SALEM OR 97308-2148

RE: **Docket No. UW 123** – In the Matter of FISH MILL LODGES WATER  
SYSTEM Request for a General Rate Increase.

Enclosed for electronic filing in the above-captioned docket is the Public Utility  
Commission Staff's Direct Testimony.

*/s/ Lois Meerdink*

Lois Meerdink

Regulatory Operations Division

Filing on Behalf of Public Utility Commission Staff

(503) 378-8959

Email: Lois.Meerdink@state.or.us

c: UW 123 Service List (parties)

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**PUBLIC UTILITY COMMISSION  
OF OREGON**

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**UW 123**

**STAFF DIRECT TESTIMONY**

**OF**

**KATHY MILLER**

**In the Matter of  
FISH MILL LODGES WATER SYSTEM  
Request for a General Rate Increase**

**FEBRUARY 29, 2008**

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 100**

**Direct Testimony**

**February 29, 2008**

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

3 A. My name is Kathy Miller. I am a Senior Utility Analyst for the Public Utility  
4 Commission of Oregon (PUC). My business address is 550 Capitol Street NE  
5 Suite 215, Salem, Oregon 97301-2551.

6 **Q. PLEASE DESCRIBE YOUR EXPERIENCE IN WATER REGULATION.**

7 A. I have been with the PUC since 1987 and have participated in water utility  
8 dockets involving rate filings, finance applications, property dispositions,  
9 exclusive service territory, adequacy of service, water and wastewater  
10 rulemakings, formal complaints, and affiliated interest matters.

11 **Q. WHAT IS THE PURPOSE OF STAFF TESTIMONY?**

12 A. The purpose of my testimony is to describe Fish Mill Lodges Water System's  
13 (Fish Mill or Company) application to increase rates, explain Staff's analysis of  
14 the utility's filing, address other issues, and offer Staff's proposed revenue  
15 requirement and rates.

16 **Q. DID YOU PREPARE AN EXHIBIT FOR THIS DOCKET?**

17 A. Yes. Staff prepared Exhibit Staff/101, consisting of 16 pages.

18 **Q. HOW IS STAFF'S TESTIMONY ORGANIZED?**

19 A. In the testimony, Staff will:

- 20 1. Describe Fish Mill and summarize its regulatory history;
- 21 2. Explain the Company's general rate increase proposal in its application;
- 22 3. Address customer concerns and Staff concerns;
- 23 4. Explain Staff's proposed adjustments;

- 1 5. Describe Staff's recommendations;
- 2 6. Describe Staff's proposed rate design; and
- 3 7. Summarize Staff's proposal and the Company's proposal.

4 **Q. PLEASE DESCRIBE FISH MILL.**

5 A. Fish Mill is a very small privately-owned water company near Dunes City along  
6 the edge of Siltcoos Lake. Most water providers in this area use Siltcoos Lake  
7 as their water source. The Company's water source is a spring. Fish Mill  
8 currently provides domestic water service to three residential customers and  
9 the owner's own business, Fish Mill Lodges and RV Park (The Lodge). The  
10 Lodge provides overnight lodging, boat docking, and is open year round doing  
11 mostly seasonal business. It consists of a manager house, four rooms, six  
12 cabins, a shop and fish room, and 11 RV spaces.

13 **Q. PLEASE SUMMARIZE FISH MILL'S REGULATORY HISTORY LEADING UP**  
14 **TO THE FILING OF ITS APPLICATION, UW 123.**

15 A. The following is a summary of Fish Mill's regulatory history:

16 PROPERTY DISPUTE

17 PUC received its first complaint regarding Fish Mill in the fall of 1997 when a  
18 dispute arose between Lawrence Gunn and the Company over property and  
19 easement issues (Property Dispute). No Commission action was taken at that  
20 time upon advice of legal counsel that the Commission did not involve itself in  
21 property or easement disputes.

1        WATER OUTAGE

2        On November 4, 1997, Fish Mill experienced a water outage and claimed it  
3        could not remedy the situation due to circumstances surrounding the ongoing  
4        Property Dispute. Fish Mill stated that to resolve the water outage, Fish Mill  
5        personnel must walk within the vicinity of Mr. Gunn's property to get to the  
6        spring and could be arrested for trespass. PUC became involved because the  
7        customers were without water service. Staff assisted the Company, with an  
8        escort from the State Police, to restore service.

9        MEDIATION - DOCKET NO. ADR 3

10       The Commission offered its mediation services to the parties involved. Docket  
11       No. ADR 3 was initiated on December 31, 1997, to mediate the dispute. See  
12       attached letter from PUC's legal counsel, Acting Attorney in Charge, Paul  
13       Graham, dated November 25, 1997, Staff/101 Miller/1-3. On  
14       February 18, 1998, PUC's Chief Administrative Law Judge, Tom Barkin,  
15       mediated the dispute between the parties. No resolution was reached.

16       APPLICATION TO TERMINATE SERVICE - DOCKET NO. UW 64

17       On March 8, 1999, Fish Mill filed an application with the Commission requesting  
18       approval to terminate water service to its residential customers, Docket UW 64.  
19       The company claimed it was unable to protect the main transmission line  
20       supplying water to the residential customers. Staff's review of the application  
21       concluded that the request to terminate water service and the Company's  
22       inability to protect its water line was based upon the ongoing Property Dispute

1 and did not appear to be a reasonable justification to terminate water service to  
2 customers.

3 APPLICATION FOR EXCLUSIVE TERRITORY - DOCKET NO. WA 7

4 On January 24, 2000, Fish Mill applied for an exclusive service territory,  
5 Docket WA 7. A stipulation was reached in UW 64 and WA 7 to dismiss Fish  
6 Mill's application to terminate service and grant the service territory application  
7 simultaneously, contingent on one another. Commission Order 00-739, issued  
8 November 20, 2000, adopted the stipulation and dismissed Docket UW 64.  
9 Commission Order 00- 738, issued Nov 20, 2000, granted Fish Mill an  
10 exclusive service territory (WA 7). The order in WA 7 reduced the number of  
11 customers on the system. The system originally served 16 customers. The  
12 exclusive service territory approved three residential customers. Fish Mill  
13 remained a public utility subject to PUC service regulation.

14 **Q. PLEASE EXPLAIN HOW FISH MILL BECAME RATE REGULATED.**

15 A. On August 16, 2007, the Commission received a written petition from Fish Mill  
16 requesting utility rate regulation. Pursuant to ORS 757.061(6)(a) and Oregon  
17 Administrative Rules 860-036-0420, the Commission issued Order No. 07-391,  
18 on September 10, 2007, asserting jurisdiction. The order required that Fish Mill  
19 file tariffs with the Commission within 60 days of the order.

20 UW 123

21 **Q. DID FISH MILL FILE TARIFFS IN COMPLIANCE WITH COMMISSION**  
22 **ORDER NO. 07-391?**

23 A. Yes. Fish Mill filed its first tariff filing on September 17, 2007.

1 **Q. WHAT REVENUE REQUIREMENT DID FISH MILL PROPOSE IN ITS**  
2 **UW 123 APPLICATION?**

3 A. In its application, Fish Mill used a 2006 test year. Revenue reported by the  
4 Company for 2006 was \$864. Fish Mill proposed an increase of \$3,485 or  
5 403.4 percent over current revenues, resulting in total annual revenues of  
6 \$4,349. Fish Mill calculated the increase would raise the residential customers'  
7 monthly flat rate of \$24 to \$120.81. The Company did not file a proposed rate  
8 tariff for The Lodge.

9 **Q. DID FISH MILL REQUEST INTERIM RATES IN ITS APPLICATION?**

10 A. Yes. In its application, Fish Mill requested an interim monthly flat rate of \$72.

11 **Q. WHAT DID STAFF RECOMMEND REGARDING THE INTERIM RATE**  
12 **REQUEST AND HOW DID STAFF DETERMINE ITS RECOMMENDATION?**

13 A. Staff recommended a flat monthly interim rate of \$48. To determine its  
14 recommendation, Staff reviewed Fish Mill's 2006 expenses for three of the  
15 major cost drivers general to all water utilities. Staff used the 2006 expenses  
16 for power, testing, and repairs. Staff then added an 8 percent return on a  
17 capital repair of \$3,022. The annual total for the three expenses and the return  
18 equaled \$2,424. Although the cost for these expenses more than doubled the  
19 estimated annual income of \$1,152, Staff recommended a monthly interim rate  
20 of \$48, two times the current monthly rate (\$24). Staff was not comfortable  
21 recommending anything higher because the data provided by the Company  
22 was not verified.



1 **Q. WHAT WAS THE COMMISSION DECISION?**

2 A. At its Public Meeting on October 9, 2007, the Commission approved an interim  
3 monthly rate of \$48 and suspended Fish Mill's tariff sheets for six months. The  
4 Commission issued Order No. 07-439 on October 11, 2007, formalizing its  
5 decisions.

6 **Q. PLEASE UPDATE WHAT HAS HAPPENED IN THE CASE TO DATE.**

7 A. A public comment meeting and prehearing conference were held on  
8 November 2, 2007. The three residential customers were represented at the  
9 meetings; however, Judy Bedsole, owner of Fish Mill, called the day of the  
10 meetings to say that on advice from her attorney, she would not be attending.  
11 The meetings took place as scheduled. No one intervened in the case.

12 On January 7, 2008, a settlement conference was held in Florence.

13 However, no settlement was reached.

14 **Q. WHAT WERE FISH MILL'S MONTHLY RATES PRIOR TO APPROVAL OF**  
15 **THE INTERIM RATES, THE INTERIM RATES, AND THE RATES**  
16 **PROPOSED IN THE COMPANY'S APPLICATION?**

17 A. Fish Mill's rates prior to approval of the interim rates, the interim rates, and the  
18 Company's proposed rates are shown in Table 1 below. Fish Mill has not  
19 installed meters; therefore, it charges a flat monthly rate.

20 **Table 1 – Previous Rates, Interim Rates, Utility Proposed Tariff Rates**

	<b>Residential</b>	<b>Commercial</b>
Prior to Interim Rate	\$24.00	Not included
Interim Rate	\$48.00	\$48.00
Fish Mill Proposed Rate	\$120.81	Not included

1 **Q. WHAT CONCERNS DID THE CUSTOMERS HAVE?**

2 A. Staff has reviewed customer prehearing comments and all written and oral  
3 comments received throughout the case. Staff identified the following customer  
4 concerns:

5 1. The customers expressed concern that the Company was placing the entire  
6 cost to operate the system on the three residential customers and not  
7 charging The Lodge for the water it used.

8 2. The customers expressed concern for the quality of the water and the  
9 integrity of the system. The system was under a boiled water notice by the  
10 Drinking Water Program (DWP) at the time it filed its application. However,  
11 repeat samples taken by the DWP tested negative for coliform and the boil  
12 water notice was lifted. The Company has a history of bad coliform  
13 samples.

14 Site visits were conducted on July 31 and September 11, 2007, by Casey  
15 Lyon of the DWP to provide technical assistance to determine where the total  
16 coliform bacteria contamination was coming from. In his letter to Fish Mill,  
17 dated October 3, 2007, Mr. Casey outlined a list of system deficiencies that  
18 needed to be addressed. Staff followed up with its own letter to Fish Mill on  
19 October 12, 2007. Staff's letter also outlined 13 items that needed to be  
20 addressed. Staff requested the work be completed by March 1, 2008. Staff  
21 also requested that the Company provide a progress report by November 23,  
22 2007, so that items that had been completed or were in the process of  
23 completion could be considered for inclusion into rates.

1 Fish Mill sent its progress report on December 3, 2007, providing Staff with  
 2 an estimate from Oregon Water Services (OWS) to complete the 13 items for  
 3 \$7,471.32. Fish Milled stated that it lacked the funds to make the repairs. Staff  
 4 contacted OWS to discuss the estimate. In the estimate, Fish Mill had  
 5 requested more meters than what was listed in Staff's letter. OWS revised its  
 6 bid. See below:

1. Seal the spring collection box watertight.	180
2. Install a screen on the storage tank vent.	180
3. Install a lock on the spring collection box hatch.	83
4. Install a lock on the storage tank hatch.	83
5. Install a bottom drain and shutoff valve on the spring collection box.	280
6. Draft an Emergency Response Plan, submit the Proof of Completion form to the Drinking Water Program (DWP) as required in OAR 333-061-0064.	500
7. Create a coliform sampling plan using the DWP sampling plan template.	65
8. Clean the interior and exterior of the storage tank.	260
9. Set up an annual tank cleaning date to be adhered to.	No cost
10. Investigate the feasibility of installing some type of permanent disinfection and provide PUC and Casey Lyons with a written proposal including the estimated costs to complete such an improvement.	Investigate only
11. Install a master water meter at the spring.	283
12. Install meters at each of the three residential customers.	2,868
13. Install a meter at the line running to the Lodge	125
<b>Revised Estimate</b>	<b>4,907</b>

7

8 **Q. DID FISH MILL'S PROGRESS REPORT ON THE REPAIR AND**  
 9 **IMPROVEMENT ITEMS INDICATE ANY ITEMS HAD BEEN COMPLETED?**

10 A. In its progress report on the repairs and improvements, the Company did not  
 11 indicate that any of the items had been accomplished.

1 **Q. CONCERNING THE REPAIR AND IMPROVEMENT ITEMS STAFF ASKED**  
2 **THE COMPANY TO ADDRESS; WHAT ACTION, IF ANY, DID STAFF**  
3 **TAKE?**

4 A. Staff did not include any additional costs in either Fish Mill's plant or  
5 expenses in this rate case because the Company did not report or verify that  
6 it had incurred any additional cost.

7 Staff realizes that to accomplish all the work requested by DWP and the  
8 PUC may be cost prohibited to do all at once. However, Staff would like to  
9 see the Company go forward with the health related work, even if meters  
10 cannot be installed in the near future.

11 **Q. WHAT ARE THE MAJOR CHANGES DRIVING THE COMPANY'S**  
12 **REQUEST TO INCREASE ITS REVENUE REQUIREMENT?**

13 A. The major cost drivers identified in the Company's application are:

- 14 1. Power expense of \$268
- 15 2. Repairs to plant of \$521.
- 16 3. Legal expense of \$3,508.
- 17 4. Testing expense of \$674.
- 18 5. Labor expense of \$4,512.
- 19 6. General liability insurance of \$368.

20 **Q. PLEASE EXPLAIN STAFF'S ADJUSTMENTS.**

21 A. Staff's adjustments, including a short summary of each adjustment are shown  
22 in Staff/101 Miller/4. To determine annual expenses, Staff documented and  
23 verified all cost with invoices, checks, receipts, etc. Staff removed nonutility

1 items, normalized, amortized, corrected accounts, capitalized, and made other  
2 appropriate adjustments.

3 **Q. EXPLAIN HOW STAFF'S ADJUSTMENTS AFFECT THE MAJOR COST**  
4 **DRIVERS IN FISH MILL'S APPLICATION.**

5 A. Staff adjustments to the major cost drivers identified by the Company are  
6 explained below:

7 1. The Company requested power expense of \$268:

8 Staff verified a total 2006 power expense of \$260. Staff then added an  
9 additional 4 percent (\$10) to cover increases in power charges. Staff's total  
10 annual power expense is \$270, resulting in an upward adjustment of \$2.

11 2. The Company requested repairs to plant of \$521:

12 Based on the supporting documentation provided by the Company, Staff  
13 verified an annual cost for various accounts of \$4,471. Staff then moved the  
14 costs into their proper accounts:

15 a. Staff left \$235 in Repairs and Maintenance, then added \$780 for  
16 estimated maintenance,<sup>1</sup> for a total expense of \$1,015. Staff made an  
17 upward adjustment of \$494.

18 b. Staff moved \$114 to Materials and Supplies for a total annual  
19 expense of \$114. The Company did not include any cost for materials  
20 and supplies.

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<sup>1</sup> The routine maintenance includes: checking the water flow, clearing away brush, opening tank to check moss and algae growth, chlorinate as necessary, test for chlorine residuals, observing and listening to system. The maintenance service list was created with input from Casey Lyon, Drinking Water Program. The cost estimate for this maintenance is from Oregon Water Services for one hour per week @ \$15 per hour, for an annual total of \$780. This type of routine maintenance should improve the coliform sampling.

1 c. Staff moved \$3,111 to Contract Labor and then amortized the amount  
2 over three years for an annual total of \$1,037. Staff made a  
3 downward adjustment of (\$3,475). Staff amortized the amount  
4 because although the Company incurred the cost, this should be a  
5 nonrecurring cost. According to the Company that did the work, the  
6 majority of the charge was for clearing brush to get to the water  
7 facilities. As shown in Footnote No. 1, the problem of clearing brush  
8 in the future should be remedied with routine maintenance.

9 d. Staff moved \$60 to Small Tools. The Company reported an annual  
10 expense of \$133, but Staff found only \$60 in verifiable costs. Staff  
11 made a downward adjustment of (\$73).

12 e. Staff moved \$951 to Plant for a new pump and pressure switch.

13 3. The Company requested legal expense of \$3,507.68:

14 Staff made a downward adjustment of (\$2,631) for a total annual expense of  
15 \$877. The detail concerning Staff's adjustment is explained fully later on in  
16 the testimony.

17 4. The Company requested testing expense of \$674:

18 Staff used a third party three-year analysis of the Company's testing  
19 requirements, based upon the DWP's testing data for Fish Mill. Staff  
20 averaged the three-year cost of \$382, resulting in an annual cost of \$128.  
21 Staff then amortized \$270 in repeat testing costs (required with reported  
22 samples exceeding the maximum contaminant level) over three years, or an  
23 annual cost of \$90. Staff added the average testing costs of \$128 and the

1 amortized cost of \$90 for repeat testing and calculated a total annual testing  
2 expense of \$218. Staff made a downward adjustment of (\$456) to the  
3 Company's annual expense of \$674.

4 5. The Company requested labor expense of \$4,512:

5 As noted in 2c above, Staff made a downward adjustment of (\$3,475) to the  
6 Company's annual labor cost of \$4,512, for a total annual expense of  
7 \$1,037. Staff talked to Integrity Plumping, the company that replaced the  
8 pump and pressure switch in January of 2006. The majority of the cost was  
9 labor clearing the brush to obtain access to the water facilities. The actual  
10 cost of installation of the pump and pressure switch was placed into plant.

11 Staff amortized the rest of the cost over three years so the Company may  
12 recoup its costs. However, future labor of this sort will be unnecessary if the  
13 Company implements the routine maintenance work that has been included  
14 in the Repairs and Maintenance account at an annual cost of \$780.

15 6. The Company requested general liability insurance of \$367.50:

16 Staff researched the Company's actual cost for insurance. The water  
17 system and The Lodge insurance are on the same policy. Staff listed each  
18 unit or building covered, identified the liability limit extended to each building,  
19 and then calculated the percentage of the cost of insurance for the water  
20 facilities. Staff allowed 1 percent of the total cost of the insurance policy  
21 for the water facilities, resulting in an annual cost of \$32. This resulted in  
22 a downward adjustment of (\$335) to the Company's annual insurance cost  
23 of \$368.

1 **Q. FISH MILL'S LEGAL EXPENSE APPEARS TO BE HIGH GIVEN THE**  
2 **NUMBER OF CUSTOMERS. PLEASE EXPLAIN.**

3 A. Fish Mill reported an abnormally high level of legal fees for 2006 in its  
4 application. The Company provided invoices for the legal fees. However, due  
5 to the lack of detail included in the invoices, Staff cannot determine the purpose  
6 or reason for the legal services or if they are related to the ongoing operation of  
7 the water system. From the invoices provided, it appears possible that many of  
8 the legal charges may be related to the 1997 Property Dispute.

9 **Q. WHAT ARE THE RESULTS OF YOUR REVIEW OF FISH MILL'S LEGAL**  
10 **EXPENSE?**

11 A. Staff requested legal information from Fish Mill in three different data requests,  
12 each time requesting more detail, in particular identifying the purpose and  
13 reason for the legal services. Although the invoices supported the Company's  
14 legal fees in 2006, they did not have adequate detail for Staff to determine if the  
15 services were prudent or appropriate for the water system. The Company  
16 failed to demonstrate that the legal costs are prudent, necessary, and relative  
17 to the water system.

18 Staff requested legal information from the Company in three different data  
19 requests. They are listed below and attached as Staff/101, Miller/9-16:

- 20 1. Data Request No. 4, dated October 5, 2007.
- 21 2. Data Request No. 17, dated October 31, 2007.
- 22 3. Data Request No. 27, dated January 23, 2008.



1           Although Fish Mill responded to Staff's additional requests for information,  
2           the invoices that were subsequently provided were the same as Staff had  
3           previously received and contained no further detail.

4           **Q. WHAT IS STAFF'S ANALYSIS OF THE COMPANY'S LEGAL FEES?**

5           A. As previously mentioned, Staff conjectures that many of the legal fees may  
6           be due to the 1997 Property Dispute due to references in the invoices to  
7           Mr. Gunn's easement and the 1997 trial. Without the Company satisfying its  
8           burden of proof and providing the detailed legal information that Staff  
9           requested, Staff cannot conclude that these extremely high legal expenses are  
10          prudent or reasonable for such a small water company. Furthermore, Staff  
11          believes that very high legal expenses associated with the Property Dispute  
12          that occurred over 10 years ago are not reasonable expenses to be embedded  
13          in future rates.

14          **Q. WHAT IS YOUR RECOMMENDATION CONCERNING THE LEGAL**  
15          **EXPENSE?**

16          A. Based on the data supplied by the Company, Staff believes Fish Mill has not  
17          met its burden of proof for its legal expenses. It appears that some expenses  
18          are nonrecurring. It also appears that some expenses are associated with the  
19          1997 dispute.

20                 Due to the uncertainty of the prudence and relevance of the legal expense,  
21                 Staff recommends that 25 percent, or \$877 of the Company's reported 2006  
22                 legal expense, be disallowed and the remaining legal expense of \$2,631 be  
23                 amortized over three years, for a total annual legal expense of \$877.

1 **Q. AFTER REVIEWING AND INVESTIGATING THE COMPANY'S REVENUE**  
2 **AND RATE PROPOSALS IN ITS APPLICATION, WHAT IS STAFF'S**  
3 **RECOMMENDATION?**

4 A. Staff recommends an annual increase in revenue of \$3,682 or 294.6 percent  
5 over test period revenues, resulting in total annual revenues of \$4,546, with  
6 a 9.5 percent return on a rate base of \$1,059. See Staff's Revenue  
7 Requirement, Staff/101 Miller/5.

8 **Q. PLEASE DESCRIBE STAFF'S RATE DESIGN IN UW 123.**

9 A. To determine Staff's proposed rate design, Staff took its proposed revenue  
10 requirement of \$4,546 and allocated a water usage factor of 39.02 percent  
11 or \$1,774 to the residential customers and a usage factor of 60.98 percent or  
12 \$2,772 to The Lodge. Staff then took the allocated revenue requirement for  
13 each customer classification, divided it by the number of customers in the  
14 customer class, and then divided it by 12 months. Since the Company does  
15 not have meters there was no need to determine a reasonable base rate and  
16 commodity rate.

17 **Q. WHAT PERCENTAGE ALLOCATION FACTORS DID FISH MILL PROPOSE**  
18 **FOR THE ANNUAL REVENUE BETWEEN THE RESIDENTIAL AND THE**  
19 **LODGE?**

20 A. Fish Mill proposed an allocation of the revenue requirement with 57.34  
21 percent for The Lodge and 42.66 percent for residential customers.

22 **Q. EXPLAIN HOW STAFF DETERMINED THE ALLOCATION FACTORS FOR**  
23 **RESIDENTIAL AND COMMERCIAL CUSTOMERS.**

1 A. To determine Staff's proposed allocation factors, Staff requested and  
 2 received The Lodge's 2006 registration cards. Staff then allocated a  
 3 conservative 100 gallons per day to each person staying at The Lodge.  
 4 Staff also included a usage allocation for the RV Park, the shop and fish  
 5 room, and the manager's room, based on information provided in the  
 6 application or from the Company.

7 Staff then allocated the same 100 gallons per day of water to the residential  
 8 customers times the number of people occupying the home. Although one  
 9 home is currently empty, Staff included a full year's water usage for two people;  
 10 the owners are now living in Florence. To be consistent, Staff did the same for  
 11 No. 8 RV space that the Company stated was rented all year. The final  
 12 summary of that study is shown below:

13 **Table 2 – Summary of Occupancy Study**

FISH MILL LODGES CABINS			RESIDENTIAL CUSTOMERS			
# of Persons Per Month based off registration cards	Avg Usage 100 gal per day		Residential Cust	# of Persons Per Mo	Avg Usage 100/gal per day	365 Days Estimated Consumption
Jan	12	1200	Morris	2	200	73000
Feb	12	1200	Durland	2	200	73000
Mar	100	10000	Lucas	1	100	36500
April	41	4100	Total Est Usage		182,500	
May	139	13900				
June	174	17400				
July	394	39400				
Aug	548	54800				
Sept	223	22300				
Oct	105	10500				
Nov	42	4200				
Dec	4	400				
Total Est Usage		179,400				

<b>Table 2 – Summary of Occupancy Study - Continued</b>					
<b>RV Park</b>					
<b>Space</b>	<b>Days</b>	<b>Est Use</b>			
No 1	90	9000	at 100 gal/day	taken from application	
No. 3	12	1200	at 100 gal/day	taken from application	
No. 4	10	1000	at 100 gal/day	taken from application	
No. 6	14	1400	at 100 gal/day	taken from application	
No. 8	365	36500	at 100 gal/day	per email from Judy	
<b>Fish Room &amp; Shop</b>					
	<b>202</b>	<b>20200</b>	at 100 gal/day	estimate	
<b>Manager Rm</b>					
	<b>365</b>	<b>36500</b>			
<b>Totals</b>	<b>Lodge</b>	<b>285,200</b>		<b>TOTAL ALL</b>	<b>182,500 Residential</b>
	<b>Percentage</b>	<b>60.98%</b>		<b>467,700</b>	<b>39.02% Percentage</b>

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Staff's occupancy study, based on the registration cards for 2006 and the occupancy information provided by the Company, resulted in water use percentages of 39.02 percent for the residential customers and 60.98 percent for The Lodge.

**Q. HOW DID STAFF DETERMINE AN ESTIMATED WATER USAGE FOR THE FISH ROOM AND SHOP?**

A. Staff determined the estimated usage for the fish room and shop by first counting the total days The Lodge had tenants in 2006, taken from the registration cards, for a total of 202 days. Staff determined that 100 gallons per day was a fair and reasonable usage to allocate to the fish room and shop. Based on the number of people at The Lodge during 2006, not including the RV tenants, The Lodge had 1,794 guests. Staff divided 1,794 guests by 365 days; it averages to 4.92 guests per day using the fish room

1 and shop. This is more than the 3.2 average number of people in a home  
2 using domestic water.

3 Staff applied the 100 gallons per day to the 202 days in use to determine  
4 an annual estimate water usage of 20,200 gallons. Staff believes this is a  
5 fair and reasonable method to determine the water usage for the fish room  
6 and shop. If Staff were to apply the 100 gallons per day per person to the  
7 4.92 tenants, then the total usage for the fish room and shop would be  
8 492 gallons per day times 202 days which calculates to 99,384 gallons per  
9 year instead of the 20,200 gallons per year Staff allocated to the fish room  
10 and shop. This estimate does not include any estimate for water use for the  
11 shop.

12 **Q. WHAT EFFECT DOES STAFF'S PROPOSED RATES HAVE ON THE**  
13 **CUSTOMERS' MONTHLY BILLS?**

14 A. The effects of Staff's proposed rates on customer rates compared to the  
15 interim rates and the Company's proposed rates are shown below in  
16 Table 3. See Staff/101, Miller/6.

17 **Table 3 – Interim Rates, Fish Mill Proposed Rates, Staff Recommended**  
18 **Rates**

	<b>Residential Customers</b>	<b>The Lodge Commercial Customer</b>
Interim Rates	\$48	\$48
Fish Mill Proposed Rates	\$120.81	277.81 <sup>2</sup>
Staff's Recommended Rates	\$49.27	\$231.00

<sup>2</sup> Although the Company did not include a proposed monthly rate tariff for The Lodge, Staff calculated the rate using the Company's proposed revenues, proposed allocation, divided by 12 months.

1 **Q. PLEASE EXPLAIN STAFF'S ADJUSTMENTS TO PLANT AND RATE**  
2 **BASE.**

3 A. Staff moved \$951 into plant for the new pump and pressure switch, including  
4 the labor associated with the installation. The water system total original plant  
5 is \$2,001, with accumulated depreciation of \$596, resulting in a net plant of  
6 \$1,405. Annual depreciation expense is \$80. Fish Mill's plant and depreciation  
7 schedule is attached as Staff/101, Miller/7.

8 Staff made an upward adjustment of \$1,122 to the Company's test year of  
9 \$897 for a total utility plant of \$2,001. Staff made an upward adjustment of  
10 \$364 to accumulated depreciation for an annual total of \$596.

11 **Q. HOW DID YOU DETERMINE THE RATE OF RETURN ON RATE BASE?**

12 A. Staff used the standard 9.5 percent rate of return for water utilities with equity  
13 and no debt. Staff made the same recommendation in Docket UW 116,  
14 Seventh Mountain Golf Village Water Company. See Staff's Revenue Sensitive  
15 and Capital Structure Staff/101, Miller/8

16 **Q. PLEASE SUM UP THE DIFFERENCE IN THE COMPANY'S RESULT OF**  
17 **OPERATIONS AND STAFF'S RESULT OF OPERATIONS?**

18 A. The best way to summarize the difference between the Company's proposed  
19 case and Staff's proposed case is to use a table. See Table 4.

1  
2

**Table 4 – Comparison of Fish Mill’s and Staff’s Proposed Results of Operations**

	<b>Results of Operations</b>	
	<b>Fish Mill Case</b>	<b>Staff Case</b>
Proposed percentage increase	403.4%	294.6%
Proposed increase in dollars	\$3,485	\$3,682
Proposed annual revenues	\$4,349.00	\$4,546.00
Proposed rate of return	8%	9.5%
Proposed rate base	\$3,478.00	\$1,059.00
	<b>Proposed Rates</b>	
Proposed Residential Rate	\$120.81	\$49.27
Proposed Commercial Rate	277.81 <sup>3</sup>	\$231.00

3

4

**Q. ARE THE NEW RATES JUST AND REASONABLE?**

5

A. Yes. Based on Staff’s thorough investigation of the documentation provided by the Company, the recommended revenue requirement and rates are just and reasonable.

6

7

8

**Q. DOES THIS CONCLUDE STAFF DIRECT TESTIMONY?**

9  
10

A. Yes.

---

<sup>3</sup> Although the Company did not include a proposed monthly rate tariff for The Lodge, Staff calculated the rate using the Company’s proposed revenues, proposed allocation, divided by 12 months.

CASE: UW 123  
WITNESS: K. Miller

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 101**

**Exhibits  
In  
Support of Direct Testimony**

**February 29, 2008**



RDY MYERS  
ORNEY GENERAL

CHUMAN  
ATTORNEY GENERAL



1162 Court Staff/101  
Salem, Ore Miller/1

FAX: (503) 378-6829  
TDD: (503) 378-5938  
Telephone: (503) 378-6003

DEPARTMENT OF JUSTICE  
GENERAL COUNSEL DIVISION

November 25, 1997

Lawrence Gunn  
4820 Laguna Lane  
Westlake, OR 97493

Theodore L. Walker  
Diment & Walker  
767 Willamette St., Ste. 208  
Eugene, OR 97401

Dear Sirs:

By way of introduction, I am an assistant attorney general with the Oregon Department of Justice, and I am counsel for the Public Utility Commission.

The staff of the Commission has told me that there is a property dispute between Lawrence Gunn and Shawn Bedsole, owner of an investor-owned water company, Fish Mill Lodges Water System (Fish Mill), which is subject to the jurisdiction of the PUC.

Specifically, staff has told me that a water line from a pumphouse that serves Fish Mill crosses Mr. Gunn's property and that Fish Mill has an easement that allows Mr. Bedsole to go on Mr. Gunn's property to maintain that water line. Staff also told me that Mr. Gunn is making improvements to his property and that Mr. Bedsole contends that those improvements may compromise the integrity of the water system. I learned that in August, 1997 there was an altercation between Messrs. Gunn and Bedsole, and others as well, that resulted in trespass and assault charges against Mr. Bedsole.

When Fish Mill experienced a water outage on November 4, 1997, the PUC became involved because customers of Fish Mill were no longer receiving service. Mr. Bedsole claimed that he was unable to determine the source of the outage because he was concerned about being arrested on trespass charges again. The PUC intervened, and it assisted Mr. Bedsole by having a state trooper accompany him to the pumphouse so that he could restore service.

The PUC is not interested in taking sides in a dispute involving property rights of Mr. Gunn and Fish Mill. The agency is, however, concerned that Fish Mill be able to continue to provide service.

Lawrence Gunn  
Theodore L. Walker  
Page 2  
November 25, 1997

The PUC has two solutions to prevent future interruption of service. The first, which I recommend, involves an informal, quick and free dispute resolution process. The second, which I do not recommend, involves a formal, time-consuming and expensive legal process.

Let me discuss these processes in order:

(1) The PUC has a free mediation service that it is willing to offer Messrs. Gunn & Bedsole. The Administrative Law Judges employed by the agency have been trained in dispute resolution. One of them would be willing to come to Dunes City for a meeting with Mr. Gunn and Mr. Bedsole and/or his attorney. The Administrative Law Judge would assist the parties in reaching a settlement. Of course, participation in this process is voluntary, and settling the dispute is also voluntary. Both Messrs. Gunn and Bedsole may rest assured that the Administrative Law Judge will not force a settlement on either one of them.

(2) If the dispute between Mr. Gunn and Fish Mill leads to another interruption of service, the PUC can initiate a formal investigation under ORS 756.515 to determine the cause of the interruption and what to do about it. The PUC can make both Mr. Gunn and Fish Mill parties to that investigation. The process could involve pre-hearing discovery, such as depositions, a hearing with direct and cross-examination and oral argument, and a post-hearing process that includes briefing.

ORS 756.515 allows the Commission to investigate any matter on its own motion. If the Commission were to enter an order under that statute requiring the party at fault to cease and desist actions that prevent continuation of water service, and if the party at fault were to violate that order, then that party would be subject to a fine of \$10,000 under ORS 756.990(2).

I urge Messrs. Gunn and Bedsole to select the first option, and in the meantime, to cooperate with one another, at least so that the customers of Fish Mill may continue to receive service. If there is another outage that stems from the property dispute between Mr. Gunn and Fish Mill, then the PUC may open an investigation.

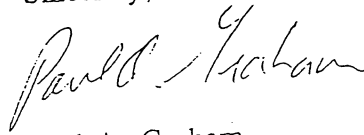
I am sending courtesy copies of this letter to the Mayor of Dunes City, the Environmental Health Division of Lane County, the Governor's office, and all three Commissioners of the PUC, as well as to the staff members who have been involved in regulating Fish Mill.

**Staff/101  
Miller/3**

Lawrence Gunn  
Theodore L. Walker  
Page 3  
November 25, 1997

If either of you has any questions, please feel free to telephone me at (503)378-6003.

Sincerely,



Paul A. Graham  
Acting Attorney in Charge  
Public Utility Section  
General Counsel Division

C: Stan Petrasec  
Environmental Health Division  
125 E 8th Avenue  
Eugene, OR 97401

Rob Ward  
Mayor  
Dunes City  
P.O. Box 139  
Eugene, OR 97440

Liz Kiren  
Governor's Office

Ron Eachus, Chairman  
Joan Smith, Commissioner  
Roger Hamilton, Commissioner  
Phil Nyegaard, PUC  
Mike Myers, PUC  
Kathy Miller, PUC  
Tom Barkin, PUC

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FISH MILL LODGES WATER SYSTEM					
Test Year: 2006					
SUMMARY OF ADJUSTMENTS					
		Staff Adjustments		Staff Adjusted	Reason
<b>REVENUES</b>					
Residential Water Sales	864	\$0	=	864	Add interim rate
Commercial Water Sales	0	\$288	=	288	Add interim rate
Irrigation - Non GC	0	\$0	=	0	
Irrigation - GC	0	\$0	=	0	
Misc. Revenues	0	\$0	=	0	
Special Contracts	0	\$0	=	0	
<b>TOTAL REVENUE</b>	<b>864</b>	<b>\$288</b>	<b>=</b>	<b>1,152</b>	
<b>OPERATING EXPENSES</b>					
Salaries and Wages - Employees	0	\$0	=	0	
Salaries and Wages - Officers	0	\$0	=	0	
Employee Pension & Benefits	0	\$0	=	0	
Purchased Water	0	\$0	=	0	
Telephone/Communications	0	\$0	=	0	
Purchased Power	268	\$2	=	270	adj to 2006 actual plus 4 percent
Chemical / Treatment Expense	70	\$0	=	70	
Office Supplies	0	\$0	=	0	
Postage	18	\$2	=	20	
O&M Materials/Supplies	0	\$114	=	114	adj to match 2006 invoices
Repairs to Water Plant	521	\$494	=	1,015	adj to match 2006 invoices, plus \$780 add'l maint
Contract Svcs - Engineering	0	\$0	=	0	
Contract Svcs - Accounting	0	\$0	=	0	
Contract Svcs - Legal	3,508	(\$2,631)	=	877	3 yr amortization of 75 % legal costs
Contract Svcs - Management Fees	0	\$0	=	0	
Contract Svcs - Testing	674	(\$457)	=	218	3 year avg w/270 repeat tests amort over 3 yrs
Contract Svcs - Labor	4,512	(\$3,475)	=	1,037	labor cost amortized over three years
Contract Svcs - Billing/Collection	0	\$0	=	0	
Contract Svcs - Meter Reading	0	\$0	=	0	
Contract Svcs - Other	0	\$0	=	0	
Rental of Building/Real Property	0	\$0	=	0	
Rental of Equipment	0	\$0	=	0	
Small Tools	133	(\$73)	=	60	for chain ladder
Computer/Electronic Expenses	0	\$0	=	0	
Transportation	0	\$0	=	0	
Vehicle Insurance	0	\$0	=	0	
General Liability Insurance	368	(\$335)	=	32	Percentage wtr coverage of policy @ 1%
Workers' Comp Insurance	0	\$0	=	0	
Insurance - Other	0	\$0	=	0	
Public Relations/Advertising	0	\$0	=	0	
Amortz. of Rate Case	0	\$259	=	259	\$750 in Acct Exp moved to Rate Case expense + 28.20 other rate case exp - amortized over 3 years
Gross Revenue Fee (PUC)	0	\$0	=	0	
Water Resource Conservation	0	\$0	=	0	
Bad Debt Expense	0	\$0	=	0	
Cross Connection Control Prog	0	\$0	=	0	
System Capacity Dev Program	0	\$0	=	0	
Training and Certification	0	\$0	=	0	
Consumer Confidence Report	0	\$0	=	0	
General Expense	0	\$0	=	0	
<b>TOTAL OPERATING EXPENSE</b>	<b>10,071</b>	<b>(\$6,098)</b>	<b>=</b>	<b>3,973</b>	
	10,071	(6,098)		3,973	
<b>OTHER REVENUE DEDUCTIONS</b>					
Depreciation Expense	32	\$48	=	80	actual from plant schedule
Amortization Expense	0	\$0	=	0	
Property Tax	116	\$156	=	272	actual from statement
Payroll Tax	0	\$0	=	0	
Other	0	\$0	=	0	
Oregon Income Tax	0	(\$209)	=	(209)	calculated
Federal Income Tax	0	(\$414)	=	(414)	calculated
<b>TOTAL REVENUE DEDUCTIONS</b>	<b>10,219</b>	<b>(\$6,517)</b>	<b>=</b>	<b>3,702</b>	
<b>NET OPERATING INCOME</b>	<b>(9,355)</b>	<b>\$6,805</b>	<b>=</b>	<b>(2,550)</b>	
Utility Plant in Service	879	\$1,122	=	2,001	from plant schedule
Less:					
Depreciation Reserve	232	\$364	=	596	from plant schedule
Contributions in Aid of Const	0	\$0	=	0	
Amortization of CIAC	0	\$0	=	0	
Accumulated Deferred Income Tax	0	\$0	=	0	
Net Utility Plant	647	\$758	=	1,405	
Plus: (working capital)		\$0	=	0	
Materials and Supplies Inventory	0	\$0	=	0	
Working Cash (Total Op Exp /12)	325	\$6	=	331	calculation
<b>TOTAL RATE BASE</b>	<b>972</b>	<b>\$764</b>	<b>=</b>	<b>1,736</b>	
	972	764		1,736	
Rate of Return	(\$10)			(\$1)	

**Staff/101  
Miller/4**

**FISH MILL LODGES WATER SYSTEM**  
**UW 123**  
**Test Year: 2006**

Company Case  
 403.4%

Staff  
 294.6%

**Staff/101**  
**Miller/5**

		A	B	C	D	E	F	G	H	I	J	K
											39.02%	60.98%
Acct. No.	REVENUES	Balance Per Application Test Year: 2006	Proposed Company Adjustments	Co Allocation to Residential 42.66	Co Allocation to Commercial 57.34 Percent	Adjusted Results (A+B=C)	Proposed Staff Adjustments	Adjusted Results (A+F=G)	Staff Proposed Rev Changes	Proposed Results (G+H+I)	Staff Allocation to Residential 39.02 Percent	Staff Allocation to Commercial 60.98 Percent
1	461.1 Residential Water Sales	864	3,485	1,487	1,998	4,349	0	864	2,570	3,434	1,774	0
2	461.2 Commercial Water Sales					0	288	288	857	1,145	0	2,772
3	465 Irrigation - Non GC					0	0	0	0	0	0	0
4	462 Irrigation - GC					0	0	0	0	0	0	0
5	471 Misc. Revenues					0	0	0	0	0	0	0
6	Special Contracts					0	0	0	0	0	0	0
7	TOTAL REVENUE	864	3,485	1,487	1,998	4,349	288	1,152	3,428	4,546	1,774	2,772
8					3,485	4,349	288	1,152		4,579		
9	<b>OPERATING EXPENSES</b>											
10	601 Salaries and Wages - Employees					0	0	0		0	0	0
11	603 Salaries and Wages - Officers					0	0	0		0	0	0
12	604 Employee Pension & Benefits					0	0	0		0	0	0
13	610 Purchased Water					0	0	0		0	0	0
14	611 Telephone/Communications					0	0	0		0	0	0
15	615 Purchased Power	268		114	154	268	2	270		270	106	165
16	618 Chemical / Treatment Expense	70		30	40	70	0	70		70	27	43
17	619 Office Supplies					0	0	0		0	0	0
18	619.1 Postage	18		8	10	18	2	20		20	8	12
19	620 O&M Materials/Supplies					0	114	114		114	45	70
20	621 Repairs to Water Plant	521		222	299	521	494	1,015		1,015	396	619
21	631 Contract Svcs - Engineering					0	0	0		0	0	0
22	632 Contract Svcs - Accounting					0	0	0		0	342	535
23	633 Contract Svcs - Legal	3,508		1,497	2,011	3,508	(2,631)	877		877	0	0
24	634 Contract Svcs - Management Fees					0	0	0		0	85	133
25	635 Contract Svcs - Testing	674		288	386	674	(457)	218		218	405	632
26	636 Contract Svcs - Labor	4,512		1,925	2,587	4,512	(3,475)	1,037		1,037	0	0
27	637 Contract Svcs - Billing/Collection					0	0	0		0	0	0
28	638 Contract Svcs - Meter Reading					0	0	0		0	0	0
29	639 Contract Svcs - Other					0	0	0		0	0	0
30	641 Rental of Building/Real Property					0	0	0		0	0	0
31	642 Rental of Equipment			57	76	133	(73)	60		60	23	37
32	643 Small Tools	133				0	0	0		0	0	0
33	648 Computer/Electronic Expenses					0	0	0		0	0	0
34	650 Transportation					0	0	0		0	0	0
35	656 Vehicle Insurance			157	211	368	(335)	32		32	13	20
36	657 General Liability Insurance	368				0	0	0		0	0	0
37	658 Workers' Comp Insurance					0	0	0		0	0	0
38	659 Insurance - Other					0	0	0		0	0	0
39	660 Public Relations/Advertising					0	259	259		259	101	158
40	666 Amortz. of Rate Case					0	0	0	10	10	4	6
41	667 Gross Revenue Fee (PUC)					0	0	0		0	0	0
42	668 Water Resource Conservation					0	0	0		0	0	0
43	670 Bad Debt Expense					0	0	0		0	0	0
44	671 Cross Connection Control Prog					0	0	0		0	0	0
45	672 System Capacity Dev Program					0	0	0		0	0	0
46	673 Training and Certification					0	0	0		0	0	0
47	674 Consumer Confidence Report					0	0	0		0	0	0
48	675 General Expense					0	0	0		0	0	0
49	TOTAL OPERATING EXPENSES	10,071	0	4,296	5,775	10,071	(6,098)	3,973	10	3,983	1,554	2,429
				4,296	5,775	10,071	(6,098)	3,973		3,983	1,554	2,429
	<b>OTHER REVENUE DEDUCTIONS</b>											
50	403 Depreciation Expense	32	21	23	30	53	48	80		80	31	49
51	407 Amortization Expense					0	0	0		0	0	0
52	408.11 Property Tax	116		49	66	116	156	272		272	106	166
53	408.12 Payroll Tax					0	0	0		0	0	0
54	408.13 Other					0	(209)	(209)	225	16	6	10
55	409.11 Oregon Income Tax					0	(414)	(414)	446	32	12	20
56	409.10 Federal Income Tax					0	(414)	(414)	446	32	12	20
57	TOTAL REVENUE DEDUCTIBLE	10,219	21	4,368	5,872	10,240	(6,517)	3,702	681	4,383	1,710	2,673
58	NET OPERATING INCOME	(9,355)	3,464			(5,891)	6,805	(2,550)	2,715	165	64	101
59	101 Utility Plant in Service	879	2,559	1,467	1,971	3,438	1,122	2,001		2,001	781	1,220
60	Less:											
61	108.1 Depreciation Reserve	232	53	122	163	285	364	596		596	233	363
62	271 Contributions in Aid of Const					0	0	0		0	0	0
63	272 Amortization of CIAC					0	0	0		0	0	0
64	281 Accumulated Deferred Income Tax					0	0	0		0	0	0
65	Net Utility Plant	647	2,506	1,345	1,808	3,153	758	1,405	0	1,405	548	857
66	Plus: (working capital)					0	0	0		0	0	0
67	151 Materials and Supplies Inventory		0			0	0	0		0	0	0
68	Working Cash (Total Op Exp / 1)	325	0	139	186	325	6	331	0	331	129	202
69	TOTAL RATE BASE	972	2,506	1,484	1,994	3,478	764	1,736	0	1,736	677	1,059
70	Rate of Return	-962.43%		-72.26%	-97.12%	-169.37%		-146.86%		9.50%	3.71%	5.79%

Company

325

3,478

-169.37% Staff

FISH MILL LODGES WATER SYSTEM Test Year: 2006 RESIDENTIAL RATE DESIGN					
Proposed Revenues of:				\$4,546	
<b>Allocation</b>					
<b>Residential</b>	Proposed Rev				
39.02%	\$4,546	=		\$1,774	
<b>Commercial</b>	Proposed Rev				
60.98%	\$4,546	=		\$2,772	
				\$4,546	
<b>BASE RATE</b>					
	Number of Customers	Current Monthly Flat Rate	Proposed Monthly Flat Rate	Total Annual Revenues	Revenue at Current Rates
<b>Residential*</b>	3	\$24.00	\$49.27	\$1,774	\$864
Subtotal	3				
<b>Commercial*</b>	1	\$24.00	\$231.00	\$2,772	\$288
Subtotal	1				
<b>TOTAL CUSTOMERS</b>	<b>4</b>			<b>\$4,546</b>	<b>\$1,152</b>









# Oregon

Theodore R. Kulongoski, Governor

Staff/101  
Miller/9

**Public Utility Commission**  
550 Capitol Street NE, Suite 215  
Mailing Address: PO Box 2148  
Salem, OR 97308-2148  
**Telephone Assistance Programs**  
1-800-848-4442  
Local: 503-373-7171  
TTY: 1-800-648-3458  
Local TTY: 503-378-6962  
Fax: 1-877-567-1977

January 9, 2008

Judy Bedsole  
Fish Mill Lodges Water System  
PO Box 95  
Westlake OR 97493

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 123	DR 27	January 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.

27. Concerning legal expenses, please provide detailed copies of 2006 attorney charges. The response should correspond to the attorney invoices provided in response to Staff's Data Request No. 4, dated October 5, 2007, and include:

- a. A line by line itemization of the date the work was performed;
- b. A detailed description of the work performed that contains the specific subject of the case, the number of attorney hours, case name or case number, and the amount charged.

Please provide an original and one complete copy of your responses to the attention of:

Kathy Miller  
550 Capitol St NE Ste 215  
PO Box 2148  
Salem OR 97308-2148

If you have any questions, please contact me at (503) 373-1003 or email me at [kathy.miller@state.or.us](mailto:kathy.miller@state.or.us).

Kathy Miller  
Sr. Utility Analyst  
Water Program  
503-373-1003

cc: Michael Dougherty

Marc Hellman

Jason Jones





# Oregon

Theodore R. Kulongoski, Governor

**Staff/101  
Miller/10**

**Public Utility Commission**

550 Capitol Street NE, Suite 215

Mailing Address: PO Box 2148

Salem, OR 97308-2148

**Consumer Services**

1-800-522-2404

Local: 503-378-6600

**Administrative Services**

503-373-7394

October 31, 2007

Judy Bedsole  
Fish Mill Lodges Water System  
PO Box 95  
Westlake OR 97493

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 123	DR 13- 19	November 14, 2007

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.

13. Please state the legal name of the commercial lodging business you are also engaged in as referred to on page 4 of your testimony, Question 8.
14. Please provide a detailed description of the lodging business referred to above, including, but not limited to, the purpose of the business, the service provided in detail, the business history, the calendar dates it is open for business, a list of all buildings and area that use water provided by Fish Mill Lodges Water System.
15. Please describe in detail what method you used to determine the allocation of cost between the residential customers and the commercial customer.
16. Please provide copies of 2006 registration records for the lodging and rental business showing occupancy during the year. In addition, please provide any other documentation you used in determining the occupancy rate for the lodging and rental business.
17. The statements for legal cost you provided offer a description of the activity performed by the attorney; however, it does not provide any information regarding what the activity is for, what the case is about, the parties involved, etc. For each of the following legal items, please describe:
  - a. The underlying purpose of the action, including parties involved, and
  - b. How the matter is connected to the water system.

UW 123 Data Request 13-19  
October 31, 2007  
Page 2

Date	Amount	Description	
4/29/2006	\$36.00	Letter (ltr) of notice of appeal to County Counsel Kardell	William Carpenter Jr Atty
5/23/2006	\$36.00	Judy/Shawn re: sheriff assist procedure, call to sheriff ofc msg for Rose	William Carpenter Jr Atty
	\$9.00	Call from Renee @ sheriff dept re: call she had w/Ms Bedsole	William Carpenter Jr Atty
5/26/2006	\$36.00	Research writ of assistance (assist) and remaining documents from 1997 trials	William Carpenter Jr Atty
6/1/2006	\$85.50	Draft ltr to sheriff for temporary contact for Shawn Bedsole	William Carpenter Jr Atty
	\$36.00	Call to client re: leaks, sapp.t for security; sheriff ltr	William Carpenter Jr Atty
	\$63.00	Call to client re: berrger ltr change; rev revisions & simplify lang	William Carpenter Jr Atty
	\$54.00	Draft proposed order & write for filing; call to city atty for suggestions	William Carpenter Jr Atty
6/8/2006	\$22.50	Go to recorder's ofc and obtain certified copy of deed	William Carpenter Jr Atty
	\$18.00	Prepare exhibit for affidavit	William Carpenter Jr Atty
	\$27.00	Copy documents; call to court re: ex parte; discuss mtg w/Mr. Lioio re: security organization	William Carpenter Jr Atty
6/8/2006	\$60.00	Client consultation - 1 hr	William Carpenter Jr Atty
6/9/2006	\$108.00	Hearings/Trials Attend ex parte have court order signed; write issued by clerk; copy for clients	William Carpenter Jr Atty
	\$5.50	Copies certified copy of order to take to sheriff	William Carpenter Jr Atty
6/27/2006	\$36.00	Call from Judy & Shawn B re: back out of Bart for inspection; recourse to resolve issue in bigger picture	William Carpenter Jr Atty
7/1/2006	\$3.96	Postage cert mail to Lane Co Sheriff from - MC Bill	William Carpenter Jr Atty
7/7/2006	\$125.00	Client conference	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
7/6/2006	\$8.00	Copies certified Copy of Deeds on 6.8.06 - ch 3422	William Carpenter Jr Atty
8/10/2006	\$315.00	Review client materials	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
8/11/2006	\$42.00	Ofc conf w/Ken; msg to atty Carpenter	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
8/16/2006	\$147.00	Call from atty Carpenter	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
8/18/2006	\$399.00	Call from Judy & sons; rec & review email from Judy; call to atty Carpenter	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
8/18/2006	\$25.00	Leg asst time preparing two fax cover pages; one to atty Gary Danielle and one to Atty Carpenter, both with Atty Wolf's 8/18/06 ltr to Atty Danielle	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
8/22/2006	\$63.00	Call to Judy; call to Shawn	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
10/12/2006	\$63.00	Rec & review revised map; phone to Chris	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
10/18/2006	\$126.00	Rec & review email from Judy; ofc conf w/ Ken re: email; review issues	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
10/19/2006	\$147.00	Reply to Judy's email	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
10/23/2006	\$105.00	Call from Shawn; correspondence (cooresp) to atty Carpenter; corresp to client w/map	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty
10/26/2006	\$63.00	Received & review email	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty

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18. According to the Company's testimony, the total 2006 test year expense for Repairs & Maintenance, Labor, and Small Tools is \$5,166. The receipts provided for Data Request Nos. 3, 6, and 7 total \$4,473.16. Please review the summary of the receipts below. Please provide any additional receipts for the three expense categories listed above.

REPAIRS & MAINTENANCE; LABOR; SMALL TOOLS				
	Date	Amount	Reference #	Description
Integrity Plumbing		\$101.00	2750	
Bimart	11/7/2006	\$10.49	Acct 3842	Circuit breaker
Bimart	11/12/2006	\$38.29	Acct 3842	Circuit breaker, ropes
Florence True Value	9/26/2006	\$20.80	Credit Card	plug, full port ball, TXTPVC Bush
Florence True Value	1/3/2006	\$5.99	Credit Card	1/1/1/4" CP Slip
Florence True Value	2/22/2006	\$7.46	Mastercard	PVC Tee, PVC S.O.
Florence True Value	3/9/2006	\$32.17	Mastercard	"merchandise"
Florence True Value	3/13/2006	\$5.86	Mastercard	pvc elbow, pvc t
Florence True Value	3/23/2006	\$30.26	Credit Card	snap cover, Vert OFI Cover, box cover, inter breaker
Florence True Value	1/18/2006	\$4.97	Credit Card	gal caps & brass
Bimart	1/11/2007	\$3.99	Credit Card	plumbers goop
Florence True Value	1/3/2007	8.99	Credit Card	Wtr test
Florence True Value	1/14/2007	9.29	Credit Card	1/1/4 X 1/1/4
Hach	1/20/2006	72.6	Mastercard	test kit chlorine
Subtotal		\$352.16		
Integrity Plumbing	1/19/2006	850	Mastercard	Replace existing Jet pump and pressure switch, brass nipples
		60		Chain ladder
		100		Misc parts
		89		After hour surcharge
Integrity Plumbing	9/29/2006	3022		Plumber service
<b>TOTAL</b>		<b>\$4,473.16</b>		

19. Please explain the purpose of the chain ladder listed at \$60 in the above table and why it is necessary for the water system.

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Please provide an original and one complete copy of your responses to the attention of:

Kathy Miller  
550 Capitol St NE Ste 215  
PO Box 2148  
Salem OR 97308-2148

Again, if you have any questions, please contact me at (503) 373-1003 or email me at [kathy.miller@state.or.us](mailto:kathy.miller@state.or.us).



Kathy Miller  
Sr. Utility Analyst  
Water Program  
503-373-1003

cc: Michael Dougherty  
Marc Hellman  
Jason Jones



# Oregon

Theodore R. Kulongoski, Governor

**Staff/101  
Miller/14**

**Public Utility Commission**  
550 Capitol Street NE, Suite 215  
Mailing Address: PO Box 2148  
Salem, OR 97308-2148  
**Consumer Services**  
1-800-522-2404  
Local: 503-378-6600  
**Administrative Services**  
503-373-7394

October 5, 2007

Judy Bedsole  
Fish Mill Lodges Water System  
PO Box 95  
Westlake OR 97493

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 123	DR 1- 13	October 18, 2007

Thank you for providing the LSN form so promptly. Below is a series of "data requests." These are questions and requests for documentation regarding your application to increase rates. Each item is considered a data request. Your "data responses" are due by the above mentioned date. If you have any questions, please contact me at 503-373-1003 or by email at [kathy.miller@state.or.us](mailto:kathy.miller@state.or.us).

1. Please provide actual invoices and statements from the insurance company supporting \$367.50 in general liability insurance expense for 2006, as shown on page 12 of your testimony. (Be sure the statement or invoice(s) indicate whether the insurance covers a six month or annual time period.)
2. Please provide power company monthly invoices supporting \$267.99 in power expense for 2006, as shown on page 12 of your testimony. Also, please provide all power company monthly invoices from January 2007 through September 2007.
3. Please provide detailed receipts and invoices supporting \$520.80 in repairs to water plant, as shown on page 12 of your testimony. Also, please provide detailed documentation supporting all repairs expenses incurred from January 2007 through September 2007.
4. Please provide detailed invoices and statements from Wolf & Carpenter supporting \$3,507.68 in 2006 legal fees as shown on page 12 of your testimony. Also, please provide invoices and/or statements supporting any legal fees incurred by the water system from January 2007 through September 2007.
5. Please provide detailed invoices and statements from Delta Environmental supporting \$673.50 in testing expense for 2006 as shown on page 12 of your testimony. Also, please provide documentation supporting all testing charges incurred from January 2007 through September 2007.



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October 5, 2007  
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6. Please provide detailed receipts and invoices supporting \$4,512.00 in labor expense for 2006 as shown on page 12 of your testimony. Also please provide documentation supporting all labor expense incurred from January 2007 through September 2007.
7. Please provide detailed receipts and invoices supporting \$132.80, in small tools expense for 2006 as shown on page 12 of your testimony. Also, please provide documentation supporting all small tools expense incurred from January 2007 through September 2007.
8. Please provide a copy of Fish Mill's official property tax statement(s) for 2006-2007.
9. Please explain and provide in detail the method you use to allocate water system expenses to the residential customers.
10. On page 22 of your testimony, it shows that the company intended to provide improvements to the pump houses and fence spring in the amount of \$6,000. Please provide an explanation of each of the improvement projects, including the purpose of the project, how it is to be achieved, a breakdown of the cost involved to complete the project, and the benefit to the customers.
11. The estimate date of service of the improvements referred to in Question 11 is September 15, 2007. Please state whether the improvement projects have been completed, and if so, please provide detailed documentation supporting the final cost of the improvements.
12. If the improvements above have not been completed, please provide an updated estimated date of service and a copy of all estimated quotes for the materials, supplies, and labor to complete the improvements. If the company has decided not to proceed with the improvements, please state the reasons why.
13. Please provide receipts and invoices supporting the addition of utility plant for the following items, as shown on page 12 of your testimony:
  - A. \$951 in pumping equipment, January 6, 2006;
  - B. \$60 in tools, shop & garage equipment, 2006; and
  - C. \$50 in power operated equipment, 2006.

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October 5, 2007  
Page 3

Please provide an original and one complete copy of your responses to the attention of:

Kathy Miller  
550 Capitol St NE Ste 215  
PO Box 2148  
Salem OR 97308-2148

Again, if you have any questions, please contact me at (503) 373-1003 or email me at [kathy.miller@state.or.us](mailto:kathy.miller@state.or.us).



Kathy Miller  
Sr. Utility Analyst  
Water Program  
503-373-1003

cc: Michael Dougherty  
Marc Hellman  
Jason Jones

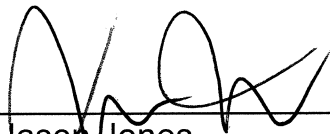


## CERTIFICATE OF SERVICE

UW 123

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 29th day of February, 2008.



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Jason Jones  
Assistant Attorney General  
Of Attorneys for Public Utility Commission's Staff  
1162 Court Street NE  
Salem, Oregon 97301-4096  
Telephone: (503) 378-6322

**UW 123  
Service List (Parties)**

<b>DEPARTMENT OF JUSTICE</b>  JASON W JONES ASSISTANT ATTORNEY GENERAL	REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us
<b>FISH MILL LODGES WATER SYSTEM</b>  JUDY BEDSOLE OWNER	PO BOX 95 WESTLAKE OR 97493
<b>PUBLIC UTILITY COMMISSION</b>  KATHY MILLER	550 NE CAPITOL ST STE 215 SALEM OR 97301-2551 kathy.miller@state.or.us